foreign trade

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COVER . . . The 560 square feet of exhibit space leased by the Department of Trade and Commerce in Rockefeller Centre in the fall of 1951 has since been imaginatively used to push the sale of selected Canadian products in the U.S. For an article on the idea behind the Showroom and on its development, see page two.

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Sales Laboratory on Fifth Avenue

More than two years ago, the Canadian Showroom in New York put on its first display. Here is a report on the thinking behind this experiment in trade promotion—and an assessment of its value.

OTTAWA—A practical experiment in promoting exports to the United States—that is the best description of the Canadian Showroom at Rockefeller Centre, which is leased by the Department of Trade and Commerce and used to display Canadian goods. Within the Foreign Trade Service, this exhibit is frequently if less accurately referred to as a "sales laboratory". It is certainly used as a testing place—for Canadian goods, for ideas of salesmanship, and for techniques of sales promotion new to the Canadian Foreign Trade Service. The exhibits are attracting publicity; the Showroom has on various occasions been mentioned in public speeches and in the trade press. It seems useful and timely that the story behind this experiment should be better known.

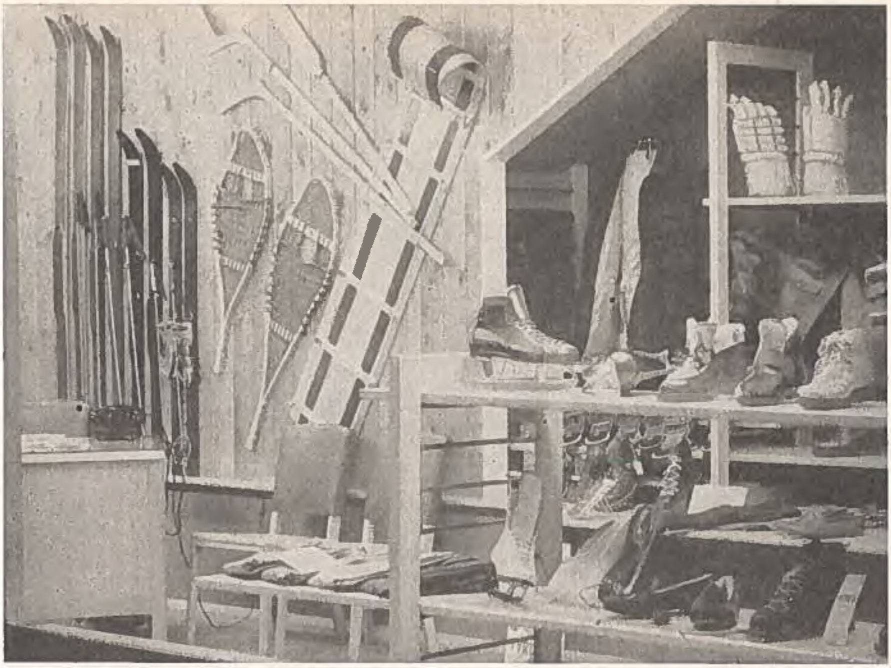
The Showroom Opens

It all began in the autumn of 1951, when the Department seized the opportunity to lease for three years 560 square feet of space in the downstairs concourse of Radio City in New York. The area around the window comprises principal passageways between the famous group of buildings and includes coffee shops, drug stores, cocktail lounges, etc. According to reports, as many as 35,000 people a week pass by it. Certainly the attention of visitors on conducted tours around the buildings is frequently drawn to the Showroom window and, on occasion, the guides refer to any displays of extraordinary interest. It is, in fact, a well-located "shop window" for the goods and services that the Canadian Trade Commissioner, five floors up, has to promote.

Types of Displays

Window space of this type can be used in a variety of ways. The Department may use it to remind the general public that this country is an important source of supply. For this purpose, the displays may vary from the "prestige" type to direct advertisements. In the prestige type of display, there may be little opportunity to push increased sales if the goods presented are commodities like newsprint, base metals, or iron ore. But for public relations purposes it is still important to remind people that they depend on Canada for such vital supplies. Actually the Showroom is only occasionally used for this kind of display. The demand for space for direct sales promotion is too keen during most months in the year.

An important type of advertising display included more frequently in the yearly program for these show windows exhibits goods which are



Opening display in the Canadian Showroom, in January 1952, featured Canadian-made winter sportswear and sports, equipment. Two years later, the fourteenth exhibit is attracting attention.

already on the market. The reasoning behind this move is that showing these goods backs up the selling efforts of their distributors and may bring increased sales. Once he has taken on the line, the department store buyer concerned will be delighted when he sees a card in a Rockefeller Centre window saying: "These goods are on sale at Saks Fifth Avenue" or at "Abercrombie and Fitch". In a city where good window space is at a premium and few departments in a store have a continuous claim on any of it, advertising of this type in the Rockefeller Centre Showroom can encourage repeat orders and be used to stir up initial interest.

The most important use of the Rockefeller Centre windows is to display lines not yet on the United States market in an effort to promote new business. At this point the Showroom becomes a "sales laboratory" at the disposal of Canadian exporters of suitable products. The Showroom provides a point of focus for the effort to attract the attention of and to interest that hardheaded individual, the New York buyer. It also provides a testing place for the product itself and for methods of selling it.

The Four Steps

The process of promoting products through the Showroom is, in outline, a simple one. First, we must find a suitable Canadian product to promote. Second, we must arrange for it to be attractively displayed with other similar commodities. Third, we must attract prospective buyers into visiting and examining the exhibit. Finally, when a promis-

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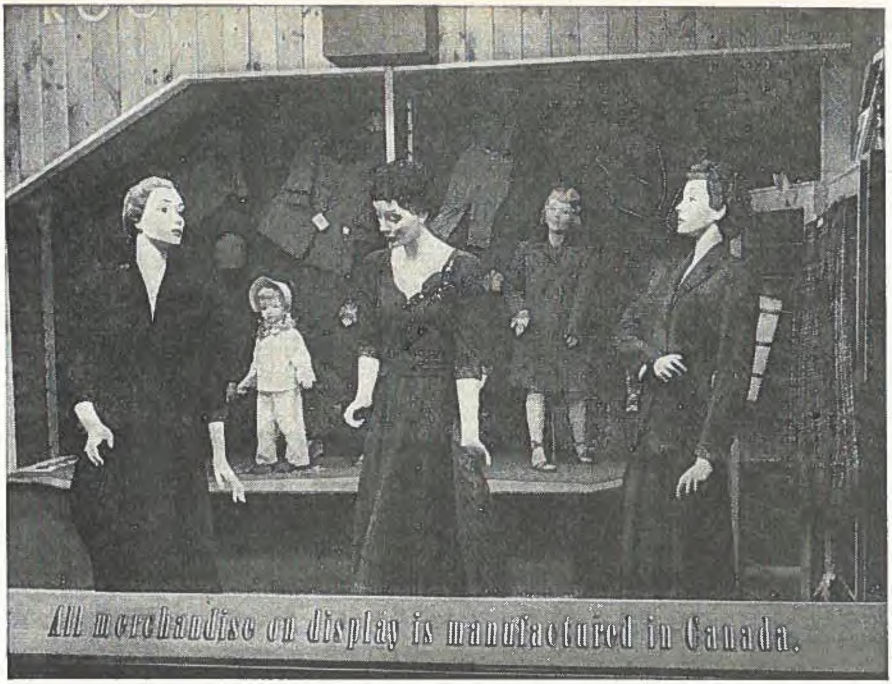

