foreign trade

VOL. 14 OTTAWA, JANUARY 30, 1954 NO. 370

)VER . . . . Vigorous)rts by the Government /e resulted in the sowing of 'e land to grain in Britain ry year, though the acre- given to particular crops es. Here a West of Eng- ' farmer examines the rip- g grain on some of his) acres. For a complete ry on British agriculture ring the past year, turn to age two.

Published weekly by the Department of Trade and Commerce under the authority of the Right Hon. C. D. HOWE, Minister, and WM. FREDERICK BULL, Deputy Minister.

Please forward all subscriptions and orders to: The Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $3.50 abroad. Single copies: 10 cents each.

British Agriculture in Transition

With rationing and control of agricultural products scheduled to disappear in 1954, how will sales of Canadian grains, cheese, butter, eggs and meat products in the United Kingdom be affected? Here is one estimate.

LONDON—The year 1953 will probably be remembered in British agriculture as one of transition from a controlled and rationed farm economy to a more flexible system. If the Government's plans are carried out, the process should be completed by mid-1954, with the substitution of deficiency payments in various forms for the old schemes of fixed, guaranteed prices. Imports are not being given the same degree of freedom for the time being, largely because of balance of payments difficulties.

Decontrol Experiment for Eggs

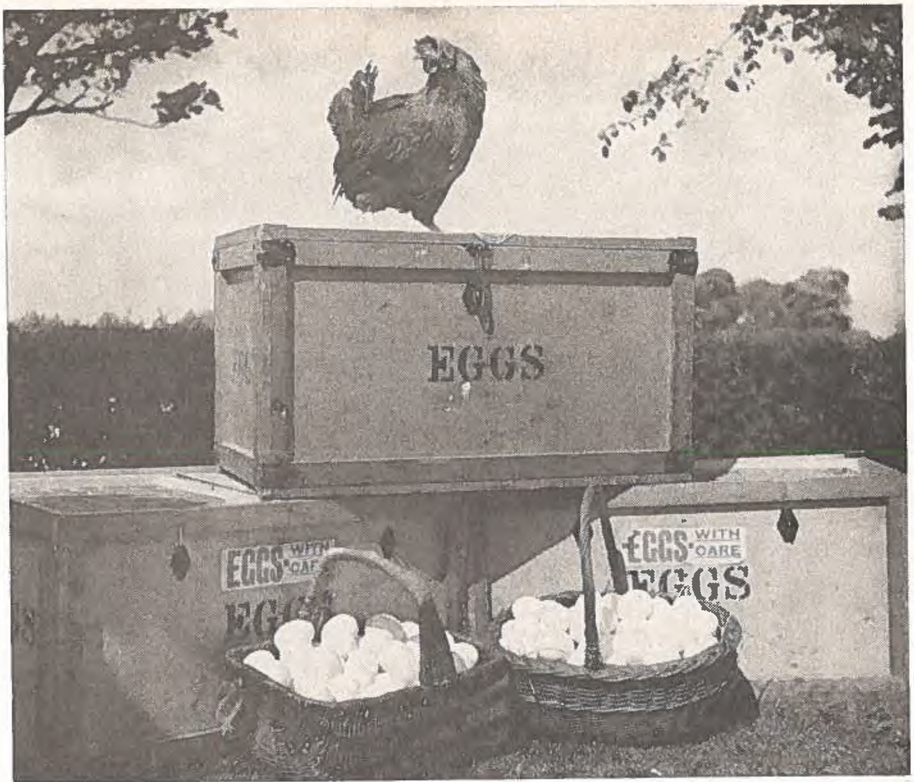
The first major item in this program was the derationing and decontrol of eggs on March 26th and the abolition of the subsidy. This measure was precipitated by the considerable off-control sales which, it was estimated, took 45 per cent of home production.

Instead of being tied by law to the packing stations, producers were permitted after decontrol to sell ungraded eggs direct to individual consumers or to the stations. By agreement with the industry the Government laid down a schedule of "guaranteed minimum" prices, but the packing stations could offer a free market price according to conditions. In the event of the price dropping below the floor, the Government was to bear the loss which, it turned out, was considerable. The Government retained control temporarily over imports and the National Egg Marketing Organization advised the Ministry in day-to-day marketing so that imported supplies purchased in bulk could be integrated with home production.

Prices rose during the summer of 1953 to between 7/– and 8/– per dozen for grade A (96 cents to $1.09), but this peak was short-lived, thanks to consumer resistance. The "short season" price settled down at 6/6d. per dozen for Grade A (89 cents).

Freeing of Imports

Late in the year, plans were announced to complete the decontrol of eggs by returning imports to private hands. Bulk contracts with Australia, South Africa and Eire expired at the end of 1953 and from January 1, 1954, supplies may be imported privately from the sterling area under Open General Licence. Imports from non-sterling sources other than dollar areas will be freed on April 1, 1954. The contract with Denmark, which would normally be effective until September, will end on April



—U.K. Information Office.

The stack of eggs on which this hen is standing—1,359 of them—represents the total she laid in ten years at the Edinburgh Poultry Research Centre.

first subject to mutual agreement. However, because of exchange difficulties, supplies from Western European and certain other non-dollar countries will at first be imported under Open Individual Licence.

Notwithstanding the gloomy forebodings and the cry for a permanent as opposed to the present temporary marketing scheme, the first major experiment in decontrol may be said to be a success. The total United Kingdom supply increased by 8 per cent (to 309½ million dozen) between April and November 1953. Greater supplies from home production were passed through packing stations and imports increased from 61·4 to 73·3 million dozen during the period. The mild fall and winter brought a rise in home production two months ahead of schedule and prices are falling to below peak season level, forcing down the price of the imported product.

At the end of December, wholesalers were paying 44 cents a dozen for best Danish eggs and 37 cents for South African and Australian, considerably below the returns received by Canadian producers. With the British producer guaranteed at present an average of 5/– a dozen throughout the year, the Ministry is forced to foot a heavy subsidy bill. But the consumer has, after 15 years, access to a plentiful supply of cheap eggs.

The second major step towards a freer economy was the decontrol and derationing in various stages during the year of cereals, flour and feedingstuffs. The measure also involved the removal of the flour sub-

83972—2

sidy and of the restrictions on the rate of extraction of flour. The subsidy and price control on the "National" loaf, of 80 per cent extraction, continued; bread made from whiter flour could be sold at the free market price if the flour was fortified to bring it up to the nutritional equivalent of the National loaf. Experience showed that, after the initial sales rush, the public fell back on the National loaf for which they pay about three cents less than for the white bread. The cost of the bakers' subsidy for the National loaf has been far greater than anticipated and, though the hope was that sales of the whiter loaf would mean a smaller subsidy, the Minister of Food was obliged recently to submit a supplementary estimate to Parliament.

Although imports of Canadian flour have fallen for the time being, Canadian mills are competing successfully in the production and sale of the high extraction rate product.

Guaranteeing Farmer's Return

For the four main cereal crops under the Agriculture Act 1947, prices to farmers were guaranteed and adjusted from year to year at the annual farm price review. The Government has substituted a system of deficiency payments for wheat, rye, barley and oats to operate in 1954, holding the view that this is the only practicable method of guaranteeing returns to the farmers for cereal crops in a free market. Under the scheme, if the average price of a grain falls short of a previously fixed standard price, the producers will receive a deficiency payment equal to the difference. For wheat and rye the payment will be on the tonnage of millable grain sold by individual producers; for oats and barley, the deficiency will be converted into an acreage payment. As these arrangements are not due to come into effect until the 1954 harvest, the Ministry undertook to buy supplies of grains from the 1953 harvest which could not be marketed through normal commercial channels at the price fixed for that year.

