

No. 723

DEPARTMENT OF OVERSEAS TRADE

# Report on Economic and Commercial Conditions in BRAZIL

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*Commercial Counsellor to His Majesty's Embassy, Rio de Janeiro*

December, 1938

*(The previous Report was dated October, 1937)*

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CABINETE DO MINISTRO DA FAZENDA  
SECÇÃO DE ESTUDOS COMERCIAIS E FINANCEIROS  
BIBLIOTECA  
1738  
18.7.1941

TECNICO DE  
MINISTRO DA FAZENDA



LONDON

PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE

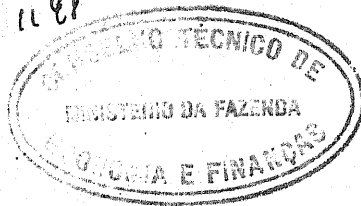
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1939

Price 2s. 0d. net

MINISTERIO DA SAUDE  
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## DEPARTMENT OF OVERSEAS TRADE

## COMMERCIAL REPRESENTATION ABROAD.

To foster British overseas trade, the Department controls the following services of Commercial Intelligence Officers:—

## I. IN THE EMPIRE.

*The Trade Commissioner and Imperial Trade Correspondent Services.*

At the present time there are 18 Trade Commissioners' offices. These are situated, four in Canada (Montreal, Toronto, Vancouver, Winnipeg); three each in South Africa (Capetown, Johannesburg, Salisbury), and Australia (Sydney, Melbourne, Brisbane); two each in India (Calcutta and Bombay—to cover also Burma and Ceylon), and British West Indies (Trinidad, Jamaica); and one each in New Zealand (Wellington), Eire (Dublin), Malaya (Singapore) and British East Africa (Nairobi).

The Trade Commissioners have the assistance of Imperial Trade Correspondents at a number of important centres.

There are also Imperial Trade Correspondents in those parts of the Empire to which Trade Commissioners have not been appointed.

## 2. IN FOREIGN COUNTRIES.

*(a) The Commercial Diplomatic Service attached to the British Diplomatic Missions.*

There are 37 Commercial Diplomatic posts situated in all the more important foreign markets of the world. The members of the Commercial Diplomatic Service are styled "Commercial Counsellors" in the highest grade, and "Commercial Secretaries" in the three lower grades. They are members of the staff of the British Embassy or Legation in which they serve.

The Commercial Diplomatic Officer has general supervision over the commercial work of the consular officers in his area, and with the co-operation of these two services, a complete network of Government commercial representatives is thrown over foreign countries.

The Department is represented in Brazil by Mr. E. Murray Harvey, O.B.E., M.C., F.R.G.S., Commercial Counsellor, and Mr. W. G. Bruzard, Commercial Secretary to His Majesty's Embassy, Rio de Janeiro.

*(b) The British Consular Service.*

Particular attention has been given to the commercial side of consular work since the re-organisation of the service. In certain countries where no Commercial Diplomatic Office is stationed the senior Consular Officer undertakes duties of a similar character.

Further information regarding the above services can be obtained on application to the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

Members of United Kingdom firms are urged to call upon the Department's representative abroad when they visit an overseas country. It is also important that they should make a point of their representatives abroad keeping in close touch with the Department's officers.

## NOTE.

*It should be understood that the views expressed in annual reports are the views of the officers themselves, and are not necessarily in all respects those of the Department.*

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## COMMERCIAL SUMMARY

**Area.**—3,300,000 square miles.

**Population.**—(Government estimate 31st December, 1937), 43,246,931.

**Total Notes in Circulation.**—(30th September, 1937), 4,219,108:055\$500;  
(30th September, 1938), 4,813,905:227\$000.

**Currency.**—The unit of money value throughout Brazil is the *real* (plural *reis*), the smallest coin being 100 reis, and the highest unit of value one conto of reis, worth 1,000 milreis. The conventional means of quoting Brazilian currency is as follows:—

1:000\$000—One conto of reis.  
100\$000—One hundred milreis.  
1\$000—One milreis.  
\$100—One hundred reis.  
\$001—One real.

Amounts of less than 100 reis are not now recognized in Brazil.

**Exchange Rate.**—(31st December, 1937), Bank of Brazil deposit rate, 87\$460; (31st October, 1938), 87\$400 per £1.

<b>Federal Government Revenue, 1938</b> , estimate (the rate at 87\$000 to the £ sterling) ... ..	£ 43,950,000
<b>Federal Government Expenditure, 1938</b> , estimate (the rate at 87\$000 to the £ sterling) ... ..	44,543,000
<b>Imports, 1937</b> , total, gold ... ..	40,608,000
<b>Imports from United Kingdom, 1937</b> , total, gold ... ..	4,909,000
<b>Exports, 1937</b> , total, gold ... ..	42,530,000
<b>Exports to United Kingdom, 1937</b> , total, gold ... ..	3,857,000
<b>Exports January to June, 1938</b> , total, gold ... ..	17,433,000
<b>Exports January to June, 1938, to United Kingdom</b> , total, gold ... ..	1,592,000
<b>Imports January to June, 1938</b> , total, gold ... ..	18,793,000
<b>Imports January to June, 1938, from United Kingdom</b> , total, gold ... ..	1,801,000
	Miles.
<b>Railway mileage, 1937</b> , approximate ... ..	20,945
<b>Road mileage, 1937</b> , approximate ... ..	78,205

## HINTS FOR COMMERCIAL VISITORS TO BRAZIL

(Prepared by the Commercial Counsellor to His Majesty's Embassy at Rio de Janeiro.)

The principal representatives in Brazil of the Department of Overseas Trade are:—

*Rio de Janeiro.*—The Commercial Counsellor, No. 10 Praça Quinze de Novembro (3rd floor), Caixa Postal 669. (Telegraphic address: "Commintell" Rio de Janeiro.)

*Rio de Janeiro.*—His Majesty's Consul-General, No. 10 Praça Quinze de Novembro (3rd floor), Caixa Postal 168.

*São Paulo.*—His Majesty's Consul-General, Rua Quintino Bocayuva 4 (2nd floor), Room 3.

*Porto Alegre.*—His Majesty's Consul, Edifício British Bank (2nd floor), Praça Senador Florencio (Caixa Postal 737).

*Bahia.*—His Majesty's Consul, British Bank Building (2nd floor), Praça de Inglaterra 18. (Caixa Postal 69.)

*Pernambuco.*—His Majesty's Consul, Western Telegraph Building, Praça Arthur Oscar 91, Recife.

*Pará.*—His Majesty's Consul, Praça Visconde do Rio Branco 38 (Caixa Postal 98).

**Area and Population.**—Brazil, with an area of 3,298,870 square miles and a seaboard to the Atlantic of 3,642 miles, is the fourth largest country in the world, and occupies 45 per cent. of the South American continent. The country is divided into 22 territorial divisions consisting of 20 states, the Federal District (in which the capital is situated) and the territory of Acre. The population, according to statistics published in the local press on the 15th May, 1938, by the General Statistical Directorate of the Ministry for Justice, was estimated on the 31st December, 1937, at 43,246,931 persons. Population by states and capitals was as follows:—

<i>By States.</i>		<i>By Capitals.</i>	
Federal District	1,801,784		
Alagoas ... ..	1,237,093	Maceio ... ..	138,786
Amazonas ... ..	449,152	Manãos ... ..	91,298
Bahia ... ..	4,327,801	Salvador ... ..	375,756
Ceará ... ..	1,698,360	Fortaleza ... ..	150,516
Espirito Santo ... ..	729,951	Victoria ... ..	37,520
Goyaz ... ..	774,354	Goyania ... ..	22,000
Maranhão ... ..	1,212,452	São Luiz ... ..	72,918
Matto Grosso ... ..	383,211	Cuyabá ... ..	48,857
Minas Geraes ... ..	7,831,658	Bello Horizonte ... ..	193,706
Pará ... ..	1,585,295	Belém ... ..	303,740
Parahyba ... ..	1,431,500	João Pessoa ... ..	108,827
Paraná ... ..	1,067,779	Curityba ... ..	122,715
Pernambuco ... ..	3,071,777	Recife ... ..	510,102
Piauhy ... ..	865,904	Therezina ... ..	62,161
Rio de Janeiro ... ..	2,109,964	Nictheroy ... ..	131,495
Rio Grande do Norte ... ..	800,014	Natal ... ..	54,344
Rio Grande do Sul ... ..	3,187,861	Porto Alegre ... ..	352,068
Santa Catharina ... ..	1,038,678	Florianopolis ... ..	51,476
São Paulo ... ..	6,961,740	São Paulo ... ..	1,217,330
Sergipe ... ..	561,861	Aracaju ... ..	61,980
Territory of Acre ... ..	118,742	Rio Branco ... ..	29,878
<b>BRAZIL ... ..</b>	<b>43,246,931</b>		

The inhabitants are predominantly white, the majority being of Portuguese descent; but there is a strong mixture of negro and Indian races, and some Asiatic. The white race shows a tendency to increase, due chiefly to

the large contingents of immigrants from Portugal, Italy, Germany and other European countries. It is estimated that 4,172,498 immigrants have entered Brazil since 1884, one-third of which were Italians and one-quarter Portuguese.

**Climate and clothing.**—The climate of Brazil can be divided into three separate zones: Equatorial or tropical; sub-tropical; temperate. The first which extends from the Equator to Lat.  $10^{\circ}$  S., covers the States of Amazonas, Pará, Maranhão, Piauí, Ceará, Rio Grande do Norte, Parahyba, Pernambuco, Alagoas and part of Goyaz, Matto Grosso and Bahia. The average temperature in this zone is from  $26$  to  $27^{\circ}$  Centigrade. The second zone which extends from parallel  $10^{\circ}$  to the Tropic of Capricorn, covers the States of Sergipe, Bahia, Goyaz, Espirito Santo, Rio de Janeiro, Minas Geraes, western part of São Paulo and nearly all Matto Grosso. It has an average temperature of  $23$  to  $26^{\circ}$  Centigrade on the lowlands and  $18$  to  $21^{\circ}$  on the highlands.

The third zone extends from the Tropic of Capricorn and terminates in the southern extremity of the country, stretching therefore over part of São Paulo and the States of Paraná, Santa Catharina, and Rio Grande do Sul, with a mean temperature of  $19^{\circ}$  Centigrade on the coast and  $16^{\circ}$  in the interior.