Location of the Showroom seems to favour the promotion of sales of consumer products, such as women's and children's clothing of attractive and original design, highlighted in this display in August 1952.

ing lead opens up, the Trade Commissioner must get the Canadian sales representative of the company which makes the product (a senior man, please) onto the job of closing the deal. This last step involves the Trade Commissioner's making introductions and appointments, briefing the Canadian sales representative on market conditions and local colour, and generally providing an atmosphere conducive to successful business.

Choosing the Product

Step one—finding the product—brings in an important member of the team who has not been mentioned yet—the Commodity Officer. He plays a vital part in the first stage and often has to start by encouraging a Canadian manufacturer to try to sell in the United States market. That is not always as easy as it sounds.

What general type of product is suitable for the Showroom? Such commodities as copper and brass strip, aluminum extrusions and plastic materials of many types have been displayed to good effect. However, the locality of the Showroom seems to favour the promotion of sales of consumer products such as sportswear, shoes, bicycles, boats and furniture. All of these have already been successfully displayed. The results are very promising in what is held to be the most difficult marketing field in the United States and the one most neglected by Canadian manufacturers.

Once a product has been chosen, the next move is to arrange for its display with other suitable selections in a group exhibit which will win the attention of prospective buyers. If possible, this must be done at the time of year when these buyers are in the market for new lines. It is the buying habits of the trade which dictate how displays of various

The "prestige" type of exhibit presents vital commodities which Canada supplies to the United States, such as newsprint, base metals or iron ore. Above, a non-ferrous metals exhibit in the Showroom, August 1953.

products shall be scheduled. Actually, the window displays are put together first at the Canadian Government Exhibition Commission's workshops in Ottawa. There the layout of the merchandise and a suitable decor is studied and designed. Then at the allotted time the whole collection is shipped to New York and installed. Every change of exhibit in the Showroom is attended by an officer from the Commission who is an expert in window-dressing arrangements. New Yorkers provide a critical audience and the grouping, timing and presentation must be right.

Attracting Buyers

To get the best results the third step—attracting prospective buyers to visit the exhibit—also requires good staff-work. And one must not overlook the support which is necessary from Canadian sales representatives because the Trade Commissioner himself cannot take orders or actually sell goods. The Trade Commissioner's role is to find an interested buyer and introduce him to the seller. He tries to use the Showroom where the goods are on display as a rendezvous. He works with the goods beside him. It is even better when he has the sales representatives beside him as well.

Frequently at the opening of each new exhibit a reception is given to prospective buyers and the trade press. Before the Trade Commissioner sends out his invitations, an important question must be studied—who should be invited? Again Commodity Officers in Ottawa make a contribution and they may produce some surprises in the list of trades which they think should be covered. For instance, flag manufacturers were listed as potential buyers for wood products—for toggles and sticks!

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As a technical expert, the Commodity Officer is often on hand at the opening also. Publicity material is prepared in advance and handed out to the trade press. Photographs are distributed, even through other Trade Commissioners' posts in the United States, because a picture is more striking than the written word and contacts in their areas may perhaps be visiting New York. Until the exhibit is changed, contacts which have been made are followed up assiduously. The man who promised to "look in" must be reminded. Selling in New York takes new ideas, energy and persistence.

Selectivity Matters

Two keys to the success of the Showroom are perhaps the variety of products displayed and the selectivity which is exercised in putting the show together. A busy buyer of a major New York department store is seldom interested in going to a hotel display room to see a manufacturer's whole line. He only wants to see "the best". In putting together exhibits for Rockefeller Centre, we make every effort to see that the articles displayed have the stamp of quality, that they are new in design or original in style—in fact, anything but the type commonly available from United States mass production. Wherever possible, we look for something distinctively Canadian. The sales effort is aimed not at the whole United States market but at select and important areas within it, where Canadian manufacturers can meet the volume of demand. Even so, it has happened that the volume of demand for a piece of furniture displayed some months ago at the Showroom was so great the the Canadian plant could not fill the orders and had to arrange to license its production in the United States.

Hurdling the Obstacles

The difficulties of selling in the United States are only too well known. We of the Department make no attempt to belittle the obstacles in the United States Customs Tariff and in its administration. Of course, exporters receive all possible assistance from the Canadian Foreign Trade Service in dealing with such problems as classification and valuation for duty, etc. Similarly, they can count on help in investigating United States marking regulations, without a knowledge of which no Canadian should attempt to sell in the United States. But the moral is that the Canadian will never sell if he does not try. It should be emphasized that, contrary to popular belief, there are many types of products in which United States Customs classifications are unequivocal and rates of duty not prohibitive.

Actually this very technique of sales promotion and the type of market at which it is aimed avoids direct competition with low-cost United States mass production and thus tends to minimize the effects of the tariff. The Showroom tries to concentrate in a large measure on goods of original design and "Park Avenue" quality. Canadian names like *Irving* in ski clothes, *Deacon* in windbreakers, *Wellington* and *Aljean* in women's sportswear, *Woods* in sleeping bags, *Del Grande* in high-style women's shoes, *Scott McHale* in men's shoes, *Grommans* in slippers are becoming well known to the trade in New York and, gradually, to the New York public as well.

This market of 150 million people consumes an immense variety and quantity of goods. It contains within it a luxury market to the tune of tens of billions of dollars a year. This luxury market is widening, not shrinking, as non-essentials become increasingly commonplace in the family budget. A Park Avenue trade volume in these circumstances may represent a substantial production run for any Canadian plant—and the Park Avenue price can reduce the significance of customs duty.