The Ministry of Food had been the sole importer of wheat, flour and feed grains since 1939. Before outlining the arrangements for handing over imports to private firms, the Government stated that it intended to give importers the greatest possible freedom but would, for balance of payments reasons, maintain control over imports from outside the sterling area, including Canada, by the application of Open Individual Licences.

Imports vs. Home Production

As a result of continuous exhortations and incentives to grow more feedingstuffs at home and of the security of guaranteed markets, the grain acreage generally increased up to 1952. The Ministry was able to balance its purchases of grains from abroad with the prospects for the home crop, which was sold at a fixed price. The barley and oats acreage decreased in 1953 but there was a net increase in the total area sown to grain.

Import statistics show substantial increases in shipments of some grains—e.g., 25·3 million bushels of barley were imported from Canada in the first 11 months of 1953, compared with 2·1 million in the same period of 1952. Canadian barley is being marketed in some centres at £1 or £2 per long ton cheaper than home-produced. With the plentiful supply of all grains, the Ministry has been obliged to implement its guarantee to purchase all home-produced grains which could not be sold commercially and has thereby incurred heavy subsidy expenditure. United Kingdom barley was removed from the market by the Ministry at £25 per ton and this facilitated the heavy imports from North America. When the deficiency payments scheme becomes operative for the 1954 crop, the imported grain will have to meet competition from the home-produced. Although imports of feedingstuffs from dollar areas, particularly from Canada, were questioned in Parliament, the Government indicated that it did not wish to re-impose import controls.

Rationing Controls to End

Following upon the two major events in the field of decontrol, the Government issued a White Paper detailing its plans for the eventual freedom of the remaining agricultural products during 1954. It was reaffirmed that, in abolishing controls, the safeguards of guaranteed prices and assured markets originally given to farmers under the Agriculture Act 1947 would not be abandoned. Rationing, allocation and price control of meat and bacon will end next summer and imports will be returned to private firms—an obligation which the Government feels it should honour.

It also admits equally important obligations to home farmers and, as an alternative to the various livestock marketing schemes which were submitted, the Government proposes to give meat producers a twofold guarantee, combining a guaranteed individual price on each transaction and a collective guarantee of a deficiency payment coupled with a "standard" price to the industry as a whole. The prewar system of auctions will be revived and, if prices fall below the individual and collective guarantee, the Government has undertaken to make up the difference. It also encourages the evolution of a scheme which would give farmers the option to sell by live or deadweight grade.

For some months in the latter half of 1953 meat was virtually unrationed because butchers received a ration-free allowance which could be sold to anyone.

Bacon Situation

Bacon is also virtually unrationed at present, although its price and bulk purchase are still under the control of the Ministry of Food. The Ministry is paying $28.80 per 100 lb. for Dutch and Danish bacon. Under decontrol, it is questionable whether imports will be made at higher prices, as retail prices had to be reduced recently to move accumulating stocks. At present, thin side bacon, rind on, costs 14 cents per pound retail, with best back cut, rind on, 64 cents per pound.

Milk Products

The proposals for milk entail the handing back in 1954 of full prewar powers to the Milk Marketing Board. Since 1940 the Ministry of Food has held responsibility for marketing this product, buying milk from producers on a seasonal scale and allocating the surplus to cheese and butter-making. For some time the industry has urged the restoration of the Board's powers because of the development of a buyers' market.

During 1953 the production season was very favourable and imports from Northern Ireland, previously needed during the October "trough", were not brought in.

For the first time since the war milk consumption has declined, resulting in the allocation of larger quantities to manufacturing. Cheese production has increased by more than 50 per cent and there is a heavy surplus of canned and dried milk, which has been removed from rationing or allocation. In proposing to restore the Board's powers, the Government made the reservation that, with the heavy subsidy on milk, particularly in welfare food schemes, adequate safeguards would have to be given to the Treasury and the public.

Cheese Imports Rise

In addition to the high rate of cheddar cheese production at home which was responsible for its being virtually unrationed from December 20th, imports from the Commonwealth have also increased. In the period January to October 1953, 207·2 million lb. were shipped, compared with 185·0 million in the same period of 1952. Under the special purchase by the Ministry of Food, about five million lb. were shipped by Canada. In the fall over one-fifth of the rationed cheese allocated was not taken up, probably because of the plentiful meat supply and the larger selection of fancy cheese which have remained unrationed.

The Ministry's plans call for derationing of milk products in the early summer of 1954, after which it is proposed to resume private imports. Details of how dollar purchases, if any, will be affected under this plan have not yet been announced. Under stringent wartime conditions the identity of most rationed foods was lost but with the return to normal it may be presumed that cheese, among other products, will be marketed under the name of the country of origin. Decontrol will bring elimination of the subsidy, raising the price by an estimated 2d. to 2/6d. per lb., (34 cents). But any further increase under the free market conditions must be tempered by the non-take up of this commodity under rationing. Before the war Canadian cheese retailed at a premium of up to about three cents a lb. over other makes; except for brands demanding quality premiums, it is difficult to see how Canadian could bring much, if any, more than the prewar premium.

Butter to Be Derationed?

There are similar plans for the decontrol of butter which, however, is not in such plentiful supply. Home production has benefited by the heavy milk surplus and allocations to butter-making nearly doubled in 1953 compared with 1952. Imports from January to October 1952 were 465·2 million lb. compared with 543·1 million in the same period of 1953. Supplies from New Zealand declined slightly in 1953 but were offset by a large increase in Australian exports. Danish and Dutch shipments rose and there were purchases from Poland and Argentina, all of which contributed to an overall improvement in supplies. Although the present ration is only three ounces, there is a small percentage not taken up. The retail price is 3/4d. lb. (46 cents) which makes it somewhat of a luxury.

The Minister explained that he was prepared to take risks in derationing butter in the summer of 1954 because of the improved margarine situation. Hitherto the Ministry of Food has been responsible for the bulk purchase of oils and fats which are processed into margarine in government-licensed factories. The margarine ration has operated as a complement to the butter ration, fluctuating accordingly. With the increasing world supply, it is presumed that imports of oils and fats will revert to private hands. Some less important oils have already been handed over.

Margarine retails at 1/6d. per lb. (20 cents), and the subsidy was eliminated during 1953. With forthcoming decontrol, manufacturers will be able to improve quality and reintroduce individual brands. Again it is doubtful whether a price increase could be carried, for at 20 cents a lb. over one-fifth of the margarine allocated on the ration was not purchased. Experience of derationing in other countries indicates that butter will probably not retail at over 3/6d. lb. (48 cents) with margarine costing about 20 cents and special grades bringing perhaps 23 cents.

Completing Decontrol

The Government's current plans call for the completion of decontrol by 1954. While the farming industry will by that time be more open to the rigours of competitive markets, the Government has stood by its undertakings to agriculture and will still afford a considerable measure of protection through various floor price schemes or deficiency payments. On the other hand, all imported food, which by then will be in private hands, will be governed solely by the condition of the market, prices and the preferences of the consumers. In the past year or so a miraculous transformation has taken place for the housewife who, after 14 years, finds she has a choice and is not always wrong.

Outlook for Dollar Purchases

It is to be hoped that, with stabilization continuing, with carefully husbanded gold and dollar reserves, the outlook for imported foods from dollar sources will improve. The price factor, already plainly evident even while some basic foods are still technically rationed, must be borne in mind with the return to a buyer's market and competition among products and brands. The proportion of the average wage devoted to foodstuffs is probably smaller in the United Kingdom than in many other countries, and the branded products with the best and most consistent quality at the most reasonable price will be quickly established on the tables of ration-free Britain.

Two things will determine the outlook for sales of good-quality Canadian agricultural products in the United Kingdom—the ability of Canadians to compete price-wise, and the degree of improvement in the British balance of payments. If these two factors are favourable, the prospects for Canadian sales in Britain appear brighter than for some years past.