Winter (May to October) conditions in the centre and south of Brazil are similar to those of European summer. At almost every season of the year a light waterproof coat will be found useful. In the north the winter is a season of tropical rains. Summer conditions all over the country are tropical, but temperatures of  $100^{\circ}$  F. are comparatively rare. In the coastal towns there is a high degree of humidity which tends to sap the energy of the newcomer; it is also worth remembering that the luminosity is very high and that travellers frequently suffer from headache due to eye strain. This applies more particularly to persons with normally good sight. Relief may be obtained immediately by wearing coloured glasses. On the other hand it is not necessary to wear a sun helmet, and indeed the wearing of one by a foreigner creates a painful impression on the Brazilian mind. It is one of the few things that are not done.

From Rio de Janeiro southwards, except on a particularly warm day, during the summer months the traveller will suffer little inconvenience even if he wears light-weight woollen clothing and during the summer there are many days when he will run the risk of a cold unless he wears something heavier. In São Paulo particularly, light-weight clothing, such as palm-beach, linen or drill need only be worn in the summer.

Clothing packed in trunks should be protected against moths.

The health hazards in travelling are not serious, but the newcomer would be well advised to eat fresh meat sparingly—particularly in the smaller towns—and to drink only bottled water, and to use a mosquito net in the north of Brazil.

**Language.**—The language of the country is Portuguese, but Italian and German are much spoken in the southern states owing to the large number of Italian and German colonists who have settled in these districts.

**Currency.**—The unit of money value throughout Brazil is the real (plural reis), the smallest coin being 100 reis, and the highest unit of value one conto of reis, worth 1,000 milreis. The conventional means of quoting Brazilian currency is as follows:—

- 1:000\$000—One conto of reis.
- 100\$000—One hundred milreis.
- 1\$000—One milreis.
- \$100—One hundred reis.
- \$001—One real.

Amounts of less than one hundred reis are not now recognized in Brazil.

The exchange rate on the 30th September, 1938, was £1 = 88\$470.

**Exchange restrictions.**—Commercial transactions involving remittances from Brazil are governed by regulations which are amended according to the dictates of the Ministry for Finance. All exchange control regulations, as and when published, are brought to the notice of firms in the United Kingdom by the Department of Overseas Trade.

Travellers' cheques may be cashed at any of the principal banks of the country. Foreign currency notes, etc., may also be exchanged at most of the banks or sold to money-changing houses. In this connexion it is considered advisable not to convert into local currency more than the sum actually required in Brazil, as the conversion of any sum in milreis into sterling or other foreign currency usually involves a loss.

**Travel Routes—Sea.**—Frequent steamship services are maintained from the United Kingdom to Brazil by Royal Mail Lines, Ltd., from Liverpool, Southampton and London; by the Blue Star Line from London and by the Lamport and Holt Line from Liverpool and London. First class return passages to Rio de Janeiro vary according to the ship. The Amazonian ports of Brazil may also be reached direct from Liverpool by the Booth Line.

For travelling between the various coastal markets in Brazil there is no lack of transportation; in some cases it is possible to utilise the ocean liners between ports, but if these are not available there are frequent sailings of Brazilian coastwise vessels including the Lloyd Brasileiro, the Companhia Nacional de Navegação Costeira and the Lloyd Nacional. All these operate regular services between Brazilian ports, whilst the Lloyd Brasileiro maintains in addition a special service of its best ships from Buenos Aires to Manaus.

**Air.**—Regular passenger and air mail services are maintained in Brazil by the "Panair do Brasil," "Syndicato Condor," "Viação Aerea São Paulo" (VASP), "Viação Aerea do Rio Grande do Sul" (VARIG) and the "Aero Lloyd Iguassú," thus affording rapid means of communication between the principal towns in Brazil, several of which can otherwise only be reached by slow coastal steamers, owing to the absence of railways and suitable motoring roads.

There are no passenger air services to Brazil other than the twice-weekly "clippers" which run between (a) Miami, various ports in Northern Brazil and Rio de Janeiro; and (b) Miami to Brazil, Uruguay, Argentina and Chile.

The Air France and the Deutsche Lufthansa operate weekly mail services between Paris, Brazil, Uruguay, Argentina and Chile, and Frankfurt to Natal (Brazil) respectively.

The fares charged by the three leading air lines on some of their main routes are as follows:—

*Syndicato Condor:*

Belém (Pará) to Recife (Pernambuco) ... ..	1:730\$000
Belém (Pará) to Bahia ... ..	2:260\$000
Belém (Pará) to Rio de Janeiro ... ..	3:170\$000
Rio de Janeiro to Porto Alegre ... ..	1:210\$000
Rio de Janeiro to Santos ... ..	330\$000
Rio de Janeiro to Montevideo ... ..	1:830\$000
Rio de Janeiro to Buenos Aires ... ..	1:990\$000
Rio de Janeiro to Santiago de Chile ... ..	3:240\$000
Rio de Janeiro to La Paz, Bolivia ... ..	2:230\$000

*Panair do Brasil:*

Rio de Janeiro to Santos ... ..	330\$000
Rio de Janeiro to Bello Horizonte ... ..	250\$000
Belém (Pará) to Manaus (Amazonas) ... ..	975\$000
Belém (Pará) to Rio de Janeiro ... ..	3:170\$000
Belém (Pará) to Porto Alegre ... ..	4:110\$000
Belém (Pará) to Buenos Aires ... ..	4:860\$000

*Vião Aerea São Paulo (VASP):*

Rio de Janeiro to São Paulo ... ..	220\$000
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Passengers are allowed to take from ten to twenty-five kilos of luggage free of charge, according to the length of their journey.

**Railways.**—There are no railway lines connecting northern and southern Brazil; the few in the former areas are not to be recommended for a business tour, as the trains are very slow and uncomfortable. Although far better railway facilities prevail between Rio de Janeiro and the southern states, the traveller would, nevertheless be well advised to journey, as far as possible, by 'plane or by any of the foreign passenger lines calling regularly at Rio de Janeiro, Santos, etc.

**Routes to follow.**—The choice depends upon the amount of time at the traveller's disposal, and whether he enters Brazil from the North or from the South; it should be borne in mind, however, that to cover the principal distributing centres in the country thoroughly, a stay of not less than two months is necessary.

On entering Brazil from the North, via Pará per Booth Line steamer from Liverpool, the traveller can proceed by steamers of this company or by 'plane to Manaus (State of Amazonas). The journey from Pará down the Brazilian coast to Rio de Janeiro can be made comfortably and expeditiously by 'plane, calling at some of the more important ports, such as Fortaleza (State of Ceará), João Pessoa (State of Parahyba), Natal (State of Rio Grande do Norte), Recife (State of Pernambuco), Maccio (State of Alagoas), Bahia and Victoria (State of Espírito Santo). The journey from Recife or Bahia to Rio de Janeiro can also be effected by large passenger liners, otherwise travellers are dependent upon national steamers. Bello Horizonte, the capital of the State of Minas Geraes, can be reached from Rio de Janeiro either by train in 16½ hours or preferably by aeroplane in 75 minutes.

The journey from Rio de Janeiro to São Paulo can be effected with relative comfort by the night trains which are provided with sleeping cars, or by the fast daily aeroplane service connecting São Paulo with the Federal Capital; or by steamer to Santos and thence by train to São Paulo. To visit the important centres in the State of São Paulo, good railway connections are available. Leaving São Paulo the traveller may proceed southwards to Curityba (State of Paraná) and thence continue the journey as far as Joinville (Santa Catharina) by train; he may even travel the whole distance from São Paulo to Rio Grande do Sul by train, but this journey is not to be recommended, since it occupies four days and is uncomfortable. Normally the traveller desiring to proceed southwards from São Paulo would do well to use the air line or to continue by national steamer from Santos from which port there are regular sailings to Paranagua (the port of Curityba), São Francisco, Florianopolis, Rio Grande, Pelotas and Porto Alegre. None of the foreign mail steamers call at any of these ports, except the German line at São Francisco and Rio Grande, and the Italian lines at Rio Grande only.

Travelling northwards from the south, the traveller has the choice of mail steamers from Buenos Aires to Santos, or if he wishes to visit the southern centres he may travel by coastal steamer or train to Rio Grande and then northwards by a Brazilian coastal line or aeroplane.

**Best time of the year for a visit to Brazil.**—From a commercial point of view seasonal variations are less pronounced in Brazil than in most other markets, but as a rule the best time for the commercial traveller to visit the country is during the winter (May-October) which is the dry season in the south and the wet season in the north. Not only is this best from a health point of view, but it is also the season when dealers order stocks in anticipation of the active year-end and Christmas retail selling period.

In this connexion the following indication of the harvesting periods and chief crops in various districts from north to south may be helpful:—

*Pará District.*—Includes the States of Pará, Amazonas, Maranhão and Piauí and Federal District of the Acre. Chief products: rubber and forest products shipping continuously. Brazil nuts chiefly shipped from January to June.

*Pernambuco District.*—Includes the States of Ceará, Rio Grande do Norte, Paraíba, Alagoas and Pernambuco. Chief products: sugar—harvested from August to March; cotton—harvested from August to February.

*Bahia District.*—Including the States of Bahia and Sergipe. Cocoa, tobacco, coffee, piassava, cotton and sugar. Cocoa is harvested throughout the year, April, May and June excepted, but the bulk of the crop comes from September to March. The main tobacco crop is harvested between June and November, whilst a second and unimportant crop is taken as late as March.

*Rio de Janeiro and São Paulo District.*—Includes the Federal District (i.e., the city of Rio de Janeiro) the States of Rio de Janeiro, Espírito Santo, Minas Geraes and São Paulo. The chief product is coffee upon which the returns are more or less continuous to the planters; the best months are from June to November. Other products are fruit, sugar, rice and cotton (this last in the State of São Paulo). Sugar is sold from September to December and cotton principally in May. Fruit is exported from São Paulo chiefly from April to July and from Rio de Janeiro from June to October.

*Paraná and Santa Catharina District.*—The chief products are herva-matté (Brazilian tea) and timber; the former is harvested from May to October.

*Rio Grande do Sul.*—Cattle and farm products generally. The producers realize on cattle from December to June. Secondary products: wool, tobacco, rice and wine.