The New York Market

New York is the style centre just as Suburbia is, in a large part, the new home of this luxury market. There is no question that New York department store advertising is followed by the trade all across the United States. Advertisements by such stores as Lord and Taylor in the *New York Times* Sunday edition, featuring a Canadian product, have brought the Canadian maker additional orders from many other business centres. New York also is headquarters for the major buyer organizations which service large and small retail establishments across the country. The demand is not only for fashion goods, it is equally keen for new porch furniture or fishing tackle or barbecue equipment or hand tools and, in fact, for gadgets generally.

Breaking into the New York department store trade may be difficult and the problem and expense of continually "being out in front" may be more than a Canadian manufacturer wants to face. It is possible to get continuity by other means of selling. The New York office of the Trade Commissioner Service receives inquiries for agencies or distributorships which do not always demand a national brand advertising campaign which the potential volume may not warrant. There are often possibilities for profit in selling by direct mail. Reference to the pages of periodicals like *Holiday,* the *New Yorker, The Saturday Evening Post* and particularly *Motor-Boating* and *Argosy* will demonstrate that use of a small ad, offering something new and unusual direct to the consumer, definitely pays. The proof is that some of these periodicals at certain seasons can and do sell considerable advertising space devoted to this purpose.

A Successful Experiment

This new sales laboratory, the Canadian Showroom, has definitely achieved results. The achievement of this success calls for a combination of careful study and persistent effort. Not every Canadian manufacturer —perhaps not even the majority—has products suited to testing in this laboratory, but more and more are being discovered as the Commodity Officers' search for new products continues to widen. Space in the Showroom is limited and so far, there have been plenty of goods to promote. Actually, the search itself may be stimulating new interest and new ideas and inspiring a new approach to the United States market. Time will tell. The Showroom is now entering its twenty-fifth month of operation and featuring its fourteenth individual display. It is still looked upon as an experiment in trade promotion, but an apparently successful experiment which may deserve a continuing place in the equipment of the Foreign Trade Service.

—DENIS HARVEY
Director, Commodities Branch

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Rutabagas for the Southern Market

This first-hand survey of the market for Canadian-grown rutabagas in the Southern States should prove helpful to shippers here.

NEW ORLEANS—One of the Canadian agricultural products which finds a ready market in the Southern States is the rutabaga. A study of the *Daily Vegetable Bulletin* put out by the Marketing Service of the U.S. Department of Agriculture shows that from September to about April the quantity of Canadian rutabagas moving in the United States by rail far outstrips the quantities supplied by Canada's two closest competitors, Wisconsin and Minnesota. However, reports from Canada that rutabaga growers and exporters were slowly losing their markets in the United States prompted us at the New Orleans office to make a survey of the position in our territory. From this survey, we obtained information that should prove useful to Canadian shippers.

Competition in the South

One of the main worries of the Canadian shippers appears to be the increasing competition from Wisconsin and Minnesota. This fear is not well founded because the seasons do not coincide. The heavy shipments from Minnesota and Wisconsin come during the summer, from June to the end of August. The Canadian movement starts some time in September and ends in April or May. We checked the movement by cars for the month of November and discovered that 265 carloads of Canadian rutabagas were shipped into the United States, compared with a local movement of 30 cars from all states. This did not take into consideration the truckloads, which are very important, especially in the states lying in a direct line between Ontario and Florida, where a return load of citrus fruit is picked up. However, statistics on trucks are nearly impossible to compile and we have therefore concentrated on railroad movement.

The rutabaga is a cold weather vegetable and the movement south does not start much before September. Therefore very few Minnesota and Wisconsin turnips are shipped to this area. Most of the people we contacted told us that they were either handling Canadian rutabagas exclusively or a very high percentage of them. One of the brokers in New Orleans asserted that 85 per cent of his distribution was Canadian.

Distributed by Brokers

We have found that in the South the distribution is largely handled by brokers, although many wholesalers and large chain stores have direct connections with Canadian shippers. In the Deep South, such as Louisiana, this vegetable is not very popular and it is sold mainly to ships' stores through the port; Norwegian and Swedish ships are the best customers. However, the brokers sell small quantities to chain stores. One of these brokers remarked to us that, of a ten-bag sale to the local A&P buying office, only two or three bags would be kept in New Orleans and the rest sent to A&P stores in the outlying districts. In other states such as Alabama, Georgia and the Carolinas, the rutabaga is a more popular vegetable, especially when sweet potatoes are high in price. The importers sell to jobbers and distributors who in turn sell to stores, institutions, hotels and restaurants.

Plain or Waxed?

In the Deep South, especially at the beginning of the Canadian movement, the preference is for plain rutabagas. As the weather gets cooler, the demand for waxed rutabagas strengthens. However, we seem to detect a trend towards plain rutabagas and some brokers will not handle waxed at all. This holds true especially for brokers who do not sell to retail outlets where appearance counts a good deal in the sale. One of the brokers from Mobile, Alabama, said: "Canadian rutabagas are generally of better quality and usually remain fresher for a longer period. Recently we have begun to use plain rutabagas almost exclusively because waxing seems to hasten deterioration and rot, particularly in this climate". Another remarked that the waxed rutabaga during the warm season sweats and bubbles form under the wax, which means an unsightly product. This, however, is not the case with plain rutabagas which adjust to the change of weather. Reports also show that Wisconsin seems to put out a cleaner rutabaga than Canada does, although the eating quality is the same for both products.

Prices Paid

Although the locally grown rutabagas are offered in bunches of dozens, the Canadian rutabagas moving down here are packed in 50-lb. bags, which the handlers prefer. The prices paid by the brokers vary with the different distributing centres, but on the whole, delivered price seems to be $1.50 for waxed and $1.35 for plain. The wholesale price quoted in the *Daily Bulletin* is $2.00-$2.25 for waxed and $1.85 for plain. Price has been a big factor in the sale of Canadian rutabagas; they can be delivered cheaper than the local product and the names of the shippers have become well known in the industry.

Canadian rutabagas are today sold in widespread but specialized markets. With close attention to appearance and quality, plus continued sales effort, we believe that Canadian shippers can successfully maintain and broaden their market in the South.

—C. O. R. Rousseau
Vice-Consul of Canada and Assistant Trade Commissioner

Captain the Right Honourable Peter Thorneycroft, President of the United Kingdom Board of Trade, will open the Seventh Canadian International Trade Fair in Toronto on May 31, having accepted an invitation extended by the Right Honourable C. D. Howe, Minister of Trade and Commerce.

Transportation Notes

INDONESIA

Ships Under Construction—*Lloyd's Bulletin* reports that 34 vessels are under construction for Indonesia, including four in Indonesia, six in Belgium, twelve in Germany, five in Italy, and seven in the Netherlands—Djakarta, Dec. 15.