—D. A. Bruce Marshall
Commercial Secretary for Canada (Agriculture)

83972—3

United States

Steel Industry Achieves New Record

Since 1946, U.S. steel-making capacity has gone up by 52 per cent, but signs are that this vigorous expansion will slow down during 1954.

WASHINGTON—By January 1, 1954, the annual steel-making capacity of the United States reached 124·3 million tons of ingots and foundry casting steel. This marked a peak in the postwar expansion and improvement program of the steel industry which, since 1946, has enlarged its capacity by 52 per cent. Last year also saw a record output of primary steel of nearly 112 million tons—seven million tons higher than the 1950 record of 105·1 million tons.

This phenomenal expansion in U.S. steel capacity and the actual production estimates, based on American Iron and Steel Institute figures, are shown below:

U.S. Steel Capacity and Production 1946-1953

Year	Capacity at Jan. 1 (net tons)	Total ingot and casting steel production	Percentage of capacity used
1946	81,236,250	66,602,706	72·5
1947	81,010,990	84,894,071	93·0
1948	94,223,460	88,640,470	94·1
1949	96,120,930	77,978,176	81·1
1950	100,563,500	96,836,075	96·9
1951	104,229,650	105,119,848	100·9
1952	108,587,670	93,168,039	85·8
1953	117,547,470	112,000,000*	95*

* Preliminary and unofficial estimates.

Further Increases Doubtful

The 20 million tons of steel production capacity added since 1950 virtually completes, in total at least, present official and private expansion goals for the industry and somewhat earlier than was originally expected. For the first time since 1946, overall supply and demand have been in balance for as long as six months and the Government recently removed steel ingot expansion from the list of projects which can qualify for special tax amortization rates under the incentive scheme of 1951. The direct result of such action on the steel industry's program would probably be less significant in any case than is popularly supposed, as most of the expansion seems to have been independent of government tax assistance.

Even in 1951, the steel industry's program involved an ultimate capacity of 117 million tons and since then the latest official figures covering steel-making projects certificated for rapid tax amortization to the end of June 1953 show that only 97 certificates, involving an investment cost of $762 million in blast furnaces, were issued. Of these, projects covered by 42 certificates (or 43·3 per cent) involving an outlay of about $64 million were completed by April 1953. As the Steel Institute's estimate of expenditures by steel-makers on equipment and construction between 1946 and the end of 1953 is over $5 billion, and even though the rapid tax amortization figures are only a rough gauge of government tax assistance, it is clear that the impressive growth in capacity has been based on a healthy and sustained demand for steel and that such assistance was not a major factor.

Electric Furnace Steel Capacity

Undoubtedly, however, capacity expansion for production of special steels has been encouraged by the Government's special taxation arrangements of recent years. These permitted accelerated tax write-offs in five years instead of a customary longer period, to the extent that the investment in a new plant was determined to be in the interests of national defence. No specific figures are available to measure adequately the effect of tax assistance but the following table shows the greater relative increase in electric process steel-making capacity, especially since 1950:

U.S. Steel Capacity* by Processes

(figures in 1,000 tons)

Year	Bessemer	Open Hearth	Electric	Total
1946	5,154	81,236	5,500	91,890
1947	5,154	81,011	5,076	91,241
1948	5,226	83,611	5,397	94,234
1949	5,191	84,817	6,113	96,121
1950	5,621	87,859	7,083	100,563
1951	5,621	91,054	7,555	104,230
1952	5,381	94,973	8,233	108,587
1953	4,637	102,678	10,232	117,547

* January 1 estimates for the year indicated.

The increase of almost 36 per cent in electric steel capacity in two years resulted from the establishment of a large number of widely-scattered and smaller steel mills producing special purpose and high alloy steels for defence use; many of these depend on local scrap resources. Such elements of the primary steel-making industry are relatively more vulnerable to any shift in demand, with the result that much of the capacity for special types created in recent years may have to revert to a stand-by emergency status.

Further Plant Improvement

Figures on greater capacity do not illustrate the unprecedented scale of modernization and mechanization which has accompanied the increase. Apart from additional facilities, improved techniques, especially the oxygen-blowing open hearth process, have contributed to its growth. To preserve their competitive position by reducing costs, some producers have progressively improved their methods of production, a policy which is now expected to continue into 1954, with even more pronounced results. Because they have operated at capacity for so many years, many mills have not had the opportunity or scope that 1954 will provide to replace worn-out equipment or to meet the problem of accelerated obsolescence resulting from improved techniques and high-speed processes.

83972—3½

Private estimates indicate that the steel-making industry's new capital spending in 1954 for equipment and plants will be at the same rate as the past three years, about one billion dollars. A more favourable tax situation should permit financing out of earnings, even though production for the year may drop appreciably. Such a program may mean that between five and ten million tons of marginal high-cost steel capacity will be scrapped, leaving the potential effective total capacity at about its present level.

Production Decrease Expected

It is only in recent months, with a levelling-off of defence needs and readjustment of inventory levels, that competitive selling and competitive buying have again become normal market factors in the steel trade. Premium prices for certain grades of steel have virtually disappeared and producers have reduced some prices in their drive for new business. Current trade reports, and the producers themselves, anticipate a decline in 1954 relative to the high output of recent years and to the installed capacity of the industry. The range of unofficial current forecasts is between 95 to 100 million tons, or 75 to 80 per cent of a 124-million-ton capacity. Trade reports appear less apprehensive about recent declines in operating ratios and the prospect of idle capacity in 1954 than might be expected, because such a level would mean higher outputs than in 1952 and 1950. Nevertheless, the uneven demand for various types of steel in recent months has caused concern. Expressed in percentages of installed capacity, the table below provides a basis of comparison of the monthly production by processes during 1953, with certain 1952 figures:

Month	Open Hearth	Bessemer	Electric	Total
1952:				
January	100·7	89·3	89·8	99·3
March	104·4	83·1	89·6	102·2
May	90·6	69·6	85·3	89·2
August	94·4	67·8	84·6	92·4
October	108·7	76·1	102·3	106·6
December	108·0	75·5	97·6	105·6
1953:				
January	101·4	88·9	81·2	99·1
February	100·8	92·6	84·6	99·1
March	103·7	90·0	87·7	101·8
April	100·5	87·7	85·2	98·7
May	102·3	90·0	82·5	100·1
June	99·4	87·0	80·5	97·2
July	95·5	82·4	73·2	93·1
August	97·0	78·7	72·7	94·2
September	95·8	75·6	61·9	92·1
October	99·0	82·5	56·7	94·7

From the foregoing and with due allowance for the end of 1952 backlog resulting from the strike in mid-year, some slackening in demand during the last part of 1953, especially for electric process steels, is apparent.

—S. V. Allen

Commercial Counsellor for Canada

Argentina's Aviation Industry

Production of a new military aircraft adapted to varied uses is proceeding, and plans for making other types of planes are taking shape.

BUENOS AIRES—Early in November, the Argentine Air Ministry announced the production of a new multi-purpose military airplane, the I.A. 35. It was built in Cordoba by a State company, Industrias Aeronauticas y Mecanicas del Estado (I.A.M.E.) which also produces motor cars, light trucks, and motorcycles. Flight tests of the new plane are proceeding.

The I.A. 35 is built of metal, with a four-section fuselage and double tail. It is powered by two I.A.R. 19-C *El Indio* reciprocating engines produced in Argentina and equipped with triple-blade variable propellers. This 450 h.p. engine is an improved version of its forerunner the *Gaucho.*

The aircraft is designed for a variety of uses, such as the following:

- As a light bomber, carrying a crew of five and armed with nose and tail machine guns, a rotating gun tower, and medium-weight bombs.
- As an instructor-bomber, with a crew of three and equipped for advanced instruction in bombing, blind-flying, navigation, and radio-telephony.
- As an ambulance, carrying a crew of three, a doctor and nurse, and four stretchers.
- As a reconnaissance and photographic plane.
- As a light transport plane for either passengers or cargo.