Before leaving the United Kingdom the commercial traveller should obtain a certificate to the effect that he is a *bona fide* commercial traveller, and should have the certificate authenticated by the Brazilian Consul at the city or the nearest thereto where his principals are established.

**Travellers' samples.**—Samples of value are admitted on deposit of duty or guarantee. Such samples must be accompanied by a commercial invoice certified by the Brazilian Consul at the port of origin, and must be specified in detail. All weights and measures must be converted into the metric system. The usual Brazilian consular invoice must also be furnished in respect of samples the value of which exceeds 25 U.S.\$. In order to obtain a refund of the amount deposited or a release of the guarantee, the samples must be re-exported within one year. Import duty is not refunded unless all the samples are produced or it can be proved that they have disappeared through usage. Samples of no, or of insignificant value may be admitted free of duty. This covers fragments or parts of any kind of goods or merchandise in a quantity necessary merely to indicate their nature, kind and quality, provided that the duties leviable on each package do not exceed 5\$000.

Arrangements can also be made for suitable samples to be treated in such a way as to destroy their commercial value, for example, samples such as linen cloths, handkerchiefs, etc., which may be punched with holes.

A 5 per cent. ad valorem "expediente" tax must in any case be paid, and is not refunded.

Customs officials can in practice make or remove the difficulties quite easily. It is therefore of extreme importance to exercise great tact and to treat these officials with politeness and consideration. In its customs and habits the country is extremely democratic, and in personal contact politeness and a friendly address are expected; in such matters there is no colour or race distinction or prejudice.

**Immigration.**—Commercial travellers proceeding to Brazil are strongly advised to travel first class by steamer in order to avoid the strict immigration regulations in force. In addition to a passport they should be in possession of a certificate of freedom from contagious diseases as well as of a certificate showing that they have been vaccinated against smallpox, the latter issued by some recognized medical authority, such as a public vaccinator or a local medical officer of health. They will also require documentary proof of the purpose of their visit which may take the form of a letter (in duplicate) from the firm on whose behalf they are making the journey. Registration is required at hotels and, unless the police authorities boarding the ship register the passenger on board, with the police authority ashore. Two or three days before the traveller leaves Brazil he should take his passport to the police authorities and obtain a visa in order to leave the country. Any traveller would be well advised to consult the nearest British consular officer concerning these regulations in case of any doubt. He should, however, make his presence known to the British Consul at the port of arrival.

**Legislation governing commercial travellers.**—Commercial travellers may be divided into two distinct classes, namely, travelling salesmen who actually transact business, booking orders or selling goods, and those whose activities are confined to making a survey of market possibilities and visiting customers without effecting sales. The great majority of United Kingdom commercial visitors are of the latter type.

Travelling salesmen are subject to taxation in some states of Brazil, the federal income tax being payable by any who earn more than ten contos of reis per annum. Provided, however, such salesmen are attached to a locally established firm already paying taxes, they are not liable to state taxation under any head.

Commercial visitors of the second category mentioned above are not subject to any taxes in Brazil, unless they open an office under their own name or that of their principals, in which case they would be taxed as commercial concerns. If orders are booked by such travellers, they would become liable to taxation in some states, and might have to pay income tax on a percentage of their earnings in Brazil if they stay in the country more than three months. All travellers, however, are advised to acquaint themselves with the provisions of decree-law No. 341 of the 17th March, 1938 ("Diario Official" of the 28th March) which regulates the activities of foreigners in Brazil; a copy of this decree may be seen at the Department of Overseas Trade, 35, Old Queen Street, London, S.W. 1.

#### **Bank Holidays for 1939:**

- 2nd January, Monday—Bank Holiday.
- 20th January, Friday—Municipal holiday.
- 20th February, Monday—Carnival.
- 21st February, Tuesday—Carnival.

- 22nd February, Wednesday (till midday)—Carnival.  
 6th April, Thursday (after midday)—Maunday Thursday.  
 7th April, Friday—Good Friday.  
 21st April, Friday—National holiday (Tiradentes).  
 1st May, Monday—National holiday (Labour day).  
 18th May, Thursday—Ascension Day.  
 8th June, Thursday—Corpus Christi.  
 1st July, Saturday—Bank holiday.  
 7th September, Thursday—National holiday (Independence day).  
 20th September, Wednesday—Municipal holiday.  
 30th October, Monday (after midday)—Commercial employees' holiday.  
 1st November, Wednesday (after midday)—All Saints' Day.  
 2nd November, Thursday—National holiday (All Souls' Day).  
 15th November, Wednesday—National holiday (Proclamation of Republic).  
 25th December, Monday—Christmas Day.

Besides these, there are the 1st January and the 24th December (after midday) which have not been included in the above list as they fall on Sundays in 1939.

**Hotels.**—There are a number of good hotels in the principal ports, though most of these establishments barely come up to the standard of the usual second-class European hotels. Hotels in the smaller towns, however, with the possible exception of the watering resorts cannot offer the traveller accommodation and fare of the standard obtainable in the best hotels of Rio de Janeiro and São Paulo. The following hotels have been recommended as suitable for British travellers:—

*Rio de Janeiro:*

- Copacabana Palace Hotel.  
 Gloria Hotel.  
 Palace Hotel.  
 Hotel Luxor.  
 Hotel Central.  
 Hotel Pax.

*São Paulo:*

- Esplanada Hotel.  
 Hotel Terminus.  
 Hotel São Bento—Edifício Martinelli.

*Santos:*

- Hotel Parque Balneario.  
 Hotel Atlantico.

*Bello Horizonte:*

- Grande Hotel.

*Porto Alegre:*

- Grande Hotel.  
 Novo Hotel Jung (Praça 15 de Novembro).

*Curityba:*

- Grande Hotel Moderno.

*Bahia:*

- Palace Hotel.  
 Hotel Meridional.  
 Hotel Sul Americano.  
 Grand Hotel.

*Ceará:*

- Hotel de France.



*Pará:*

Grande Hotel.

*Manaós:*

Grande Hotel.

*Pernambuco:*

Hotel Central.

Palace Hotel.

Hotel do Parque.

*Maranhão:*

Hotel Central.

In the best hotels in Rio de Janeiro and São Paulo the charges for room, bath and food vary from 18s. to 21s. per day. Hotel charges in the smaller cities and in the second-class hotels in the capital are generally about 12s. to 15s. per day. Tipping in hotels may be calculated on a 10 per cent. basis. An allowance of £1 a day for incidental expenses is suggested.

In general, throughout Brazil tipping is usual, but perhaps less common and less costly than in most other countries. Porters, however, at steamship wharves and railway stations expect generous sums, and the regulations oblige the traveller to employ two or three where one would serve. In the case of hand luggage the traveller would be well advised to carry his own if he conveniently can.

Tramway and omnibus fares are usually cheaper than those prevailing in Europe, whilst taxi fares are moderate, rarely exceeding 1s. 2d. per mile, or 5s. per hour.

**Government business.**—The majority of purchases for the Central Government, except those of the Ministry for War and Marine are now in the hands of the Central Purchasing Commission (Comissão Central de Compras do Governo Federal, Avenida Graça Aranha 62) in Rio de Janeiro, where United Kingdom firms or their representatives may register. All travellers interested in Government business should take an opportunity of calling upon this department during their stay in Rio de Janeiro. A booklet containing information in regard to public purchases in Brazil may be obtained from the Department of Overseas Trade.

# REPORT ON ECONOMIC AND COMMERCIAL CONDITIONS IN BRAZIL

(December, 1938)

## I.—GENERAL FORENOTE.

The last report in this series was prepared in October, 1937; and in the following month several events of far reaching importance occurred. On the 10th of November, following a manifesto made to the nation by the President of the Republic, the Chamber of Deputies and the Federal Senate were summarily dissolved and a new Constitution was promulgated, at the same time a state of emergency was declared throughout the country and Federal Interventors were appointed in several of the States.

The President of the Republic in his declaration of the 10th November stated that the situation of the country called for the suspension of the service of the foreign debt; and on the 20th of November it was announced that it had been decided to suspend, as from that day, the remittance of funds destined for this purpose. The Minister for Finance was authorised to open negotiations with the interested parties in different countries for the conclusion of new agreements regarding the debt service "within the real possibilities of the country"; and it was stated that the suspension would not affect the obligations assumed for the liquidation of payments in respect of commercial arrears. These latter payments are, in fact, being maintained, but so far no date has been appointed for the resumption of the debt service; the Brazilian authorities consider that the financial position does not yet allow of this.

On the 3rd of November, 1937, the Government closed the coffee exchanges, explaining that it was necessary to improve the competitive position of Brazilian coffee—the country's staple export—in the world's markets, and as it had proved impossible to reach agreements with other coffee-growing countries in regard to prices and production quotas, it had been decided radically to modify Brazil's coffee policy. On the 18th of November a decree was promulgated which provided, *inter alia*, for the cancellation of the existing internal debts of the National Coffee Department, the reduction of the export tax from 45\$000 to 12\$000 per bag, and the abolition of the obligation upon the exporters of most commodities to deliver to the Bank of Brazil a percentage of the proceeds of their foreign bills at a rate of exchange lower than that ruling in the free market. A further important step taken under the new régime was the granting to the Bank of Brazil, in December, 1937, of a virtual monopoly of the purchase and sale of foreign exchange.

The greater part of a year has now elapsed and the body of this report will serve to show the results so far obtained by these changes, which were of such a drastic nature that their first consequence was inevitably to unsettle the markets; and some time must still elapse before their effects can be fully judged.

Internal trade fluctuated somewhat owing partly to the political situation and partly to doubts as to the interpretation and application of some of the new legislation introduced.

Increases made in the sales tax and excise (consumption) duties not unnaturally tended to diminish sales; the decree which dealt, *inter alia*, with the sale of goods on the instalment system has had the effect of reducing business of the hire purchase type. The introduction of compulsory contribution to the various funds, of itself a beneficial measure is believed by many to have had a tendency to restrict retail sales.

As regards the future, it can be said that the Government's plans for developing transport and the basic industries such as the manufacture of iron and steel, utilising the country's great reserves of high grade iron ore must, when put into effect, do much to stimulate trade in general; there should be a greatly increased import of rolling stock and other material for railways, road-making machinery and the like. Then the constant endeavours being made to render Brazil as far as possible self-supporting will doubtless lead to further large purchases abroad of industrial plant and of such things as motors for the aircraft to be locally constructed.