Pilferage Increases at Djakarta—Pilferage on ships at Tandjong Priok, the harbour for Djakarta, is reported to be increasing at a high rate and creating for steamship and insurance companies substantial losses—Djakarta, Dec. 9.

ISRAEL

National Airline to Increase Fleet—The Israel national airline "El-Al" has arranged for the purchase of three Lockheed Super Constellation planes and spare parts with a total value of approximately $7 million, for delivery in the first half of 1955. The aircraft will be used to improve the company's transatlantic and Mediterranean services and their purchase will be largely financed with a U.S. bank loan guaranteed by the Israel Government—Athens, Dec. 21.

ITALY

Drydocks at Naples—The large drydocks at Naples, construction of which began in 1940, will be completed at the end of 1954 at a total cost to the Italian Government of approximately seven billion lire. With the completion of these docks, Naples and Toulon will be the only Mediterranean ports with drydocks large enough to hold heavy tonnage. Funds have recently been supplied to the Naples Port Authority by the Banco di Napoli to equip this new drydock. Such expenditure falls within the general purview of the industrialization of the south of Italy and Sicily—Rome, Dec. 18.

PORTUGAL

Restrictions on Non-Portuguese Vessels—Decree Law No. 39375 of October 3, 1953, reserves to Portuguese ships the sole right to carry passengers and cargo between Portuguese ports. Foreign vessels may only transport passengers and cargo in transit for a foreign destination. However, such items as commercial travellers' sample collections, refrigerated cargo, books, reviews, newspapers, mail and postal parcels may be carried by foreign ships. Further exceptions may be made in cases where there is not sufficient Portuguese shipping available.

By an order dated October 14, the Ministry of Marine restored to foreign ships the right to carry passengers between the Portuguese mainland and the Islands of Madeira and the Azores until such time as Portuguese ships can provide regular and frequent services.

A recent issue of the *Port of Lisbon Bulletin* draws attention to the need for increased Portuguese shipping between the overseas provinces and Metropolitan Portugal. Figures quoted for 1951 showed that foreign ships carried 100 per cent of the cargo to Portuguese India, 99 per cent to Macau, 92 per cent to Cape Verde, 85 per cent to Mozambique, 81 per cent to Timor, 56 per cent to Metropolitan Portugal, 49 per cent to the Azores, and 46 per cent to Angola. The total to all Portuguese ports served by foreign shipping was 64 per cent—Lisbon, Dec. 29.

TURKEY

Ports to Be Improved—Heavier traffic in 1953 has created congestion in several Turkish ports, causing frequent diversions to other harbours. In addition to serious congestion at Istanbul, Mersin, in the southern part of Turkey in the Mediterranean, has also been crowded. In view of this situation the Turkish Government recently tabled before the Turkish National Assembly a bill for voting 190 million Turkish liras ($67·8 million) for construction and improvement at most of Turkey's ports—Athens, Dec. 15.

UNITED KINGDOM

Rolling Stock Replaced—The United Kingdom Minister of Transport announced during 1953 that the British Railways expected to obtain 253 new locomotives, 1,121 passenger coaches and between 38,000 and 39,000 freight cars. Plans for 1954, when steel supplies for this purpose will be more plentiful, include the building of 312 locomotives, 2,783 passenger coaches and 53,000 freight cars—London, Dec. 29.

Shipbuilding—*Lloyd's Register* reported that at the end of September, 316 ships of 2,190,329 gross tons were under construction in the United Kingdom, an increase of 66,764 tons over the June quarter and the highest figure since March 1952. Of this tonnage, 27·1 per cent is being built for registration abroad and 53·8 per cent represents oil tankers.

In countries other than the United Kingdom, there were 787 ships of 3·8 million tons gross under construction at September 30th, a decrease of 112,700 tons from the June 30th figure. In this group of countries, Germany has the largest volume (651,527 tons) of ships under construction—London, Dec. 29.

WEST GERMANY

German Luftag Buys Eight Planes—Capital stock of the Luftag, the predecessor of the new German Lufthansa, was recently increased from six million DM to 25 million of which the German Federal Government holds the majority share. Representatives of the company announced that eight planes have been purchased in the United States at a contract price of $9 million. The four Lockheed Super Constellations ordered are intended to fly the transatlantic routes, the four Convair 340's on the European lines—Bonn, Dec. 22.

Venezuela

The Trade Boom Continues

Oil sales made 1953 another excellent year for Venezuela's foreign trade; Canada placed second among its trading partners but faces keen competition from German, Dutch and Belgian exporters.

CARACAS—Last year proved an excellent one for Venezuela's foreign trade, although preliminary statistics indicate that the total value will be slightly less than the record achieved in 1952. Combined Venezuelan imports and exports in 1952 were valued at more than $2 billion, nearly seven times the annual average value for the five years preceding World War II. On a volume basis, Venezuela's external trade has more than tripled during the past 15 years.

Expanding oil shipments abroad have been largely responsible for this amazing growth. In 1938, Venezuela exported 28,378,000 cubic metres of petroleum products, in 1952, 98,450,000 metres. The continuing demand in foreign markets—and particularly in hard currency areas—for petroleum products has given Venezuela the foreign exchange to finance national import requirements and to carry out ambitious development programs. It has also brought freedom from exchange restrictions, with the result that a highly competitive buyers' market has developed and exporters from many nations compete strongly for a share of the business.

Oil Leads Exports

Total Venezuelan export trade in 1938 amounted to $266 million—93 per cent in petroleum products, the remainder mainly in coffee and cacao. The predominance of oil in Venezuela's export trade, already evident in 1938, has continued steadily. By 1952, total exports had risen to $1,458 million with petroleum accounting for 95 per cent, coffee and cacao 3 per cent, iron ore 1 per cent and miscellaneous products 1 per cent. Iron ore shipments will become more important in the future but it is unlikely that they will form more than 5 per cent of total exports within the next few years.

Although Venezuela's refinery capacity has grown, a major proportion of its oil is still refined for re-export on the nearby Dutch islands of Curaçao and Aruba. Therefore, when considering the ultimate markets for Venezuela's petroleum products, it is necessary to take into account oil exports from the Netherlands Antilles as well as direct shipments from Venezuela. The following table shows the principal foreign markets for Venezuelan oil and points up Canada's position during the past three years as Venezuela's second best customer. In 1952, Canadian petroleum purchases from Venezuela and the Netherlands Antilles were valued at more than $147 million.