Characteristics of Plane

Published characteristics of the plane reveal that it has a wing span of 19·6 metres, a fuselage 13·98 metres long, and a weight when loaded of 5,700 kilograms. Its maximum speed is given as 353 kilometres per hour, its cruising speed as 346 kilometres per hour, and its climbing speed as 38 metres per second. Its ceiling is 6,500 metres and its radius of action 1,500 kilometres. Equipment carried includes radio-telephone long and short, radio-compass, intercom, retractable hydraulic fuselage, and de-icing equipment.

Argentina also plans to produce seven other types of aircraft and work on the prototypes will be started soon. The largest will be a 40-passenger, all-metal plane, powered with five turbo-jets that will give it a speed close to that of sound. The others include an 18-passenger, all wood transport plane; an all-metal "flying wing" freighter with four local motors and able to carry a payload of eight to ten metric tons; a wooden two-seater advanced trainer; a monocoque civilian plane for two to three passengers, and a wooden training glider for a crew of two. Also in the cards is a plane for use by Argentine executives, powered with two R 8 B radials and large enough for two to three passengers.

The types of engines now produced in the country—and particularly the *El Indio*—will also be improved and two new radials, the R 8 B and the five-cylinder R6, will be manufactured. A new axial-flow, high-thrust turbo-jet is being discussed and research into aviation fuels, lubricants, construction materials and Napal bombs carried on. One subsonic and one supersonic wind tunnel are to be built.

—C. S. BISSETT
Commercial Counsellor for Canada

Dried Fruits from South Africa

CAPE TOWN—South Africa's dried fruit industry is reviving after the difficult postwar years. When the war ended, the industry could not get enough raw materials because the demands from the brandy industry for vine fruit and from the canning industry for tree fruit were given priority. Now the brandy shortage is easing, vine plantings are no longer controlled, and tree fruit production has expanded faster than the canning facilities.

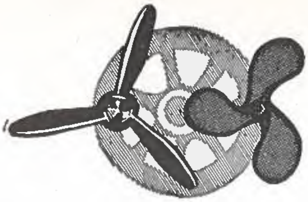
Production of dried fruit in 1954 is expected to be substantially larger than the 1953 pack of 15,000 tons, which was made up of 10,000 tons of valencias, muscatels, sultanas, stalk specialties and currants, and 5,000 tons of tree fruits, including apricots, peaches, pears and prunes.

Domestic sales are stable at about 6,500 to 7,000 tons, adjoining territories take an additional 1,000 tons and the remainder is sold in international markets. The rise in production will therefore make larger exports possible. Thirty producers are registered in the Union but they have been consolidating since 1940 and it is probable that, of the seven groups now operating, not more than three are competitors.

The Dried Fruit Control Board constituted under the Marketing Act regulates and controls the industry and is the sales channel through which the industry delivers valencia raisins to the British Ministry under a bulk sales contract. Individual packers, however, are granted export permits after the Ministry of Food contract has been honoured.

The principal lines are subject to domestic price control. The following prices prevailed in 1953:

Packers' Price to Trade:	5D	4D	3D	2D	1D	
Raisins	1/1¾	1/0⅝	11½d.	9⅞d.	8¼d.	
Currants	1/6¼	1/5⅞	1/2⅜	....	....	
Prunes	40/50	50/60	60/70	70/80	80/90	90/100
	1/8⅝	1/7⅝	1/6d.	1/3¾	1/0½	10⅞d.



Transportation Notes

CHILE

Proposed Colombian Air Service—The Colombian Embassy has requested authorization from the Chilean Ministry of Foreign Affairs to establish a regular air route between Bogota and Santiago. This service would be operated by the Compania de Aeronavegacion "Lia" of Colombia—Santiago, Jan. 12.

INDIA

U.S. Locomotives—India's railway system will receive 100 new locomotives and 5,000 new freight cars as a part of United States economic aid to India during 1954. The contract calls for expenditure of $20 million of U.S. funds and Rs.32 million of Indian funds. The project is part of the planned rehabilitation of Indian railways under the Five-Year Plan. United States funds will be used to buy locomotives and cars outside India; rupee funds will be used for ocean transportation to India, handling costs, and assembly of freight cars imported under the agreement.

Under the Five-Year Development Plan, India has already placed orders for 769 locomotives and will order 500 more during the last two years of the Plan. These are to be paid for by the railways themselves. Orders have also been placed for 32,293 freight cars, and 29,000 more will be ordered in the next two years—New Delhi, Jan. 5.

NORTHERN IRELAND

Airlines to Be Built—More work for the Northern Ireland aircraft industry will result from an agreement just reached between the Bristol Aeroplane Company Limited, Filton, and Short Brothers & Harland Limited, of Belfast, whereby the Belfast firm will extend its capacity to include production of Bristol Britannia aircraft.

The Britannia is a long-range four-engine turbo-prop airliner with accommodation for 87 to 104 passengers, according to type of aircraft, and a crew of three to five. With loads of up to 155 thousand lb. the Britannia has a maximum speed of almost 400 miles an hour at 25,000 feet and a range of nearly 4,000 miles fully loaded. A fleet of 26 is being built for British Overseas Airways and is expected to be ready for service in 1955.

The Belfast firm will assemble the Britannias and will build about 50 per cent of each airplane, importing the remainder of the parts. Preparation of the assembly area in Belfast has already begun and there will be substantial additions to the erecting shops. This new program will not in any way interfere with the production of the Comet jet airliners at present going on in Belfast—Belfast, Jan. 15.

French Guinea Plans Industrial Progress

Aluminum and iron ore take first place among the industrial projects that are transforming the economic life of the Colony.

PARIS—French Guinea, a keystone in the structure of French West Africa, is today being transformed economically, politically and socially. The economy is still mainly agricultural—we think first of peanut oil, palm oil, coffee, cocoa and bananas when we speak of West Africa. Now, however, two major developments, iron ore and aluminum, are quickening economic progress and the country needs miners, engineers, electricians, construction and transportation specialists. Prospects for the future are bright and already some major centres are becoming boom towns.

Iron Ore the Leader

The mining of iron ore is perhaps the industry most in the spotlight. French Guinea is expected to become one of the world's major sources of iron ore; the Conakry peninsula on the west coast of Africa, between Dakar and Monrovia, is the site of a particularly rich deposit. Currently the Conakry mines are producing 40,000 to 50,000 tons a month; soon output will rise to 100 thousand tons a month. The ultimate goal is 250 thousand tons a month, or three million tons a year.

ECA dollars have financed the purchase of mining, earth-moving and landing equipment. Substantial sums of francs have been used to erect model villages for native workers, designed in accordance with native tradition. Large sums have also been spent on the port and on a special dock for loading iron ore.

Just before the war, Conakry ore was shipped to the Ruhr, Belgium and the Saar for blast-furnace tests; today the largest part of the ore is going to Britain. Belgium has been buying some and it is expected that Germany will also take some shipments.

Aluminum Development

The bauxite mining industry began after the war and the country is expected to become a leading bauxite producer. Up to 1940, only the rich deposits of the Los Islands off the port of Conakry had been worked and only on an experimental basis. Since then, deposits estimated at approximately 60 million tons of ore of excellent quality have been discovered along the lower course of the Konkoure River. In fact, there are two distinct deposits of almost equal importance—the first one around Kindia (some 90 miles from the sea) and the other around Dabola (220 miles further upstream). Both deposits are situated on a railroad line which has its ocean terminal in Conakry.