The question of the finance required for all these purposes is, however, one of some difficulty, as also is that of the exchange with which to pay for the material imported from abroad, and in this connection it is to be noted that the delay in obtaining cover in cases where bills are drawn is now about 100 days as compared with about 70 days a year ago. Moreover, it is clear that with the system of exchange monopoly in the hands of the Bank of Brazil the market is deprived of the benefit of a great deal of credit at advantageous rates, represented by the funds which in normal times are placed by their head offices at the disposal of foreign banks operating in Brazil. But this is a country with great recuperative powers, and any marked increase in commodity prices on the world's markets, or an exceptional demand for products of the type she exports, would very soon be reflected in improved conditions in Brazil.

**States of Pará, Amazonas, Maranhão and Piahy.**—As a result of the high prices ruling during the first six months of 1937 for Brazil nuts and rubber, the general prospects of trade in the Amazon Valley were brighter than they had been for a

number of years, but the drop in world prices which occurred in the last quarter of 1937 caused a severe setback. Although prices have now recovered to some extent and the Brazil nut crop is appreciably larger than last year's, the depression in trade in the State of Pará still persists; retail trade in particular is reported to be stagnant at the present time.

In the State of Amazonas, on the other hand, the trade depression has already begun to lift. Accumulated rubber stocks have been liquidated and the higher prices obtained for this commodity, together with the disposal of a very large nut crop at satisfactory prices, has permitted the payment of outstanding bills and provided the community with increased spending power.

In Maranhão 1937 was a good year, but the fall in commodity prices has caused diminished exports during the last six months, and 1938 is not likely to prove as prosperous a year as its predecessor, unless the estimated babassú crop of between 20,000 and 30,000 tons materialises. The business community is, however, undoubtedly more prosperous and there have been no failures of note.

In Piauí, following a period of quiet prosperity in 1937, the first six months of 1938 have been a dull period, both imports and exports showing marked declines over the corresponding figures for 1937.

**States of Pernambuco, Alagoas, Rio Grande do Norte, Paraíba, and Ceará.**—There has been no marked change in economic conditions throughout the Pernambuco consular district since the date of the last report. The rather gloomy outlook of the early part of the year has brightened somewhat, trade generally being rather better than had been expected. Local spinning mills have emerged from the period of diminished sales then noted, and appear to be recovering quickly, having recently taken up considerable quantities of cotton.

The milk and dairy products industry and the production of vegetables have been brought under State control by the formation of co-operative societies.

The State Government is taking considerable interest in the welfare of the interior districts, principally from the point of view of introducing irrigation. A great deal could be done in that direction to improve agriculture.

In the State of Ceará rainfall has been above the average; indeed some damage was done to the maize crop by too heavy rains between January and March. The central zone, however, reports a shortage of rain and a partial failure of the cotton crop.

The State of Alagoas has had a good foreign export trade during the period, but importers have complained of bad business which is probably the result of over-importing and rash

sales to firms in the interior without sufficient attention to the financial stability of the purchasers. Several sugar houses have been severely hit by the failure in São Paulo of certain supposedly first-class firms.

The State of Parahyba has been politically less quiet than other districts, and the finances of the State are not in good shape; but as the new cotton crop is coming in, some improvement is hoped for, although there will probably be a deficit. The cotton crop is below normal owing to failure of the rains in the coastal zone. The interior has, however, a normal crop. Local industries are improving and the cement factory has doubled its output compared with 1937.

**States of Bahia and Sergipe.**—A new Federal Interventor for Bahia was appointed early in 1938 and has since launched a campaign for the development of the resources of the State. He advocates a policy of economy and wise expenditure which includes a much-needed ten-year road plan, and a scheme to assist small farmers and agriculturalists generally.

The economic situation of the States of Bahia and Sergipe is considered to be satisfactory, but credit is comparatively tight. The cocoa crop was a record, and will doubtless influence trade to some extent.

**States of Rio de Janeiro, Minas Geraes, Espirito Santo, and the Federal District.**—The political situation in most regions of this consular district may now be said to be quiet, and the populace have settled down to their normal business.

In the Federal District the attention of the authorities is being given to the reduction of prices of foodstuffs and other essentials of life as well as to the housing problem, drainage, better roads, suburban communications, water supplies, etc., and much the same can be said as regards the neighbouring State of Rio de Janeiro.

Attempts are everywhere being made to introduce a closer co-operation between the various Federal, State and Municipal Departments, and between these authorities and the people, some measure of success having already been obtained in this direction.

Business conditions, however, are not as satisfactory as could be desired, and bank credit is generally showing a tendency to be restricted; bankruptcy figures and those of protested bills are higher than usual.

It is nevertheless hoped that the Government will succeed in bringing a greater measure of progress to the country, by relieving some of its major troubles, such as the high cost of living, the inadequate transport facilities, the shortage of agricultural labour, and the low standard of living of the poorer classes.

**State of Minas Geraes.**—The main problem of the State of Minas Geraes continues to be that of finance. Past years' budgets have resulted in continual deficits, terminating with an estimated excess of expenditure over revenue for the current year of Rs.27,689:627\$200. The Government is making strenuous efforts to avoid immediate future deficits and it is hoped that the year 1939 will show a decided improvement in the situation. Taxes have been increased during the present year, and efforts are being made in every way to increase the State's income. The Government is paying careful attention also to expenditure and wherever possible economy is being enforced. A purchasing department has been created which will operate on an extensive scale next year. It is proposed to centralise the purchasing of the Government secretariats and by the system of prompt payments to lower the costs of material required, thus making a considerable saving to the State. Hitherto each Government Department or Secretariat has had its own independent purchasing authority, and there is little doubt that the system has laid itself open to abuse, the State's interests not always being safeguarded. The new project has met with wholehearted support, and it is to be hoped that the results will come up to expectations.

**States of São Paulo, Paraná, Santa Catharina, Matto Grosso and Goyaz.**—The general trend of trade in this district does not inspire too much confidence. There has been a fall in coffee prices although the quantity exported this year shows a considerable increase over 1937. Cotton prices are also poor. There is a feeling of uncertainty in agricultural spheres, which the moratorium granted to mortgagors, prorogued till 31st December, has not rendered less acute. The collapse of the coffee export trade and the valorisation policy intensified since 1926 has been the cause of an impoverishment of the farmers in general. Restrictions on immigration and its new laws do not help the agriculturalists, as there is a deficiency of labour to pick the crops which increases the cost of production and causes an inferior quality crop due to delay in picking. Undue attention given to such crops as coffee and cotton has resulted in the necessity of certain zones to import cereals at high prices, but this has had one beneficial result in that special attention is now being turned to the improving of already existing crops and to the cultivation of wheat and maize in order to broaden the basis of the State's agricultural production.

As far as numbers are concerned, there was a considerable increase in commercial failures during the first six months of the current year, especially in the number of bankruptcies; as regards bills protested, those for the month of May, amounting to 2,738 contos, reached the highest figure for many years.

Local industries have reduced their working hours. Bank deposits are high, and capital is being invested in real estate and State bonds rather than in industrial enterprise.

*Goyaz.*—During a visit paid by the Interventor of Goyaz to São Paulo, the prospects of that State were widely discussed. The influx of 150,000 migrants to Goyaz from the neighbouring States in the course of the last two years has resulted in a burst of activity. Measures are being taken to facilitate the export of salted meat by the Goyaz, Mogyana and Central Brazil Railways. More agricultural machinery is needed to deal with the increasing wheat crop, and new implements are required for the process of extracting fibre from cocoanuts. Capital is invited for the exploitation of the nickel deposits in the River Tocantins area, the extent of which is said to be sufficient to supply the world. The export of Goyaz cotton, which is brown and of a poor quality, but suitable for the manufacture of artificial camelhair, is to be stimulated.

*State of Rio Grande do Sul.*—The progress which this State has shown during the previous year was maintained up till the end of March, 1938, but apparently from then onwards there has been a slight setback caused to some extent, it is believed, by the new consumption taxes and a certain anxiety regarding the world situation.

## II.—FINANCE.

**Budget 1937.**—The results of the financial year 1937, as published in the Comptroller General's accounts, were as follows:—

<i>Revenue.</i>		<i>Expenditure.</i>	
<i>Contos of Reis.</i>		<i>Contos of Reis.</i>	
Ordinary ... ..	2,824,058	<i>Ministries—</i>	
Extraordinary ... ..	549,504	Executive and Leg-	
Special App. ... ..	88,914	islative ... ..	30,628
Total ... ..	3,462,476	Finance ... ..	1,317,011
		Justice ... ..	152,188
		Foreign Affairs	53,902
		Education ... ..	235,543
		Labour ... ..	54,930
		Transport ... ..	800,803
		Marine ... ..	401,431
		War ... ..	826,956
		Agriculture ... ..	83,694
Actual Deficit ... ..	681,482	Extraord. Expend.	186,872
	4,143,958		4,143,958

The Budget in its final form, after the Presidential veto had been exercised, had estimated revenue at 3,198,466 contos and expenditure at 3,590,024 contos, a deficit of 391,558 contos being

therefore expected for the year. In the event, however, the deficit amounted to 681,482 contos.

As usually occurs in Brazil, a number of special credits were sanctioned during the year, and these increased authorised expenditure by 1,003,078 contos, after adding such credits opened during 1936 but not wholly utilised.

Among the principal special credits opened during 1937 were the following:—

*Ministry for Finance.*—280,855 contos, of which 136,195 was allocated for the settlement of old claims against the Government. Only 50,675 contos of this credit was utilised, the remainder passing over to the following year. For the service of the bonds issued for the Economic Readjustment scheme, a credit of 65,641 contos was opened and disbursed. The service of the Internal Debt needed 29,000 contos more than the estimate, owing to an increase in the bond issue during the year.

*Ministry of Justice.*—Of the sum of 33,000 contos of special credits opened, 21,903 contos was utilised. The principal payments were made in connection with the suppression of the Communist rising in 1935, and as relief for those suffering damage from storms in the State of Pernambuco in 1937.

*Ministry of Education and Health.*—Of the total of special credits opened amounting to 24,392 contos, 14,448 contos was applied principally to the construction of hospitals and a building to house the Ministry and its staff.

*Ministry of Transport.*—Of 61,649 contos of credits opened for this Ministry, 40,028 contos was used, nearly one-half of which was spent on rehabilitating the Este Brasileiro Railway, taken over by the Union in that year.