Venezuela and Netherlands Antilles
Combined Exports of Petroleum Products

(shares based on quantity)

Destination	1950	1951	1952
United States	44·9	38·8	35·8
Canada	7·6	9·2	9·1
United Kingdom	6·1	8·5	4·4
Brazil	5·6	6·1	6·7
Argentina	4·4	4·1	4·7
France	2·6	2·0	1·5
Others	28·8	31·3	37·8
Total	100·0	100·0	100·0

Source: *Memoria,* Banco Central de Venezuela, 1952.

Import Growth Impressive

The growth of Venezuela's imports since 1938 has been equally as impressive as that of its exports. Total imports in 1938 were valued at $93 million; by 1952 they had risen to $726 million. In terms of volume, the increase was more than three times. The nature of these imports has remained fairly constant throughout the period, although in recent years there has been a trend towards importing more raw materials and capital equipment as new industries are established. In 1952, the breakdown of imports by commodity groups was: machinery, instruments and apparatus, 32·2 per cent; metals and manufactures, 19·3 per cent; foodstuffs and beverages, 16·1 per cent; textiles, 6·4 per cent; chemicals and pharmaceutical products, 5·7 per cent; glass and pottery, 3·7 per cent; wood, paper, cardboard and manufactures, 2·9 per cent; other commodities, 13·7 per cent.

Venezuela's principal suppliers in 1938 compared with 1952 and 1953 are shown in the following table:

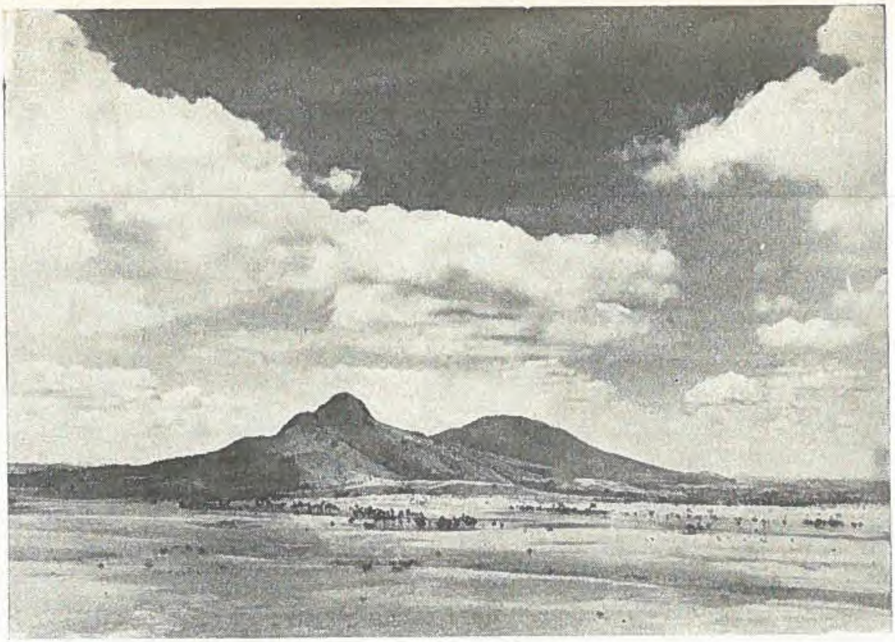
Venezuela's Import Trade

(in thousands of dollars)

Country	1938	Per cent	1952	Per cent	(9 mos.) 1953	Per cent
United States	52,573	56·5	531,949	68·3	362,688	66·4
United Kingdom	6,562	7·1	55,738	7·2	42,255	7·7
Germany	11,093	11·9	25,466	3·3	24,771	4·5
Canada	45	0·0	34,400	4·4	21,308	3·9
France	2,755	2·9	20,446	2·6	13,538	2·4
Netherlands	4,756	5·1	16,163	2·1	11,871	2·1
Italy	2,297	2·5	14,828	1·9	10,308	1·8
Belgium	6,789	7·3	9,885	1·3	9,828	1·8
Others	6,169	6·7	17,328	8·9	48,863	9·4
Total	93,039	100·0	726,203	100·0	545,430	100·0

Source: Venezuelan Ministry of Development.

Following the prewar pattern, the United States, because of its proximity and vast range of export commodities, has continued to be Venezuela's leading source of supply. Germany, which held second place in 1938 with nearly 12 per cent but as late as 1948 had only 0·3 per cent, is making a strong comeback, particularly in building materials and machinery, and will probably secure close to 5 per cent of the import trade this year. Holland and Belgium are also striving to regain their prewar positions of 5·1 per cent and 7·3 per cent, respectively. Prewar, Canada had only an insignificant portion of Venezuela's imports but by 1952 had risen to third place, supplying 4·4 per cent.



—U.S. Steel Corp.

At the moment, iron ore forms only about one per cent of Venezuela's exports, but shipments will rise substantially when production from the iron ore mountains of Ciudad Bolivar, seen above, is under way.

The basic policy of the Venezuelan Government is to diversify the national economy because it realizes that the present extreme dependence on the petroleum industry has its dangers. The Government has therefore adopted various measures designed to expand food production and assist local manufacturing activities. By far the most important of these is the use of the customs tariff as a protection against imported goods which compete with similar locally-made products.

Other methods used to promote local production are exemption from duties under certain circumstances, freedom of movement for capital, licence quotas, import prohibitions, and a system of specified purchases of national production for each unit imported. The Government also undertakes bulk purchasing of commodities such as rice, sugar, and seed potatoes.

Few Import Restrictions

It should be pointed out, however, that existing Venezuelan restraints on imports apply only to a relatively small number of products, and there are no exchange restrictions because of the country's excellent dollar position. Venezuela is still only lightly industrialized and substantial quantities of foodstuffs and consumer goods will continue to be imported for many years, always provided that the present prosperity of the oil industry is maintained. A growing number of national industries will probably develop in the future, but the volume of imports should remain high as purchases of raw materials and capital equipment replace those of certain finished goods.

In general, Venezuela favours a multilateral system of trading and makes no attempt to balance out with individual countries. The Government has tried bilateral trading on a barter basis on a few occasions, particularly with Argentina and Colombia, but it has not proved too successful.

Trade Agreements

The most important Venezuelan commercial treaty now in force is that with the United States which became effective on November 6, 1939, and was subsequently amended on August 28, 1952. In addition to this treaty, there are modus vivendi agreements granting most-favoured-nation treatment, on a basis of reciprocity, with Belgium, Bolivia, Brazil, Canada, El Salvador, France, Italy, Spain, Switzerland, and the United Kingdom. These countries benefit, in accordance with the principle of most-favoured-nation, from all the tariff concessions granted by Venezuela to the United States. Thus Canada receives as favourable treatment in its trading relations with Venezuela as that granted to any other country.