To make possible the treatment of the ore on the spot, a hydroelectric plant will be built to produce 2,200 million kwh. Investigations made in the last two years have led to the choosing of several sites on the course of the river. Most of these sites are near Kindia, but it remains to be decided which one is the most suitable. Only after careful selection of a site will the actual construction of the dam, the hydro-electric plant and the ore-treating plant begin. This means that aluminum will not be produced before 1957 or possibly 1958. The projected capacity is 100 thousand tons a year. Although the quality of ore in the Dabola area is just as good as in the Kindia district, only Kindia ore will be used at first. The Dabola deposit will be kept in reserve to avoid the cost of transportation along the 220 miles between Dabola and Kindia.

Social Progress Stressed

One result of this development will be a better life for the natives of French Guinea. This territory may be the first in French West Africa to be widely industrialized. The Colony has around Conakry, the Los Islands and the peninsula the first heavy industry concentration in French Africa.

While she is exploiting the natural resources of French Guinea, France is not overlooking the improvement of the standard of living and the education of the native peoples. An interesting program of mass education is going forward, on the theory that economic development and the transformation of production methods are worthwhile when they are accompanied by social progress.

Industrialization has brought a revolutionary change in the circumstances of the average native. It is, for example, providing a uniform standard of values and exchange. An ever-increasing number of natives have access to at least an elementary education; medical advance is curbing epidemics. Practical training is even more widespread. Private industry, the Government and religious organizations maintain schools of navigation, forestry, pharmacy and fishing, and for all kinds of manual crafts.

Small industries have been established around Conakry for the sole purpose of supplying mining companies with needed materials. Wages paid by those industries (the bauxite industry alone employs about 200 Europeans and from 1,300 to 1,500 natives) and their purchases of local materials and equipment have created new buying power among the native population and contributed to a prosperous local business. Present indications are that this favourable trend will continue for some time to come.

Trade of the Colony

In 1952, imports into French Guinea were valued at over 6,720 million francs, with Metropolitan France supplying 77·2 per cent. Other supplying countries in order of importance were: United States, 3·6 per cent; Britain, 3·0 per cent; Algeria, 2·6 per cent; Belgium, 1·8 per cent; Morocco, 1·7 per cent; Western Germany, 1·0 per cent; Sweden, 1·0 per cent; Sierra Leone, 1·0 per cent; Canada, 0·9 per cent; Switzerland, 0·7 per cent; other countries, 5·5 per cent.

During the same period French Guinea exported over 3,013 million francs worth of goods, with France taking 81·9 per cent of the total. Other importing countries were: Algeria, 4·4 per cent; Netherlands, 2·3 per cent; Sierra Leone, 2·3 per cent; Canada, 2·1 per cent; Western Germany, 1·9 per cent; other countries, 5·1 per cent. The Colony's unfavourable balance of trade stems largely from the need for heavy imports of machinery and transportation equipment.

Products imported are principally cotton fabrics and clothes, machinery and apparatus, trucks and commercial vehicles, cement, non-precious metals, automobiles, precision instruments, tools and hardware, iron and steel.

Exports consist mainly of coffee, bananas, palm nuts and oil, bauxite, cocoa, woods, rubber, diamonds, animals and skins.

—L. A. CAMPEAU
Assistant Commercial Secretary for Canada

Credit Conditions in Asia and Middle East

OTTAWA—Political and economic uncertainty in the Far East have not lessened during the past year and, as a result, credit conditions have not improved. Considerable changes have taken place, influencing to various degrees conditions in particular countries. Dangers—and accordingly credit risks—in Indo-China and the neighbouring mainland have not diminished. Tumbling commodity prices hit Asian staple products particularly hard, weakening most of the countries economically and financially.

The Middle East presents a picture in contrast to Pacific experience. Generally, countries in this area gained in political and economic stability during 1953. In most of them, oil and cereal production rose and earnings increased. Consequently credit conditions improved throughout this area.

Letter of Credit Normal Practice

Despite the more competitive situation in foreign trade which tends to force Canadian exporters to accede to more liberal credit terms, Asia and the Middle East should still be treated with caution. Financing of export drafts by confirmed letters of credit is the normal and necessary procedure. The credit structure of these areas has not recovered since the war and there is some political and financial uncertainty, so that the credit standing of the individual buyer is of prime importance. And the surest test of the sound buyer is his ability and readiness to establish a letter of credit.

Where government agencies are involved, the Canadian exporter may be unable to obtain such secure terms of sale. Competing foreign suppliers will be bidding keenly for the business in more stable countries and financing difficulties may require concessions in some. In such cases the exporter must carefully examine the country's current payments record.

In all the Far East, probably only Burma and Taiwan gained strength in 1953. The exchange position of Indonesia, Japan and Thailand weakened during the year and this led to increased restrictions on trade. The Philippines managed to avoid any drain on its reserves and developed more stability, if not greater prosperity. Even though Burma increased its exchange holdings, a softer rice market asserted itself by mid-year and prospects for future earnings are not so bright.

Exchange Barometer

Oil is truly gold for the Middle East and exchange accounts reflect the gains. Iraq, Saudi Arabia, and the smaller principalities like Kuwait and Bahrein Islands continue to accumulate reserves; Iran may be on the way to restoring its oil revenues. Good crops and sound trade conditions have improved the position of Syria and Lebanon, although the latter has been recently undergoing a business recession. In Egypt the tide turned, thanks to sounder cotton production and marketing policies, and the country is beginning to replenish its exchange reserves. Complex difficulties continue to plague Israel and Jordan and their exchange situation remains precarious.

Record of Experience

The Export Credits Insurance Corporation continues to have quite limited experience on collections in this area because of the prevalence of letter of credit financing. Such carefully controlled accounts as have been handled under documentary credits have for the most part been met promptly, except for some singular instances of delayed payments in Iran and the Philippines.

SUMMARY OF CHANGES DURING 1953

Country	Exchange Position	Business and Credit Conditions
Arabia	stronger	little change
Burma	improved	no change
China	still difficult	no change
Egypt	steadier	improving
Indonesia	weaker	more difficult
Indo-China	weaker	more difficult
Iran	little change	uncertain
Iraq	stronger	improved
Israel	still difficult	little change
Japan	weaker	little change
Jordan	still difficult	no change
Lebanon	improved	more uncertain
Philippines	little change	better
Syria	improved	improved
Taiwan	improved	improved
Thailand	weaker	less favourable

Commodity Notes

BRAZIL

Seamless Steel Tubes—Trial production of seamless steel tubes has begun at the Mogi das Cruzes plant at Mineracao Geral do Brasil. The plant, which is on the Bush Bench system, has an annual capacity of 50,000 tons of seamless steel tubes of three-quarters to five inches in diameter for water, gas, boilers, and petroleum refineries—Rio de Janeiro, Jan. 7.

Rice and Sisal—The Ministry of Agriculture has estimated Brazil's production of unhulled rice in 1953 at 3,160,740 tons, an increase of 229,630 tons over 1952. The production of sisal fibres has been estimated at 73,251 tons—Rio de Janeiro, Jan. 7.

Jute—The 1953 domestic jute crop in Brazil has been estimated at 19,083 tons by the Ministry of Agriculture. Production in 1952 totalled 14,840 tons—Rio de Janeiro, Jan. 7.

CHILE

Copper—Chile will sell the entire production of copper from Paipote during 1954 to a German refining company, on the basis of US$0·292 per lb. The total purchase is given as 20,000 tons—Santiago, Jan. 8.

Onions—Current reports indicate that Chile will resume the export of onions. The two principal buyers are Great Britain and the United States. Because of its unfavourable harvest, the U.S. will probably make larger purchases than in 1953—Santiago, Jan. 8.

CUBA

Sugar—The American Secretary of Agriculture, in announcing sugar quotas for domestic consumption in 1954 based on a preliminary estimate of eight million short tons, indicated that the initial Cuban participation would be 2,478,720 short tons. This share is substantially larger than that granted Cuba at the beginning of 1953—Havana, Jan. 11.