*Ministry of War.*—The special credits opened for this department amounted to 205,461 contos, of which 105,576 contos was actually spent. Arms, ammunition and aircraft accounted for practically all of this expenditure which is dependent on the plan of re-equipment proceeding throughout the defence forces.

*Ministry of Marine.*—Of the 154,493 contos granted for this department, 151,274 contos was utilised, all except 4,406 contos being spent in purchasing aircraft and other material including the construction of monitors in the naval arsenal.

*Credit operations.*—A number of credit operations to the total amount of 1,478,029 contos were carried out. The most important were those effected in regard to the National Coffee Department, which arose from the change in coffee policy explained elsewhere in this report. A loan of 500,000 contos was raised for the purpose of financing the obligations of the Coffee Department which, under the terms of the new policy,



were taken over by the Treasury: a further loan of 500,000 contos made by the Rediscount Department of the Bank of Brazil to the National Coffee Department was also transferred to the Treasury, as well as 300,000 contos which would be redeemable within one year out of the proceeds of the coffee export tax.

In addition to an issue of bonds totalling 43,174 contos, the note circulation was increased by 662,340 contos, and Treasury notes and short-term bonds to a total value of 763,997 contos were placed on the market. Redemption was effected during the year to the extent of 298,006 contos, leaving an increase over 1936 amounting to 465,991 contos.

The steady expansion of Federal revenue for the past few years has been a noteworthy feature of Brazilian Government finances. The estimates have been increased year by year, but have been shown to be below the actual receipts in all cases.

A comparative table is given below:—

<i>Federal Revenue.</i>			
	Estimated	Collected	Increase + or Decrease -
	<i>Contos of Reis.</i>		
1934	2,086,231	2,519,530	+ 433,299
1935	2,169,577	2,722,693	+ 553,116
1936	2,537,576	3,127,460	+ 589,884
1937	3,218,466	3,462,473	+ 244,007

With reference to expenditure, a similar tendency to expand is evident in both estimated and actual disbursements and in this respect the year 1937 was notable, in that the actual amount spent was no less than 900,000 odd contos, or some 28 per cent. greater than that for 1936. The figures for recent years are as follows:—

<i>Federal Expenditure.</i>				
			<i>Estimated.</i>	<i>Actual.</i>
			<i>Contos of Reis.</i>	
1932	...	...	2,600,137	2,859,669
1933	...	...	2,105,120	3,342,751
1934	...	...	2,791,683	2,099,250
1935	...	...	3,212,167	2,872,001
1936	...	...	3,641,277	3,226,080
1937	...	...	3,726,007	4,143,958

The Ministries for War and Marine exceeded their allocation for 1937 as also did that for Finance. The defence forces are passing through a period of re-equipment which will be carried out over a number of years. Economic schemes for the re-establishment of the country's trade, both local and international, were responsible for much of the unusual increase in the budget for the Ministry for Finance, as mentioned in the paragraph on special credits.

**1938 Budget Estimates.**—As a result of the presidential coup of the 10th November, 1937, the budget estimates for 1938, as contained in Appendix No. III to the last report in this series, were considerably modified, as will be seen from Appendix No. I to this report.

The usual credit operation to cover the estimated deficit which was given as 51,604 contos, a low figure compared with previous years, was authorised.

Revenue from taxation, budgeted at 2,754,530 contos was nearly 40 per cent. higher than the 1937 estimate, whilst patrimonial and industrial returns showed increases of 20 per cent. and 13 per cent. respectively. Stringent measures have been introduced to combat evasion of taxes, and imposts, e.g. consumption taxes, have in many cases been greatly increased. It is considered that actual revenue under these heads will exceed the forecast, and the Finance Minister has stated that for the nine months January to September receipts were appreciably higher than the estimates.

The total expenditure voted was approximately 8 per cent. higher than the 1937 estimate. It would seem that serious efforts at compression were made, since revenue forecast rose by some 32 per cent. There were a number of general increases in the budgets of the various Ministries, but those for Education and Marine were lower than in 1937.

Although the service of the foreign debt was suspended in November, 1937, as explained in the respective section of this chapter, there is a vote of 240,000 contos "for the constitution of a special deposit in the Bank of Brazil, in twelve quotas, destined to cover the service of foreign debts, in accordance with agreements to be concluded". This apparently refers to the Federal Government foreign debts only (as distinct from those of the states and municipalities), for which 316,762 contos was included in the 1937 estimates. A sum of 327,048 contos was allowed for payments due under the commercial arrears agreements, which were not affected by the suspension of foreign debt services.

The naval estimates showed a slight reduction, and it would seem that the amount of 20,000 contos allotted for the naval programme was inadequate, in view of the commitments in respect of vessels building and to be built. It should be remembered, however, that a fund for this purpose had been formed by providing a contribution thereto in each year's budget.

During 1938 special credits were again opened for a sum estimated at 800,000 contos. This will in all likelihood result in a deficit on the year's working, as the increase of revenue will not be sufficient to provide for such an amount. It is,

therefore, not improbable that issues of paper money and/or bonds for substantial amounts will be made during the current year.

**Budget Estimates for 1939.**—Decree Law No. 942 of the 10th December (Supplement No. 288 to the "Diario Oficial" of the 15th of November) authorised budget estimates for 1939 (See Appendix No. 2).

The estimates are notable for the great increase of revenue for which they provide under the heading Consumption Tax—i.e., 162,000 contos more than the amount for this item in the 1938 figures. Justification for this is provided by the all-round increase in the rates of taxation levied on manufactured goods, as well as in the quantity of such articles produced, the latter increase has been estimated at 8 per cent. Import duties etc., are estimated at practically the same figure as in 1938. It is believed that the receipts for 1938 under this heading will not reach the figure estimated, and it may well be that the forecast for 1939 may prove optimistic.

As the total expenditure budgeted for in 1939 is 4,065,499 contos, a surplus of 5,470 contos is expected—which is a departure from the usual rule. It may be said that the revenue side of the budget appears to be fairly accurately estimated in accordance with recent reports of receipts during 1938, but it is in failing to keep expenditure within the limits set by budgets that government financial control is usually weak. The estimated expenditure by Ministries shows increases in all departments except that of the navy, which is 2,700 contos of reis lower than 1938. The highest increase is that for the Ministry for Communications, which has laid down an expensive programme of railway development for the forthcoming year.

The service of the internal debt is included in the estimates of the Ministry for Finance: the sum allocated for the purpose, 259,341 contos, is an increase over the estimate for 1938, which was 243,247 contos.

A sum of 240,000 contos is again to be set aside, in twelve instalments, to form a special deposit in the Bank of Brazil to provide, at some future date, for such service of such external loans as may be agreed upon. Presumably this refers only to the Federal foreign debts, as the States have their own budgets.

The provision made in budget for the Arrears of Commercial Payments Agreements during 1939 amounts to 305,211 contos, which, at the present rate of exchange for Government remittances of Rs.83\$200 to the £, is equivalent to £3,668,000. Fuller details are given in a later paragraph.

The amount allocated for the armed forces is 1,058,260 contos or 26 per cent. of the total budget expenditure, as against 1,038,757 contos, or 27 per cent. in 1938.

The Ministry of Labour, it will be seen, has nearly doubled its estimated expenditure; this is due, it is believed, to the large number of clerks and other officials now engaged in the registration of workers in Brazil.

The increase for the Department of Agriculture is less than 5,000 contos, the allocation of 127,378 contos being little more than 3 per cent. of the total.

If the above estimates were strictly adhered to the result might well be of lasting benefit to the country's financial standing, and a standard would be set for the future. It should be noted however in this regard that special credits were opened during the period November, 1937, to November, 1938, amounting to 768,690 contos bringing the expenditure for 1938 to over 4,500,000 contos.

**Budgets of the State Governments.**—Budgets of the various state governments will be found in Appendix No. 3.

**External Debt of the Federal Government.**—The foreign debt of the Union showed a slight decrease during 1937 from the totals published in the last report. The amounts outstanding in the currencies of the countries where the loans were raised are compared in the following table with those at the end of the previous year:—

	<i>Outstanding 31st December, 1936.</i>	<i>Outstanding 31st December, 1937.</i>	<i>Redeemed in 1937.</i>
Issued in London ... £	104,891,803	104,192,440	699,363
Issued in Paris (Paper) Frs.	283,671,212	273,634,212	10,037,000
Ditto (Gold) ... Frs.	229,185,500	229,185,500	—
Issued in New York... \$	170,376,245	168,771,745	1,604,500

Under the scheme of reduced service of the debt known as the "Aranha" Plan, payments were made during 1937 as follows:—

	<i>Total Service.</i>	<i>Interest paid + Charges.</i>	<i>Average percentage on Loan.</i>
Paid in London ... £	3,171,634	2,472,271	2.35
Paid in Paris (Paper) Frs.	29,169,158		
Paid in Paris (Gold) ... Frs.	—	5,880,791	3.73
Paid in New York ... \$	7,485,291		
			3.45

The scheme was carried out until November 10th, 1937, on which date, as mentioned elsewhere, the President of the Republic, when announcing the suspension of parliamentary government and the issue of a new constitution, stated that the financial situation of the country did not permit of the continuance of the service of the foreign debt, even on the reduced scale of the "Aranha" Plan, and, after a cabinet meeting held on the 20th November, it was announced that, in pursuance of the President's manifesto of the 10th November, it had been decided to discontinue from that day the remittance of funds destined for the service of the foreign debt.

In his manifesto Dr. Getulio Vargas had stated that the country's position called for suspension of the service of the debts until it was possible to readjust those obligations "without bleeding and impoverishing Brazil's economic organism".

The Minister for Finance was authorised to open negotiations with the interested parties in different country with a view to the conclusion of fresh agreements within the countries real possibilities, but so far nothing in this direction has been effected, nor has the Brazilian Government put forward any definite proposals for a settlement of this question. The Government has, however, repeatedly stated that the suspension was not to be regarded as repudiation in any way, and that any suggestion for a resumption of the service submitted to them would receive careful consideration.

As mentioned elsewhere in this chapter of the report, the Federal budgets for both 1938 and 1939 contain allocations of 240,000 contos (the equivalent of about £3,000,000) on account of the foreign debt service.

*External Debt of the States and Municipalities.*—Not all of the various states of the Union remitted the payments due under the "Aranha" Plan for 1937. The State of Bahia provided the principal instance, for in 1936 this State had already declared its inability to pay even that reduced charge.