Trade Outlook

Whether Venezuela's foreign trade will continue to develop at the same rate as during the past decade depends largely on the oil industry. The proven oil reserves now stand at ten billion barrels, and they probably could be expanded should the Government decide to grant new oil concessions. What Venezuela fears in the future is competition from other petroleum-producing regions, rather than the possibility of an early depletion of her oil supplies. Despite recurrent pressure from independent United States oil producers for the curtailment of Venezuelan petroleum imports, it seems likely that Venezuela will continue to market an important percentage of her oil in the United States for some years. Venezuela's exchange position should therefore remain favourable. Even if the present level of foreign trade were to decline 10 to 15 per cent, it would still be sufficient to maintain a high level of prosperity because major capital developments now under way would be carried on, although more slowly and with increased emphasis on credit facilities.

Canada's Share

Our share of Venezuelan foreign trade has increased considerably since 1944; today Canada is Venezuela's second trading partner. The balance of trade, however, is heavily in favour of Venezuela. Canadian imports from Venezuela in 1952 amounted to $136 million, but our exports to Venezuela were valued at only $36 million. There are many opportunities for Canadian firms in Venezuela and companies prepared to compete strongly should give this market careful consideration in their export plans.

—J. A. Stiles
Commercial Secretary for Canada

Commodity Notes

ARGENTINA

Iron and Steel—An Argentine firm has purchased 50,000 metric tons of steel plates and sheets from Chile at a cost of US$300 per ton. Under the compensatory trade agreement with West Germany, iron and steel products to the value of five million treaty dollars will be bartered for Argentine wool. Other similar agreements made with the following countries provide for Argentina's needs in primary, secondary and finished iron and steel goods: United Kingdom, Austria, Sweden, Hungary, Yugoslavia, Russia, Japan, France, Brazil and Paraguay—Buenos Aires, Dec. 20.

BRAZIL

Rubber—The Amazon Credit Bank has estimated 1954 rubber production at between 36,000 to 37,000 tons, a 20 per cent increase over the previous period. However, national manufacturing of rubber articles has expanded so rapidly in the last few years that it is believed domestic production will not be enough to supply the market and imports of crude rubber will be necessary to meet future demands—Rio de Janeiro, Dec. 18.

CHILE

Apples—Chile expects to ship approximately 500 thousand cases of apples to Bolivia, Peru, Western Germany, France and Sweden during the coming months. Steamers specially equipped with refrigeration for carrying fresh fruit are due to arrive and begin loading at Chilean ports during the first quarter of 1954—Santiago, Dec. 15.

CUBA

Seed Potatoes—The Ministry of Agriculture has reported that, from September 1st to November 26th, Cuba imported 148,140 containers of seed potatoes. Of these, 67,150 containers came from the United States and 80,990 containers from Canada. The varieties involved in both cases were Pontiac and Red Bliss. Containers include bags, crates, or barrels—Havana, Dec. 17.

DENMARK

Pork—During the last week in November, the Danish slaughteries agreed to ship to the United Kingdom Ministry of Food 6,000 tons of pork, valued at about 30 million kroner. One thousand tons of this were to be supplied before Christmas and the remainder during

January and February. The price is said to be about 237/6 per 112 lb., c.i.f. U.K. ports. These shipments are entirely independent of the Anglo-Danish bacon agreement—The Hague, Dec. 23.

ITALY

Cement—The largest cement plant in Europe, now being completed at Coroglio near Naples, will start operations on January 1, 1954. The plant has been partly financed by a loan from the "Cassa del Mezzogiorno", an organization devoted to the development of agriculture and industry in southern Italy whose main sources of income are ECA counterpart funds and loans from the World Bank. This new plant will replace the old "Ilva" cement works of Bagnoli, and will have an annual output of 4·2 million tons of cement—Rome, Dec. 28.

NEW ZEALAND

Perlite—An important deposit of perlite has been discovered in two localities in New Zealand, both within easy reach of rail transport. Production, it is said, will be sufficient to supply total New Zealand needs for insulation, as well as agglomerate for building concrete, and leave a surplus for export. A company is being formed to exploit the deposits—Wellington, Dec. 15.

NETHERLANDS

Bulbs—Bulb exports from the Netherlands in 1953 to more than 100 countries were expected to bring in 150 million guilders ($39 million), compared with 136 million guilders ($35·3 million) in 1952. The biggest export markets are the United Kingdom, the United States, Germany, Sweden, France and Canada.

Twenty-five thousand people are directly employed in bulb-growing in Holland and the area of land under cultivation is only 7,200 ha. (17,800 acres) or one third of 1 per cent of the total farm land. Annual expenditures on bulb research currently amount to 500 thousand guilders ($130 thousand), compared with only 500 guilders ($130) thirty-five years ago. Research work carried on by the Phytopathological Laboratory at Lisse in the centre of the bulb district has checked or brought under control all diseases affecting bulbs—The Hague, Dec. 27.

TURKEY

Tobacco—Turkey's 1953 tobacco crop is expected to produce 100,000 metric tons, of which almost three-quarters was grown in the Aegean Sea region and the remainder mainly in the Black Sea area. Demand for Turkish tobacco is strong this year, and it is expected that all this year's crop as well as last year's carryover will be sold on world markets. Tobacco has been second only to raw cotton in importance among Turkish exports, although it may now be exceeded also by wheat. During 1952 Turkey exported 55,889 tons of tobacco to a large number of countries including Canada, but mainly to the United States, Germany and the U.S.S.R. During the first nine months of 1953, tobacco exports amounted to 40,638 tons, even though the heavy export season is in winter—Athens, Dec. 17.

Australia

Exporting Scrap Iron and Steel

In recent months Australia has re-examined its export policy on scrap iron and steel and some controls have been restored.

SYDNEY—Before the war, Australia exported substantial quantities of scrap iron and steel. Average annual exports during the four immediate prewar years totalled 58,000 tons, most of which went to Japan. During the war and after, to conserve supplies of scrap for the local steel industry and foundries, an embargo was placed on the export of scrap iron and steel.

In July 1952, restrictions were eased sufficiently to permit export to the United Kingdom, provided the scrap was collected outside a radius of 50 miles from state capitals and other specified towns. On March 20, 1953, the controls were further relaxed to allow shipments anywhere outside the Iron Curtain countries. Export licences have since been granted freely on proof that the scrap is available in rural areas.