INDIA

Hurricane Lanterns—The hurricane lantern industry in India is progressing at hurricane speed. Between 1948 and 1952, the output of the ten major units jumped from 1·7 million to 3·5 million, and there was a further increase in the first six months of 1953. Present requirements are estimated at four million but the target of the Planning Commission for this industry is five million by March 1956, with one million more for export. It is doubtful if the local demand will increase further in view of the rapid electrification of many areas under the Five-Year Plan. The Tariff Commission is continuing its protection of this industry because foreign competition has revived, including a German make which was popular before the war—New Delhi, Jan. 5.

ISRAEL

Cement—Israel's second cement plant went into production at Ramleh in September with one rotary kiln of 150-thousand-ton annual capacity. The country's first plant of six shaft kilns and two rotary kilns, also operated by the Nesher interests, is now reaching maximum annual capacity of 450 thousand tons. Israel's cement exports were only resumed in 1952, because domestic demand for cement had increased greatly because of large-scale building activities. Exports in 50-kilo six-ply paper bags to many Mediterranean and African countries are currently averaging 10,000 tons a month. The quality of the cement conforms with that of British and U.S. standard Portland specifications. Future domestic and export market possibilities are believed so promising that a third independent cement works (Shinshom), financed partly by British capital, is expected to go into partial production early in 1954—Athens, Jan. 12.

NEW ZEALAND

Racing Stock—New Zealand has set aside an allocation of dollars in 1954 to import trotting stallions from the United States. An allocation was made in 1952 but was later withdrawn—Wellington, Jan. 9.

NORWAY

Minerals—In spite of a certain drop in the demand for iron ore, A/S Sydvaranger have sold the major part of their 1954 production, the principal buyers being Western Germany, Belgium, and the United Kingdom. The annual output is estimated at 830 thousand tons. It is expected that total production of aluminum at Aardal Verk in 1953 will amount to 25,000 tons, output of pig-iron will reach a record figure of 33,000 to 34,000 tons, and the production of electrode compound will probably be 30,000 tons. Shipments of coal from Spitzbergen are expected to total about 400 thousand tons, of which Denmark, Sweden and Western Germany took 130 thousand tons, 30,000 tons more than in 1952—Oslo, Jan. 13.

SOUTH AFRICA

Steel—ISCOR, the steel corporation controlled by the South African Government, has announced that its present annual output of 1·2 million tons of steel ingots will be increased by 100 thousand tons. Because of greater business activity, the trading surplus for the fiscal year ended June 30, 1953, was £9,114,029, exceeding that of the previous year by £4,159,649—Cape Town, Jan. 4.

Colour Film—A colour film machine is being installed in Johannesburg which can process 35,000 feet of colour film in one hour. Up to now, colour film has been a problem in Africa because of its rapid deterioration. The new machine will make it possible for companies which formerly flew their film in dry ice to Britain or America to have it processed in Johannesburg—Cape Town, Jan. 6.

Italy Rebuilds Its Mercantile Marine

Almost wiped out during the war, the Italian merchant fleet now exceeds its prewar tonnage and building of new ships and improvement of ports is still going forward.

ROME—The important Italian mercantile marine, which totalled more than $3\frac{1}{2}$ million tons at the outbreak of World War II in 1939, was almost entirely destroyed as the war progressed. When peace came, there remained slightly over $\frac{1}{10}$ of the tonnage (385,716 tons) divided among passenger ships, cargo ships of all kinds, and fishing vessels—about 207 seaworthy ships. The war also wrecked and destroyed the Italian ports and their equipment and traffic schedules were thoroughly interrupted.

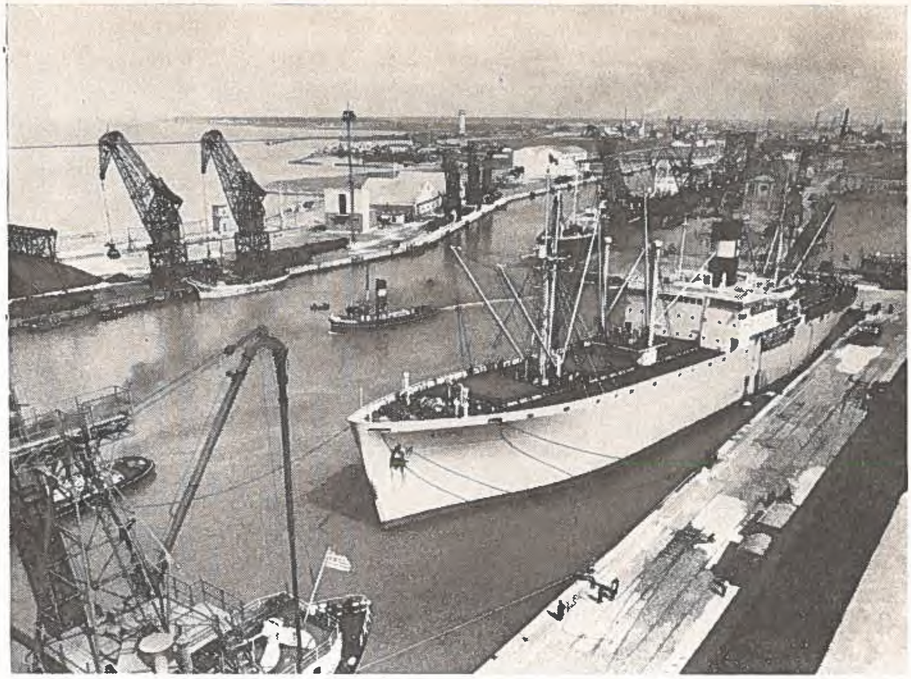
The Ministry of Marine early in 1946 planned the reorganization of the largest shipbuilding yards, especially in Genoa and Trieste, and all of the main ports and their equipment. It also scheduled the reconstruction of merchant shipping. These plans have taken time to bear fruit primarily because of the extensive mine-sweeping which had to be carried out in the early postwar years and also because vast sums had to be raised.

Reconstruction Program Charted

A number of laws were enacted soon after the war which, among other things, provided for government grants to be added to private capital to make possible the first stages of the reconstruction program. These consisted of the recovery and repair of sunken or damaged vessels and the purchase abroad of a number of ships. This program proceeded so rapidly that by July 1, 1948, the Italian merchant fleet consisted of 3,805 ships of a gross tonnage of 2,351,383 tons. Of these 1,008 with a total tonnage of 2,235,337 were motor ships and 2,797 with a tonnage of 116,046 were sailing ships, motorboats and fishing craft. Included also were 15 Liberty ships which were handed over to the Italian Government to replace Italian ships seized by the Western Allies. The first stages of the reconstruction program also embraced repairs of harbours and port facilities. This has been a lengthy process; so far only 90 per cent of the wartime damage has been made good, at a total expenditure of 45 billion lire.

Following the putting into operation of sunken or damaged vessels, the next step—**the construction of new ships—was taken. The Government** enacted a number of measures to provide allocations for the construction of passenger ships, cargo boats of all kinds, fishing vessels and other sea craft. Under this program, 42,600,000,000 lire were provided by the State, which was to cover approximately half a million tons of new shipping.

As a result of this overall program, by April 1, 1953, the Italian merchant fleet passed its prewar strength. Some 1,069 motor ships of 100 tons displacement with a gross tonnage of 3,462,734 tons were operating, compared with 1,227 or 3,424,804 gross tons on July 1, 1939. If to this



This photograph of Leghorn Harbour shows some of the rebuilt piers and the efficient pier equipment. All the main ports are being modernized as part of a long-term program sponsored by the Italian Government

1953 total is added 3,522 mechanically propelled ships of less than 100 tons each, sailing vessels and fishing craft with a total tonnage of 125,845, the Italian mercantile fleet numbers 4,591 vessels of 3,588,579 tons total, compared with 3,727 ships of 3,536,516 tons in 1939. In the past nine months of 1953, considerable shipbuilding has been carried on and it is estimated that about 3¾ million tons of shipping will be in operation by the spring of 1954.