The remainder of the States which had continued to remit under the "Aranha" scheme suspended their payments on November 10th, 1937, in conformity with the Federal Union. Many States have deposited currency in the local banks in substitution of the payments.

The amounts outstanding in foreign loans at 31st December, 1937, were as follows:—

<i>In Circulation.</i>	<i>Foreign Debts of the States of Brazil.</i>		
	<i>London.</i>	<i>Paris.</i>	<i>New York.</i>
31st December, 1936	£42,652,866	Frs. 226,299,625	\$136,317,500
31st December, 1937	£41,763,906	Frs. 226,299,625	\$129,155,500
Redeemed in 1937	£888,960	Nil	\$7,162,000

*Foreign Debts of the Municipalities of Brazil.*

31st December, 1936	£10,377,067	Frs. 21,520,000	\$58,909,500
31st December, 1937	£10,377,067	Frs. 21,520,000	\$58,909,500
Redeemed in 1937	Nil	Nil	Nil

A scheme for the conversion of the foreign bonds into currency has been discussed by the Committee for Financial and Economic Studies, but as the rate of conversion suggested was Rs.8\$500 to the £, the present rate being about Rs.83\$000 to the £, this proposal would reduce the nominal value to one tenth, and as it would not afford any solution to the problem of the provision of exchange it would hardly commend itself to bondholders.

The totals for the Union, States and Municipalities at the 31st of December, 1937, were as follows:—

	<i>London.</i>	<i>Paris.</i>	<i>New York.</i>
Federal Union ...	£104,192,440	Frs. (Gold) 229,185,500 Frs. (Paper) 273,634,212	\$168,771,745
States ...	£41,763,906	Frs. (Paper) 226,299,625	\$129,155,500
Municipalities ...	£10,377,067	Frs. (Paper) 21,520,000	\$58,909,500
Totals ...	£156,333,413	Frs. 750,639,337	\$356,836,745

**Internal debts of the Federal Union.**—The internal debt of the Union increased during 1937 by 242,960 contos, of which 200,000 contos consisted of Treasury Bonds; 42,960 contos of Readjustment bonds of the funded debt were issued. No redemption was made during this period, and the debt stands as follows:—

	<i>Circulation on 31st Dec., 1936.</i>	<i>Circulation on 31st Dec., 1937.</i>
	<i>Milreis.</i>	<i>Milreis.</i>
Common Stock ...	2,688,593:700	2,731,553:900
Special Issues ...	816,698:000	1,016,698:000
Total ...	3,505,291:700	3,748,251:900

The budget allocation for the service of the internal debt in the estimates for 1937 amounted to 189,095 contos. The issue of bonds during the year, however, caused a further 833 contos to be needed to pay the interest on these for the second half of the year. The total amount of interest required for 1937, therefore, was 189,928 contos. The budget for 1938 provides for an expenditure of 243,247 contos for the interest charges on the internal debt, while the estimates for 1939 forecast an expenditure of 259,341 contos. The internal funded debt was increased during 1938 by more than 700,000 contos, of which sum 500,000 contos were issued as common stock and 200,000 contos in Economic Readjustment bonds.

The total amount expected to be in circulation on December 31st, 1938, is 4,456,119 contos, but confirmation of this figure is not yet available. As, however, the budget estimates for 1939 state that the interest due to be paid has been calculated on this capital amount, it can only be concluded that the figure represented the amount in circulation when the estimates were drawn up.

The internal funded debt has grown at a rapid rate during the last few years, as shown by the following table:—

						<i>Total Funded Debt.</i>
						<i>Milreis.</i>
December 31st, 1934	...	...	...	...	...	3,003,001:500\$
	1935	...	...	...	...	3,282,983,000\$
	1936	...	...	...	...	3,505,291:700\$
	1937	...	...	...	...	3,748,251:900\$
(Estimated)	1938	...	...	...	...	4,456,119:500\$
Approx. figure for	1939	...	...	...	...	4,783,194:400\$

The figure for 1939 is an estimate arrived at by adding the amount authorized to be issued in bonds to make the payments for the scheme for Economic Readjustment and other credits, comprising social welfare plans approved by the President of the Republic, to the figure for the previous year.

It will be observed that the internal debt has increased by nearly 60 per cent. since 1934, but it is claimed by the Government that their spending policy has helped to tide over the depression of the past year or two in international trade by stimulating the internal movement of money. The taking over by the Federal Government of the debts incurred on the account of the coffee defence plans was inevitable, once the coffee policy had been altered. The amount for which the Federal Government assumed responsibility in this regard has been put at 1,300,000 contos.

**Floating Debt.**—The floating debt of the Union on January 31st, 1938, was stated in the balance of assets and liabilities drawn up by the Comptroller General of the Republic to amount to 2,446,916 contos, an increase of 820,502 contos over the figure for the previous year. In addition to the usual debts of the Caixa Economica and other savings banks and in regard to deposits of various kinds, 21,613 contos belonging to the currency fund for the service of the foreign debt is included; whilst short term treasury notes increased in value from 177,377 to 893,997 contos.

The outstanding debt on account of the commercial arrears agreements is shown as 404,868 contos (£5,060,800).

Against this total a sum of 1,096,956 contos figures as an asset. This credit consists of various items, the most important being "Banks and correspondents"—404,405 contos, the debts owed by a number of states and municipalities to the Federal Government amounting to a total of 378,270 contos, and a sum of 264,747 contos of which no details are given.

**Note Circulation.**—Appendix No. 4 contains particulars of note circulation and gold reserves.

**Payments Agreements.**—The sums transferred in 1937 under the terms of the agreements made with a number of countries for the remittance of the arrears of commercial payments were as follows:—

1933-4 Agreements—						<i>Milreis.</i>
U.S.A. ... ..	...	...	...	\$2,441,649		28,154:252 \$
United Kingdom ... ..	...	...	...	£859,509		48,892:340 \$
France ... ..	...	...	...	Frs. 4,401,944		2,096:426 \$
Total ... ..	...	...	...			<u>79,143:018 \$</u>
1936 Agreement—						
U.S.A. ... ..	...	...	...	\$6,980,839		80,489:069 \$
United Kingdom ... ..	...	...	...	£1,203,000		68,555:962 \$
Portugal ... ..	...	...	...	£91,090		5,189:195 \$
Belgium ... ..	...	...	...	Frs. 611,633		1,223:265 \$
Switzerland ... ..	...	...	...	Frs. 280,000		747:600 \$
Total ... ..	...	...	...			<u>156,205,091 \$</u>

When the Government suspended the service of the foreign debt, it was decided that the payments due under the various agreements for the liquidation of commercial arrears would continue to be made, and this decision has been carried out up to the present time. The payments should finally end in 1941, and the budget estimates for 1938 and 1939 set aside the sums of 327,048 and 305,210 contos respectively for this charge. It is generally understood that remittances during 1938 amounted to some £3,800,000 and that the remainder of the payments to be made during the next two years will be an equal amount for 1939 and a final payment in 1940 which should not be more than 100,000 contos. It is understood that as far as the 1933-4 agreements are concerned the arrears due to the U.S.A., United Kingdom and France should be paid off this year. As regards the 1936 agreement, the arrears due to Switzerland and Belgium were liquidated in 1937, those due to Portugal should be liquidated by June, 1939, and those due to the United Kingdom by July, 1939. Arrears in respect of the U.S.A. should be settled by February, 1941. There is no reason to expect any obstacle to the fulfilment of the remaining obligations.



**Balance of Payments.**—In order to appreciate fully the financial position of Brazil with regard to its international receipts and payments, it should be understood that, other than any favourable balance from its foreign trade, the sources of foreign money at its disposal are few and of small amount. Its external payments, however, apart from the needs of its general import trade, include such heavy items as Government purchases of war and railway material, the service of the foreign debt and that of foreign capital invested in Brazil, while the remittances of immigrants amount in normal times to a large figure.

The figures for Brazil's foreign trade provide the only basis for an estimate of the country's purchasing power and ability to meet its obligations. In the years prior to 1928, it was generally considered that the country needed a surplus of exports over imports of £40 million to provide for all payments. Of this sum £22½ millions were needed for the service of the foreign debt, Government purchases called for £7-£8 millions, and foreign capital invested in Brazil probably required an approximately similar amount. Other foreign payments, such as immigrants' remittances, the expenses of Brazilians travelling abroad, etc., accounted for the remainder.

As, however, the surplus of exports over imports only rarely reached this figure, recourse was had to repeated borrowing abroad to make up the difference; when this was no longer possible, the service of the loans was funded. A small but continuous influx of foreign capital helped to reduce the deficit until exchange difficulties from 1933 onwards caused a reduction in the entry of foreign capital through fears as to the impossibility of repatriating capital at will and as to the remittance of the service. Exchange restrictions doubtless tend to dry up the flow of capital into a country, and when this occurs some time must necessarily elapse before confidence is again restored.

Brazil's export trade has shown a certain lack of resilience since the world depression and consequent depreciation of prices of commodities. Her exports, being mostly agricultural produce, have suffered greatly in consequence, while imports, consisting largely of machinery and manufactured articles, have not decreased in value to the same extent. The favourable balance of trade which some years ago varied between £20 and £30 millions fell to only £3,329,325 in 1937, whereas the previous four years, 1933-6, produced an average surplus of £12,800,000. The "Aranha" plan of a reduced scale of service for the foreign debt helped to mitigate the consequences of this situation, and enabled the liquidation of the "frozen" credits under the agreements of 1933-4 and 1936 to be continued.



be remembered that all securities published in the Stock Exchange list are not necessarily held by United Kingdom investors. The above mentioned figures show that the amount of capital invested in Brazil at the end of 1937 was £264,851,539 or £2,577,309 more than in 1936, whilst the interest received, amounting to £6,673,796 showed an improvement of £960,839. The average rate of interest received rose from 2.1 per cent. in 1936 to 2.5 per cent. in 1937. A part of the sum invested, amounting to £40,866,474, earned no dividend during the latter year, a similar situation having prevailed in 1936 in respect of £34,765,822.