Japan Is Main Buyer

During the financial year 1952-53, approximately 59,000 tons of scrap steel were exported from Australia, mainly to Japan, although small quantities were shipped to the United Kingdom and elsewhere. During the first quarter of the present financial year the rate of shipment increased and 45,600 tons were exported, again mainly to Japan. Because of this increase, certain individual industrialists and manufacturers' organizations have argued that such large shipments may affect adversely the supply of scrap for Australian industry.

This fear derived largely from the current low Australian price for scrap steel—between £4 and £6 per ton, compared with £12 to £13 a ton which the Japanese are offering. With local requirements of scrap iron and steel estimated at about 330 thousand tons a year, unrestricted exports could place Australian industry in an extremely difficult position. Estimates of the amount of scrap iron and steel actually located in Australia vary widely and no accurate picture of the supplies available can be obtained. Businessmen feel, however, that though there may be considerable quantities, stocks would be rapidly depleted if restrictions on exports were removed.

To safeguard supplies of scrap iron and steel for local needs, the Government instituted on November 16, 1953, a new system of issuing export licences. This, it is hoped, will simplify the administration of export procedures and at the same time help to maintain a reasonable volume of exports. It provides a quota for each exporter in proportion to his actual exports for the year ended June 30, 1953. Scrap exported under this quota may be drawn from any local, country, or metropolitan area within the particular State for which the quota is valid. The total which may be shipped during the remainder of the present financial year was set at 30,000 tons. The whole arrangement will be reviewed before June 30, 1954 and a decision made about future exports. Under the new procedure, scrap is defined as including scrap cast iron as well as all used steel.

There seems to be no doubt that the great bulk of exports will continue to go to Japan where prices, though falling, are still attractive.

—C. M. FORSYTH-SMITH
Assistant Commercial Secretary for Canada

U.K. Token Imports for 1954

THE UNITED KINGDOM will continue its Token Import Scheme in 1954, with annual quotas remaining at 30 per cent by value of each manufacturer's average trade with the U.K. during the years 1936-38 in the commodities covered by the Scheme. The list of commodities which British importers may bring in from Canada is unchanged, but some concessions have been made.

Of particular interest is the lifting of the restriction imposed in 1951 on the number of quotas which could be granted. In 1954, the Board of Trade has agreed to consider applications from firms which exported to the U.K. during the base period 1936-38 any of the commodities on the eligible list, but which have not previously applied for a quota, or whose application was refused when the Scheme was frozen on January 1, 1951. Canadian firms interested in taking advantage of this concession may obtain application forms from the Export Division, Department of Trade and Commerce, which will submit them to the Board of Trade. The other concessions in the 1954 Scheme are:

- Personal and baby scales may now be imported under the heading "weighing apparatus, etc.".
- There is no restriction on the proportion of the apparel quotas which may be used for lace-trimmed garments.
- There is no restriction on the proportion of the quotas for fully fashioned stockings which may be used for nylon stockings.

Vouchers for 1954 shipments may be presented to the licensing section of the Board of Trade up to February 28, 1955; 1954 shipments must be cleared through British Customs by March 31, 1955.

The Token Import Scheme was inaugurated in 1946 and was designed to enable Canadian firms whose goods had been largely excluded from the U.K. market to keep their products and brand names before British importers and the British consumer by import licensing. It included about 62 commodities which Canada was able to export, such as rubber footwear, canned foods, films, canned lobster, cosmetics and toilet preparations, electrical appliances, etc. In 1948, leather footwear was added.

Only exporters who had previously shipped to the United Kingdom were eligible to participate and the original quota was 20 per cent of 1936-38 shipments. This remained unchanged until 1951, when it was raised to 40 per cent. In 1952, it was reduced to 30 per cent.

Trade and Tariff Regulations

BENELUX

Certain Tariff Suspensions Renewed—Advice has been received from the Commercial Secretary in Brussels that the customs duties on canned salmon and coniferous lumber entering Belgium, the Netherlands and Luxembourg will again be fully suspended until the end of the present year. These suspensions have been maintained on a yearly basis since the common Benelux tariff came into force on January 1, 1948.

A complete list of items on which Benelux duties will be suspended during 1954 is expected to be available in the Department shortly.

INDIA

Import Control Policy for January-June, 1954—The Canadian Commercial Secretary, New Delhi, cables that the Indian import policy announced for January-June 1954 provides for some relaxation for imports from the dollar area, as follows:

The quota percentage is increased for steel belt lacing and for drugs and medicines. Soft currency licences for cellulose acetate sheet and moulding powder are now valid for shipments from the dollar area as well.

There is reported to be some liberalization to permit imports from the dollar area of the following goods: natural essential oils; synthetic essential oils; perfumery; precious stones, unset and uncut; domestic refrigerators; wireless instruments.

Separate quotas are established for the following goods from the dollar area: chlorobutyl; tonic or medicated wines; chloral hydrate, excluding preparations; preparations of nicotinic acid; salicylate, excluding preparations; dextrose in powder form, excluding preparations; sparkplugs and electric horns; laboratory balances and weights; instruments not otherwise specified.

The quota percentages are to be reduced for card cans, liver extract injectible, secondhand clothing, pistons and cylinder lines, breakfast foods, X-ray developers and fixing salts and liquid glucose.

The position of other commodities from the dollar area is unchanged.

(The foregoing cabled information is based on press reports and is subject to confirmation and amplification when the official text is received.)

JAPAN

Further Imports under Foreign Exchange Budget—The Ministry of International Trade and Industry of Japan has issued three additional Import Notices announcing commodities which may be imported from the U.S. dollar currency area (including Canada) under the Foreign Exchange Fund Allocation System. Under this import procedure, an allocation of foreign exchange must be obtained at a foreign exchange bank before applying for an import licence. Applications for import licences covering the commodities included in these Import Notices must be made before March 31, 1954.

Import Notice No. 36, effective from October 19, 1953, invites applications for import licences from interested importers for fuel and gas oil and gasoline.

Import Notice No. 37 dated November 10, 1953, announces that applications for import licences for carbon black will now be considered.

Import Notice No. 38 dated December 4, 1953, invites applications for import licences to import the following commodities: motor vehicles, including parts for assembly; auto parts; dry skim milk.

For previous information on Japanese import trade control policy see *Foreign Trade*, October 24, page 27, and December 19, page 25.

NEW ZEALAND

Import Restrictions Relaxed—The New Zealand Department of Customs has announced that, as from December 18, 1953, imports of all kinds of timber, including logs, laths and shingles, undressed and dressed lumber, being the produce or manufacture of any country, no longer require an import licence.