All is not quite as rosy as this would indicate. A critical examination of the tonnage indicates that at least 40 per cent of the ships afloat are more than twenty years old and that a large proportion of the remainder are between six and twenty years old, including those constructed during the war, such as the Liberty ships. All of these old ships will have to be replaced if the merchant fleet is to keep pace with modern standards.

Measures Still Needed

Italy now owns only 3 per cent of world mercantile tonnage as compared with 5 per cent prewar. As far as freights are concerned, the Italian economy was faced with a deficit in 1952 of 43·9 million; total freight income amounted to $162·8 million, compared with an outgo of $206·7 million. A further factor is traffic in Italian ports which has increased greatly in the postwar years; 1953 is expected to register a total of 50 million tons, a considerable advance over 1939. It is therefore clear that if the prewar proportion is to be maintained and the Italian mercantile fleet is to be large enough for the needs of the republic, the total gross tonnage must be considerably increased. The objective is at least 4½ million tons.

With this in view, new plans are to be submitted to Parliament shortly by the Ministry of Mercantile Marine, calling for the gradual building of new ships during the next ten years. Ship owners and foreign traders alike will welcome the approval and putting into effect of such a plan. In addition to providing for the gradual substitution of old ships and an increase in tonnage, this plan will help to combat unemployment in the shipbuilding areas.

At the present time and in accordance with contracts continuing up to the end of 1954, Italian shipbuilding yards are working and will continue to work quite steadily. Allocations were made in 1952 for the building of small vessels under 2,000 tons and some 19 tankers of 10,000 tons each and to this should be added 63,000 tons of shipping to be built in the Trieste yards during the next two years at a cost to the Italian treasury of six billion lire, and certain commitments from abroad. It is generally hoped that, before the work in hand is completed, the ten-year plan will be approved by the Italian Parliament and the required appropriation made. This would mean no drastic interruption in the rhythm of work in the shipbuilding industries.

—Shirley G. MacDonald
Commercial Counsellor for Canada

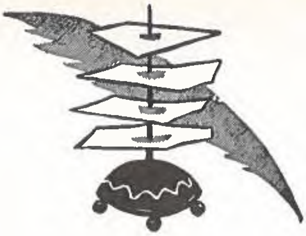
Israel's Glass Industry

ATHENS—Nine factories make up Israel's glass industry; they employ over 800 workers and have a monthly turnover of a quarter of a million dollars. Three more glass factories are under construction. The industry produces sheet glass, hollow glassware, packing glass, pressed household ware, ampoules, glass silk, safety glass, medicinal and laboratory glass instruments, neon signs and electric light bulbs. Recent discoveries of quartz sand in the Negev area of the country have reduced the requirements of imported raw materials to only 10 per cent of total production costs.

Sheet glass in all thicknesses from 2 to 6 mm. can be produced at the rate of 40 tons a day and, in addition to meeting domestic needs, is being exported to the United Kingdom, Turkey and Cyprus. Safety glass production covers local demands and leaves a substantial amount for export. Initial foreign orders have been received for this product which is being used by the local automobile assembly industry.

The six hollow glass plants produce various kinds of clear and amber-coloured bottles, jars and household articles and have a total annual production capacity of over 30 million units. The capacity of the ampoule-producing factories has recently been increased to 15 million units a year, sufficient to cover local requirements.

Production of high-grade glass silk for insulation purposes began recently and output is now 12 tons a month. A new plant is being built to manufacture emery paper.



General Notes

ARGENTINA

Paper Industry—Argentina will invest some 20 million pesos in a new pulp and paper mill which is expected to be in operation by the end of 1954. Both mechanical and chemical pulps will be produced. The annual paper capacity will be 70,000 metric tons—Buenos Aires, Jan. 4.

AUSTRALIA

Board Mills Plan Standard Production—Tasmanian Board Mills Ltd. is bringing its big new mill in Tasmania into immediate production, it is reported, and standard production of container board will operate from the beginning of 1954. Waste paper will be the principal raw material. The company's timber division operated profitably on Tasmanian timber during the past year, but sustained heavier losses than anticipated in realizing imported timbers. The remaining stocks have been drastically written down.

The directors of the company report a constant demand for their Tasmanian hardwoods and have taken steps to increase the output of the sawmills, kilns and planing mill—Melbourne, Jan. 6.

BARBADOS

Tourist Industry—During the season ending March 1953, 12,000 holiday visitors and 3,000 business visitors came to the Island. They spent US$1,100,000, Can.$200,000, and Bolivars 600,000—Port-of-Spain, Jan. 8.

CUBA

First Steel Plant—The corner stone has been laid for Cuba's first steel plant at Guanabacoa on the outskirts of Havana. The new industry is expected to be in operation by the end of 1954. Production capacity will, of necessity, be comparatively small because of the limitations of equipment and items of manufacture. The plant will produce alloy and carbon steel bars and small structural shapes, and some stainless steel items. The steel will be produced from Cuban scrap—Havana, Jan. 12.

INDIA

Tube Well Scheme—The Government of India will spend Rs.240 million during the next three years on the construction of tube wells. The scheme envisages the sinking of 2,650 production tube wells and 350 exploratory ones in 15 states. Since the launching of the minor irrigation schemes in 1950, the Government has constructed 940 tube wells. Most of them are in Uttar Pradesh, Punjab and Bihar; each tube well costs Rs.30,000—New Delhi, Jan. 5.

NETHERLANDS

International Land Reclamation Institute—Holland is expected to become the headquarters of a new international institute for land reclamation through which Dutch knowledge and experience in this field would become available to the world. It is expected that the Kellogg Foundation will contribute about one million guilders towards the new institute in the first few years of operation. The money is the gift of the Kellogg Foundation to the Netherlands for agriculture following the flood disaster last February.

The institute will be primarily a documentation centre but, in addition, Dutch experience and knowledge will likely be made available to other countries through the use of Dutch engineers as advisers —The Hague, Jan. 15.

SOUTH AFRICA

Imports and Exports Increase—Preliminary figures show that South Africa's imports during September 1953 rose by £7·3 million over the September 1952 total. During September, imports totalled £34·4 million and exports were £29·4 million, up £5 million from September 1952—Cape Town, Jan. 11.

TRINIDAD

New Government Department—A new government department, to be called the Department of Industry and Commerce, has been formed. With most government bulk purchasing, trade and price controls and rationing now ended, the old Control Board will be abolished and its remaining functions will be absorbed by the new department. It will also take over the promotion of industrial development—Port-of-Spain, Jan. 14.

Five-Year Program—Trinidad has just passed the halfway mark in its BWI$43 million five-year economic program. The work is being financed by loans and grants from the United Kingdom, and out of surplus balances of the Colony. The principal expenditures in 1954 will be for water supply, roads, medical services, education, public buildings, electricity and housing—Port-of-Spain, Jan. 14.

TURKEY

Central Bank Printing Office—The Central Bank of Turkey is building a printing office to cover the country's requirements for bank notes, postage stamps and bond paper. It will be equipped with special machinery from Germany and the United States for the engraving and printing of this special paper for all the Government's needs and bonds for private industry. The printing office is expected to be operating by the end of 1954—Athens, Jan. 8.

Markets in the Textile Southland

Production of low-priced textiles, centered around Charlotte, North Carolina, has brought the South new earning power and increased its potential as a consumer of Canadian goods.

NEW ORLEANS—A combination of powerful factors has made the Southern United States the dominant U.S. producer of low-priced textiles. Eighty-one per cent of the cotton textiles and most of the synthetic fibre textiles originate in the six adjoining Southern States of North and South Carolina, Georgia, Alabama, Tennessee and Virginia. Some 1,500 textile plants are giving employment to 650,600 Southerners and constitute a basic feature of the South's industrial expansion.