**Exchange Situation.**—A brief survey of the modification of the exchange régime in Brazil towards the end of 1937 was given in Appendix No. XX to the last report in this series, in which it was explained that the rate for the milreis vis-a-vis sterling fell rapidly from 85\$000 on the 15th October, 1937, to 89\$800 on the 10th November, owing partly to the uncertain political situation, but much more to the depletion of the Bank of Brazil's foreign reserves. The promulgation of the new constitution on the 10th November was followed closely by suspension of the service of the foreign debt, the reduction of the coffee export tax and the abolition of the obligation requiring exporters to deliver a percentage of the proceeds of their export bills to the Bank of Brazil (13th November). The immediate effect of these measures was a steady appreciation of the milreis, the buying rate for export bills reaching 84\$890 to the £ by the 30th November. The rate, however, again weakened during December, touching 87\$480 on the 24th of that month owing to the shortage of exchange.

At the beginning of October, 1937, the Bank of Brazil had fixed a limit of £1,000 per day for remittances of each firm not covered by drafts, but no restriction was placed on exchange transactions relating to imports where bills were passed through a Bank for collection. The £1,000 limit also applied to the imports of coal and oil companies and flour mills, unless these were for Government account or if delay in payment would have prejudiced further supplies. At the same time sales of exchange for future liquidation were suspended.

On the 23rd December, 1937, the exchange situation had become serious and Decree-Law No. 97 ("Diario Oficial" of the 24th December) was issued, by which the Bank of Brazil was invested with a virtual monopoly of exchange transactions. Exporters were compelled to sell all their foreign bills to that bank and a special tax of 3\* per cent. was imposed on all remittances abroad. The distribution of cover by the Bank was

\*Note by Department of Overseas Trade. In March, 1939, changed to 5 per cent.

governed by paragraph 1 of Article 2 of this law, which reads as follows:—

After supplying the needs of the Public Administration, the remaining cover will be distributed daily, observing the following order of preference :

- (1) Importation of merchandise and freights for export ;
- (2) Expenditure abroad of undertakings holding contracts relating to public services ;
- (3) Dividends and profits generally ;
- (4) Other remittances.

The product of the remittance tax and any profits accruing from the Bank's exchange monopoly are to form an exchange reserve fund, the application of which will be decided by the Government at some later date.

The Bank of Brazil issued instructions to all local banks regarding the methods to be adopted by them in carrying out the new regulations. The drawee of a bill of exchange had to deposit on the date of maturity its equivalent in milreis at a rate fixed by the Bank of Brazil, by which action he was held to have met his obligations, and to be absolved from liability to have his bill sent to protest for non-payment. He was, in short, relieved of responsibility of remittance which, indeed, no longer depended on him.

Local banks had to furnish the Bank of Brazil with daily lists of bills against which deposits had been effected, and the Bank of Brazil distributed its available foreign exchange (after the needs of the Public Administration had been met) to the banks. When notified by the Bank of Brazil that exchange was available, banks holding bills against which currency had been deposited, advised the drawee of this, the latter being called upon to make good any difference between the rate at which deposit was made and that ruling on the day of remittance, and to pay the 3\* per cent. tax.

The Bank of Brazil's deposit rate was steady at about 87\$500 until the 10th January, 1938, when it fell by \$500, and continued to weaken slowly until it reached 88\$600 on the 16th February, after which it improved steadily until the 9th April, when it stood at 87\$360.

Meanwhile a further Decree-Law (No. 170 of the 5th January, 1938) provided that orders received in Brazil from abroad to effect milreis payments in this country could only be carried out after the corresponding value in free foreign exchange had been sold to the Bank of Brazil, and local banks holding milreis balances for foreign concerns were instructed to notify the Bank of Brazil of this fact, and to deposit the equivalent in free foreign currency within thirty days.

On the 10th January, 1938, the Bank of Brazil first began to distribute contracts to supply cover for bills against which deposits had been made in local banks up to and including the

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\*Note by *Department of Overseas Trade*. In March, 1939, changed to 5 per cent.

31st December, 1937, it being stated that it had been decided to distribute cover often and in small amounts, the chronological order of milreis deposits being strictly followed. Up to that time the distribution of exchange had been effected intermittently and with increasing delay.

These contracts were in the form of a letter issued to each bank stating that a certain sum in foreign currency to cover its remittances for collections on a specified date would be given within 30 days. A contract drawn on a certain date would refer to the bills for which deposits were made some six weeks previously, so that in January the total delay amounted to 70 days before cover was received by the banks. Later in the year the contracts were altered to 60 days, thus increasing the total delay to about 100 days.

Where bills for imports were not sent through a bank, a longer delay was experienced. Deposits had to be made in the Bank of Brazil and contracts, normally at 90 days, but frequently at 120, 150, 180, and occasionally at 240 days had to be accepted. As a set-off for the delay, interest in the form of a reduction in the rate was given for the time exceeding 90 days. At the time of writing this procedure still obtains.

In June the restrictions on remittances were tightened up still further, and regulations were issued which defined the remittances which insurance companies would be allowed to send abroad. The 3\* per cent. export tax which had been paid only when the remittance was made was now made payable at the time of effecting the deposit, and the Bank of Brazil's official selling rate from August onwards was quoted to include this tax. The regulations governing the compulsory sale to the Bank of Brazil of exchange falling from exports were further modified and it became practically impossible to export merchandise on the usual consignment terms to the prejudice, it is said, of the exporters of merchandise the value of which could only be determined after arrival at the port of destination.

At the end of September, 1938, during the political crisis in Europe, the exchange position suffered a setback. Owing to the withdrawal of certain credit facilities abroad enjoyed by the Bank of Brazil no contracts for remittances could be given for a full week, and the time-lag was increased by that period. The rate of exchange on London, however, showed an improvement. On October 4th the Bank of Brazil resumed the issue of exchange contracts.

The exchange position at present shows no improvement, as regards the distribution of cover, by comparison with the beginning of the year, since the time taken to remit, counting from the date of deposit, has increased by 30 days. A large accumulation of money awaiting remittance, for the service of foreign

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\*Note by Department of Overseas Trade. In March, 1939, changed to 5 per cent.

capital invested in the country (including dividends, debenture and other charges) has been formed, and as exchange resources do not at present permit of their transfer, it is not possible to form any opinion as to when they can be dealt with.

The official rates of exchange have not varied to any great extent during 1938, as the Bank of Brazil has linked the milreis to the U.S. dollar and is able to maintain the ratio by its monopoly of exchange transactions.

In November, 1938, the traffic in foreign currency notes and coinage, by money changing houses and banks, was stopped as far as payments for imports, interest, dividends, profits of commercial concerns, and contractual obligations were concerned. These are now regulated by the Banking Control through official exchange channels, and liquidation may not be effected by means of foreign currencies purchased locally. This announcement had in view the restriction of the trade in foreign currencies to the tourist traffic in both directions. In December, 1938, the sale of foreign currencies was further restricted, the sellers being obliged to register their sales, and it was clearly laid down for what purposes such sales would be permitted. In future each person travelling abroad first class would be allowed to purchase the equivalent of twenty contos in foreign money with increases according to the number of persons composing his family, but all other applications had to be submitted to the Banking Control for permission. Money changing bureaux as such were obliged to close down within a certain period unless they registered themselves as banks or banking houses. Travellers' cheques which had hitherto been subject to the same régime as foreign drafts had, in future, to be classified with foreign currency notes, &c., with respect to their sale in Brazil. They consequently fetched a higher rate of exchange than previously.

\*It will be readily seen that the exchange regulations have become exceedingly complicated, and firms trading with Brazil should acquaint themselves with all the regulations referring to the documents, such as the commercial and consular invoices duly annotated, which have eventually to serve as the basis on which the necessary exchange to enable them to receive payment will be granted. A very slight irregularity is at times

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*\*Note by Department of Overseas Trade.* By a decree signed on 8th April, 1939, exchange required for the payment of imports can be freely purchased subject to the submission of the usual documents. Exchange required for other purposes must be obtained exclusively from the Bank of Brazil. Foreign exchange can be freely sold to the banks, but the banks must deliver to the Bank of Brazil 30 per cent. of the exchange so purchased at the official rate for the requirements of the public administration, other regulations remain in force including the remittance tax which is now applied to Government remittances.

sufficient to delay the process of obtaining exchange, or even to occasion the complete refusal to permit a remittance to be made.

A further reason for the most meticulous observation of all formalities regarding the invoices covering goods exported to Brazil is that the least discrepancy found by the customs authorities is visited by a penalty the equivalent of twice the duty to which the consignment is liable—one half of which falls as a prerequisite to the official discovering and reporting the matter.

**Banking and Credit Conditions.**—The general internal credit situation remained steady throughout 1938, and rates have been normal at from 6 to 10 per cent. Towards December, 1937, some retraction of credits on the part of the banks had been felt, but this was only temporary and 1938 showed a resumption of the normal volume of operations.

The general banking movement of the country showed a great increase, and the combined assets of all the banks in Brazil were stated to have reached 37 million contos of reis in 1938, against 32 millions in 1936.

The Bank of Brazil announced that its average monthly figures of loans and discounts were more than 30 per cent. higher in 1938 than in 1937. This increase could not be altogether attributed to commercial operations, however, as loans to several state governments were made at various times during 1938. Moreover, in March, 1938, the Bank of Brazil's credit operations were increased through its new Agricultural Credit Department, which, by July had made loans to a total of 54,947 contos. It was stated in the press that the movement of loans and deposits for all the banks in the country in March of 1938 compared with the same month of 1937 was as follows:—

				<i>Contos of reis.</i>	
				<i>Loans.</i>	<i>Deposits.</i>
March, 1937	...	...	...	8,021,303	8,235,284
March, 1938	...	...	...	9,362,897	9,826,383

These figures are noteworthy as showing the development of the banking industry in Brazil and indirectly point to the increase of its internal trade.

### III.—LEGISLATION.

#### Tariffs.

*Customs Exemptions and Reductions.*—The "Diario Oficial" of the 5th of March, 1938, contains the full text of Decree-Law No. 300 of the 24th of February, regulating the concession of exemption and reduction of customs duties throughout Brazil. This Law supersedes Decree No. 24,023 of the 21st March, 1934, the English version of which can be seen at the Department of Overseas Trade.





Mention was made in the last report in this series of a proposal to raise the duties on hypochlorite of lime.

(iii) *Oval wire*.—In accordance with decree law No. 47 of the 7th December, 1937 ("Diario Oficial" of 10th December) oval wire between 2 and 6 mms. (in diameter) intended for fences on farms and for cattle enclosures will pay a specific duty of \$160 per kilo when imported by agriculturists, stock raisers, associations or federations duly registered in the Ministry for Agriculture.