UNITED KINGDOM

Extension of World Open General Licence to Certain Raw Materials—The Board of Trade, in Notice to Importers No. 608, announces that, effective December 17, 1953, the following raw materials have been added to the list of goods admitted under World Open General Licence, and may therefore be imported into the United Kingdom from any country without separate licence:

Alloys, unwrought, except ferro-alloys, of the following metals: beryllium, cobalt.

Arsenous oxide (white arsenic).

Boron.

Bristles.

Casein, raw.

Cutch.

Dipentine.

Drugs and the like, raw or simply prepared, the following: Quillaia bark.

Ferro-alloys, unwrought, the following: ferro-beryllium, ferro-cerium, ferro-cobalt, ferro-molybdenum, ferro-tungsten, ferro-uranium, ferro-vanadium.

Gums and resins, the following: arabic, copals, shellac, tragacanth.

Iodine.

Locust bean kernels.

Metals, unwrought, the following: Cadmium, manganese, mercury, nickel, tantalum.

Molasses containing not more than 60 per cent of sweetening matter.

Nickel oxide.

Oils, the following:—oiticica, raw; tung (China wood).

Paints and painters' materials, the following: dry earth colours.

Quartz, raw rock crystals and slabs, not processed.

Silk, raw.

Silk waste and noils, including waste and noils containing other materials.

Sodium chloride (salt).

Waxes, natural, the following: beeswax, montan wax, ozokerite.

Whale bone and whale finners.

Licensing Arrangements for Pyrites and Sulphur—The Board of Trade in Notice to Importers No. 607, announces that, effective January 1, 1954, pyrites and sulphur will be returned to private trade.

Pyrites will be added to the list of goods admitted under World Open General Licence and may therefore be imported into the United Kingdom from any country without separate licence as from January 1, 1954.

The Board of Trade is prepared to consider applications for licences to import sulphur from any source as from January 1, 1954.

Licensing Arrangements for Soya Beans—The Board of Trade, in Notice to Importers No. 613, announces that, effective January 1, 1954, imports from any source of soya beans for crushing and milling will be permitted into the United Kingdom under Open Individual Licence.

The Board of Trade will issue licences to importers who undertake to use soya beans only for these purposes. Importers must make a monthly report of imports under such licences, which will be valid until June 30, 1954.

UNITED STATES

Proclamation on Imports of Oats—According to *United States Federal Register* of December 31, 1953, the President has issued Proclamation 3041 dated December 26, 1953, stating under authority of section 22 of the Agricultural Adjustment Act that the total aggregate quantity of hulled and unhulled oats and unhulled ground oats, other than oats the product of Canada, entered, or withdrawn from warehouse, for consumption during the period December 23, 1953, to September 30, 1954, inclusive, shall not be permitted to exceed 2·5 million bushels of 32 pounds each.

The Proclamation also notes that Canada has undertaken to limit exports of oats to the United States to 23 million bushels during the period from midnight December 10, 1953, to midnight September 30, 1954.

Furthermore, it is stated that the provisions of this Proclamation shall not apply to certified or registered seed oats for use for seeding and crop-improvement purposes, in bags tagged and sealed by an officially recognized seed-certifying agency of the country of production: provided (*a*) that the individual shipment amounts to 100 bushels (of 32 pounds each) or less, or (*b*) that the individual shipment amounts to more than 100 bushels (of 32 pounds each) and the written approval of the Secretary of Agriculture is presented at the time of entry, or bond is furnished conditioned upon the production of such written approval within six months from the date of entry.

Duty on Hides Reduced, Other Tariff Reductions Negotiated with Uruguay Withheld—According to United States *Federal Register* of December 30, 1953, the United States has brought into force, effective December 16, 1953, one tariff reduction negotiated with Uruguay in 1949 under the General Agreement on Tariffs and Trade, and withheld other tariff reductions negotiated at that time.

The rate of duty on calf, kip and cattle hides and on buffalo hides, under tariff paragraph 1530(*a*) is reduced from 5 per cent ad valorem to 4 per cent ad valorem, effective December 16, 1953.

The *Federal Register* states that, "serious problems which have developed in the cattle and beef situation in the United States since negotiation of the said trade agreement for accession render inappropriate the application to the products specified in items 705 and 706 in Part 1 of Schedule XX of the said trade agreement for accession of rates of duty lower than those now applicable thereto". Consequently, the negotiated reductions on "extract of meat; beef packed in airtight containers; and beef and veal pickled and cured", are being withheld.

Data for Exporters

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

Conversion 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 1·02531.

Country	*Unit*	*Type of Exchange*	*Canadian dollar equiv. Jan. 7*	*Notes (See below)*
Argentina	Peso	Preferential buying	·1300	
		Basic buying	·1951	
		Preferential selling	·1951	(1)
		Basic selling	·1300	
		Free	·07020	
Austria	Schilling		·03751	
Australia	Pound		2·1940	
Belgium Luxembourg & Belgian Dependencies	Franc		·01957	
Bolivia	Boliviano	Official	·00513	
British West Indies	Dollar		·5714	(3)
	Pound		2·7425	(4)
	Dollar	Brit. Honduras	·6856	
Brazil	Cruzeiro	Official selling	·05182	tax 8%
		Effective buying	·03439	(2)
		Coffee buying	·04175	(5)
Burma	Kyat		·2048	
Ceylon	Rupee		·2057	
Chile	Peso	Official	·00887	(1)
Colombia	Peso	Basic	·3901	
Costa Rica	Colon	Official	·1737	(6) *
		Controlled free	·1468	
Cuba	Peso		·9753	tax 2%
Czechoslovakia	Koruna		·1355	
Denmark	Krone		·1412	
Dominican Republic	Peso		·9753	
Ecuador	Sucre	Official	·06502	(7)
		Free	·05465	
Egypt	Pound		2·8007	
Fiji	Pound		2·4707	
Finland	Markka		·00424	
France	Franc		·00279	
French Africa	Franc		·00557	
French Pacific	Franc		·01533	
Germany	D Mark		·2322	
Greece	Drachma		·000033	
Guatemala	Quetzal		·9753	
Haiti	Gourde		·1951	
Honduras	Lempira		·4877	
Hong Kong	Dollar	Free	·1650	*Dec. 24
Iceland	Krona	Official	·05989	
		Special buying	·04611	
		Special selling	·03715	
India	Rupee		·2057	
Indonesia	Rupiah	Basic	·08555	(8) *
		Dollar certificate	·00183	

* **Latest available quotation date.**