Abundant and readily accessible raw materials, a large and adaptable labour pool, favourable factory conditions and immense purchasing power close at hand have combined in the last thirty years to change the centre of production from New England to these Southern States.

Production Pattern

A glance at the map reveals a production arrangement of classical simplicity. The raw materials—the cotton and synthetic fibres—are produced in Texas, Louisiana, and adjoining areas. They move east into the textile plants of the Southeast and the finished product continues the journey east and north to the densely populated areas of Philadelphia, New York, Boston, and similar centres. The rise of petrochemical plants since the 1930's in Texas and Louisiana to supply the ingredients for nylon, orlon, dacron and other synthetic fibres has given a vigorous impetus to this raw to finished product movement in the South.

The labour position is also an interesting one. Over the years the area of economic production of cotton has moved westward until it is now located in Texas and California. Behind the older cotton areas of the Carolinas, Georgia, Alabama and Mississippi are numerous farms of low per capita income, many of them operated by tenant farmers who are turning to mechanization and diversified farming to survive. In Alabama, for example, the number of tractors increased from 7,000 in 1940 to 50,000 in 1950. South Carolina, over the same period, saw a tractor increase of 467 per cent. More machines—greater production—fewer jobs on the farm made the advent of textile plants in this area a happy solution to a grim problem. To these people, who in many cases commute twenty to thirty miles to a plant, the average industrial wage of $2,390 a year is highly attractive. A combination of subsistence farming and factory wages is being worked out to the advantage of all concerned. It is not uncommon to see in the Carolinas a large modern structure far out in the country with only a parking lot to mark its source of labour.

Favourable weather conditions keep the roads open the year round and the factories face no great expense for heating. The water supply—important in the textile industry—is reasonably abundant.

Charlotte Is Textile Capital

Raw material—labour—factory. There remains the market, without which the rest is meaningless. The city of Charlotte, North Carolina, is the unofficial capital of this textile kingdom. Within a radius of fifty miles of this city 4,600,000 spindles are in operation. Charlotte is 624 miles from New York—24 hours by truck, 14 hours by rail and 2¾ hours by plane. One hundred trucking firms, four railroads and four airlines answer the transport need. It is a pattern that, with modifications, ties the textile area to the markets and ensures constant and prompt deliveries.

It was against this rising tempo of textile production that I recently paid a visit of discovery to Charlotte, seeking markets for Canadian products.

I found in this city of 134 thousand a number of lumber wholesalers importing and interested in British Columbia and Alberta softwoods; two or three produce dealers interested in potatoes, rutabagas and apples; a large grocery wholesaler seeking apples in No. 10 tins and canned pink and chum salmon in No. 1 tall tins, and many people interested in Canadian scenery at summer vacation time. Previous inquiries had already revealed that other Canadian products were being shipped into the area, including newsprint, asbestos, beverages, Christmas trees and machinery. The steadily increasing purchasing power of these textile states should support a continued interest in most of these Canadian products—and others can be added.

Transportation costs are frequently one of the main difficulties in the way of Canadian firms competing in these Southeastern States. During my visit I noted that there is a regular movement of textiles and textile machinery from the area to Canada by truck and this may open the way for return shipments of Canadian products.

—G. A. Newman
Consul of Canada and Trade Commissioner

Indian Income Tax

Canadian firms exporting to India should bear in mind that they may be subject to income tax in that country. This is understood to be particularly likely where Canadian principals are selling through agents in India. However, where Canadian principals are exporting direct to Indian principals it is understood to be less likely that the Canadian firms would become subject to Indian taxation.

Trade and Tariff Regulations

BENELUX

Customs Tariff Revised—Effective January 1, various changes have been made in the customs tariff for Belgium, the Netherlands and Luxembourg. Duties remain suspended until the end of 1954 on various items including canned salmon, sawn lumber, Portland cement and acetone. During the same period, the duty will be reduced from 10 per cent to 5 per cent on certain kinds of synthetic silk yarns and from 6 per cent to 3 per cent on synthetic silk waste in the mass.

Duties were increased from 4 per cent to 10 per cent on disodium and trisodium phosphate, from free to 10 per cent on hydrogen peroxide, from free to 12 per cent on compositions and charges for fire extinguishers, from 6 per cent to 12 per cent on shuttles for spinning and weaving looms, and from 6 per cent to 18 per cent on wooden bobbins for spinning and weaving. None of the duties on the above-mentioned products is bound under a trade agreement.

Catalogues, price lists and commercial notices in the name of a foreign firm have been added to the list of imports which may be admitted duty-free by the competent Ministers under conditions which they shall determine—Brussels, Jan. 12.

An advance notice concerning the suspended duties on canned salmon and coniferous lumber was published in "Foreign Trade" of January 16.

INDONESIA

Excise Tax on Beer and Liquor Increased—Effective January 1, 1954. the Indonesian excise tax on beer has been increased from 30 to 82.50 rupiahs per hectolitre; and on spirits from 400 to 750 rupiahs per hectolitre of 50 per cent alcohol strength—Djakarta, Jan. 8.

UNITED STATES

Public Hearing Ordered on Investigation into Import of Alsike Clover Seed—The United States Tariff Commission has announced a public hearing, to begin at 10 a.m. on February 16, 1954, in the Hearing Room of the Tariff Commission, 8th and E Streets, N.W., Washington, D.C., in connection with the investigation which was instituted on December 2, 1953 (see *Foreign Trade,* December 19, 1953, page 27), with respect to imports of alsike clover seed.

Those interested will be given the opportunity to be present, to produce evidence, and to be heard at this hearing. Anyone desiring to appear at the hearing should notify the Secretary of the Commission, in writing, in advance of the date of hearing.

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 1·02860.

Country	*Unit*	*Type of Exchange*	*Canadian dollar equiv. Jan. 21*	*Notes (See below)*
Argentina	Peso	Preferential buying	·1296	
		Basic buying	·1944	
		Preferential selling	·1944	(1)
		Basic selling	·1296	
		Free	·06998	
Austria	Schilling		·03739	
Australia	Pound		2·1875	
Belgium Luxembourg & Belgian Dependencies	Franc		·01946	
Bolivia	Boliviano	Official	·00512	
British West Indies	Dollar		·5697	(3)
	Pound		2·7344	(4)
	Dollar	Brit. Honduras	·6835	
Brazil	Cruzeiro	Official selling	·05165	tax 8%
		Effective buying	·03428	(2)
		Coffee buying	·04162	(5)
Burma	Kyat		·2042	
Ceylon	Rupee		·2051	
Chile	Peso	Official	·00884	(1)
Colombia	Peso	Basic	·3889	
Costa Rica	Colon	Official	·1731	(6)
		Controlled free	·1464	
Cuba	Peso		·9722	tax 2%
Czechoslovakia	Koruna		·1350	
Denmark	Krone		·1408	
Dominican Republic	Peso		·9722	
Ecuador	Sucre	Official	·06482	(7)
		Free	·05597	
Egypt	Pound		2·7917	
Fiji	Pound		2·4634	
Finland	Markka		·00423	
France	Franc		·00278	
French Africa	Franc		·00556	
French Pacific	Franc		·01528	
Germany	D Mark		·2315	
Greece	Drachma		·000032	
Guatemala	Quetzal		·9722	
Haiti	Gourde		·1944	
Honduras	Lempira		·4861	
Hong Kong	Dollar	Free	·1662	*Jan. 8
Iceland	Krona	Official	·05970	
		Special buying	·04596	
		Special selling	·03703	
India	Rupee		·2051	
Indonesia	Rupiah	Basic	·08528	(8)

* **Latest available quotation date.**