(iv) *Rubber belting*.—The "Diario Oficial" of the 17th of January, 1938, contained a notice issued by the Minister for Finance to the effect that machine belting made of rubber or of rubber mixed with any textile material, excepting silk, in accordance with article 1,866 of the customs tariff, will benefit by the advantages of the U.S.A. commercial agreement with Brazil, since such articles are mentioned in a general manner in table No. 1 attached thereto.

(v) *Arseniate of lead*.—By decree law No. 595 of the 4th of August, 1938 ("Diario Oficial" of the 5th August) customs duties on arseniate of lead were reduced from \$060 per kilo net net weight minimum to \$200 per kilo net net weight (Minimum Tariff).

*Proposed revision of Customs Tariff*.—The minutes of a session of the Federal Council for Foreign Trade held on the 22nd March contained a note to the effect that it had been decided to make representations to the President of the Republic in regard to the advisability of revising the customs tariff. Nothing further has transpired in this connexion, but it is conceivable that luxury articles and those which still compete with local manufactures may undergo a further increase of duty. Duties on certain raw and semi-raw materials necessary for national factories might possibly be reduced, so as to lessen production costs.

### Consular Invoice Regulations.

*Definition of "Net Weight"*.—In the consular invoice regulations (Chapter II, article 8), the definition of "net weight" ("peso legal") is given as "the weight of the merchandise with its inner wrapping . . . . with the exception of rough wooden packing cases, straw or packing materials and sawdust used as filling . . . ."

Certain imported goods are, however, packed in wooden containers, the outside surfaces of which have been *planed smooth*. The customs authorities have seized on this technical discrepancy to exclude such packing from the provisions of the above-mentioned clause. This is yet another instance of the imperative necessity for the strictest compliance with the Brazilian consular invoice and customs regulations. The ruling

given by the Superior Tariff Council in a test case of this nature, as published in the "Diario Oficial" of the 27th November, 1935, was as follows:—

"Planed wooden boxes in which dates, figs, raisins, &c, &c, are packed, shall be included in the weight of the merchandise, since the customs tariff only excludes boxes of *rough* wood, i.e. rough sawn wood. Boxes of rough wood shall also be included if the external surface is completely covered with paper, stuff, or any other material." (N.B. The weight referred to is the net or "legal" weight.)

This ruling was subsequently confirmed by a circular issued by the Minister of Finance to customs inspectors on the 8th April, 1936 ("Diario Oficial" of 9th April), which stipulates that "any box of planed wood used as a container is not rough wood, and must therefore be included in the legal weight."

In these circumstances it is essential that packers who wish to avoid their cases etc., being included in the net weight of goods should use rough sawn wood for such containers. Furthermore, if planed wood boxes are used, the legal weight inserted in the consular invoice must be the gross weight of the package.

#### **Social Legislation.**

*Registration of foreigners in Brazil.*—Decree law No. 341 of the 17th March, 1938 ("Diario Oficial" of 28th March) regulates the commercial activities of foreigners in Brazil. Resident foreigners who petition for registration, inscription as individual firms or for the filing of contracts in the Register of Commerce must prove that their permits to enter and remain in the country are in order, in accordance with legislation in force. Furthermore, their passports must contain a clause authorising them to work in Brazil.

*Political activity of foreigners in Brazil.*—Decree law No. 383 of the 18th April, 1938 ("Diario Oficial" of the 19th April) prohibits foreigners living in Brazil from exercising any political activity or engaging in the public affairs of the country. Under the terms of Art. 2, item 5 of this law, foreigners are forbidden to own newspapers, magazines or other publications.

#### **Labour Legislation.**

*Minimum wages law.*—Decree Law No. 399 of the 30th April, 1938 ("Diario Oficial" of the 7th May) approves regulations for the enforcement of law No. 185 of the 14th January, 1936, which instituted commissions for the purpose of establishing minimum wages to be paid to all employed persons in Brazil.

#### **General Legislation.**

*Supervision of the wine trade.*—Law No. 549 of the 20th of October, 1937 ("Diario Oficial" of the 26th October) regulates the production, importation and sale of wines and derivatives in Brazil. The law in question provides for the official

registration of wine merchants, who are obliged to keep stock books, whilst vineyards owners must advise the authorities of their prospective production. Imported wines must be accompanied by certificates of origin and analysis issued by competent bodies, without prejudice to the examination foreseen by this law, otherwise the merchandise cannot be cleared through the customs. Foreign wines may only be consumed in the form in which they are imported, it being prohibited to transform them in such a manner as to alter the name, class or type thereof. The production of artificial, or the imitation of natural, wines by any process is prohibited. Trade marks bearing false information as to the geographical origin of the product may not be used.

In order to finance the services created by this law, the following taxes were introduced:—five reis per litre of national wine produced; five reis per litre on fruit wines; five reis per litre on vinegar; five reis per litre on distilled wines and those obtained from grape bagasse; and one hundred reis per litre on imported foreign wines and other products derived from grapes.

Regulations governing the enforcement of the above-mentioned law were contained in Decree No. 2,499 of the 16th of March, 1938 (“*Diario Oficial*” of 1st April) which can be seen at the Department of Overseas Trade.

*Wheat and flour.*—Decree law No. 26 of the 30th of November (“*Diario Oficial*” of the 9th December, 1937) stipulated amongst other measures that flour milled in the country could only be used in the bread making industry if up to 30 per cent. of fecula or flour extracted from appropriate national products were added thereto, with certain exceptions. Regulations implementing this law were published in the “*Diario Oficial*” of the 9th of February, 1938, under decree No. 2,307 of the 3rd of January which provided for the creation of a Service for the Control of the Flour Trade. The Service recommended that as from the 1st October, 1938, 2 per cent. of manioc meal should be added to wheaten flour before delivery to bakeries.

*Sales and Consignments Tax.*—Article 23 of the new Constitution promulgated on the 10th November, 1937, provides, amongst other things, that State Governments shall have the exclusive prerogative of decreeing taxation on sales and consignments by merchants and producers, such taxes to be uniform without distinction as to the source of the merchandise, its purpose or type. Although the Federal Government is precluded by the Constitution from fixing or collecting the sales and consignments tax in the states, it is allowed to regulate the uniform imposition of this tax. In this connexion decree law No. 140 of the 20th December, 1937 (“*Diario Oficial*” of the 4th January, 1938) stipulates that the tax is chargeable at the place where the transaction is effected, transfers of merchandise for sale or consignment being taxed accordingly. Merchandise transferred from one state to another in order to constitute stocks

at an agency or branch, shall not be taxed at the state of origin if the goods were not manufactured in that state.

At a conference of Secretaries of Finance of the various states held in Rio de Janeiro during March, 1938, an agreement was reached in regard to the sales and consignments tax by which all states, with the exception of Amazonas, Pará, Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe and Matto Grosso, undertook to standardize the rate at 1.25 per cent. The states not signatory to the agreement may continue to collect the tax at the present rates, or re-establish those formerly charged, but they may not exceed them. Information as to the taxes payable in each state can be obtained from the Department of Overseas Trade.

*Registration of firms and industrial enterprises.*—Decree law No. 281 of the 18th February, 1938 (“Diario Oficial” of the 3rd March) compels firms and industrial enterprises to register themselves in the Industrial Register of the National Department of Industry and Commerce.

*Consumption Taxes.*—Decree law No. 301 of the 24th of February, 1938 (“Diario Oficial” of the 4th March) introduced a revised scale of consumption taxes chargeable on certain imported and national products.

The consumption taxes have in most cases been increased, whilst several kinds of goods hitherto exempt from these taxes are now liable. The principal United Kingdom products affected are whisky, gin, linen, cotton and woollen textiles, clothing, sanitary ware. Codfish is now subject to this excise duty, but national dried, salted or pickled fish produced in bulk is exempt from the consumption tax.

Various modifications were made during ensuing months, and the law was republished in its final form in the “Diario Oficial” of the 24th November, 1938, which may be seen at the Department of Overseas Trade.

*Use of the word “silk” in trade.*—Decree law No. 290 of the 23rd February, 1938 (“Diario Oficial” of the 10th March) provides that the word “silk” and compounds thereof may only be used to denote yarn, material or articles manufactured exclusively from products and sub-products derived from cocoons of silk-producing insects. Regulations for the enforcement of this law were published in the “Diario Oficial” of the 28th May, 1938, and provide, *inter alia*, that the word “silk” may not figure in the names of firms or concerns not engaged in the manufacture or sale of silk produced by silk-bearing insects.

*Petroleum.*—By Decree law No. 395 of the 29th April, 1938 (“Diario Oficial” of the 29th April) the petroleum refining industry was nationalised and placed under Government control.

The refining of petroleum, whether imported or locally produced, may only be effected by companies, etc., whose capital is constituted exclusively by native Brazilians, and whose direction is entrusted solely to native Brazilians. This decree further enables the Government to fix the retail prices of petrol and all petroleum derivatives. The creation of a National Petroleum Council, composed of native Brazilians, was also foreseen by this decree. This body was finally instituted, with arbitrary powers, under decree law No. 538 of the 7th July ("Diario Oficial" of the 8th July).

*Inter-state and inter-municipal taxation.*—Article 25 of the Constitution of the 10th November, 1937, states that "from the point of view of customs duties, economy and trade, the national territory constitutes a single unit; no internal customs barriers or other limitations to traffic may be established. States and municipalities are prohibited from collecting, under any denomination whatsoever, any inter-state or inter-municipal taxes . . . . which would burden or prejudice the free circulation of goods, persons or the vehicles transporting them". Decree law No. 379 of the 18th April, 1938 ("Diario Oficial" of the 19th April, 1938) therefore provides that inter-state export taxes shall be gradually abolished, an initial reduction of 20 per cent. being maintained during the current year; cumulative reductions of 15 per cent. shall be observed in the preparation of state budgets during 1939 to 1942, and the taxes will be completely abrogated in the budgets for 1943.

*Cooperative societies.*—Decree law No. 581 of 1st August, 1938 ("Diario Oficial" of the 2nd August) contains regulations regarding the registration, control of, and assistance to cooperative societies, which must be registered in a special section of the Ministry of Agriculture. The object of this law would appear to be the introduction of a closer collaboration between the Government and commercial, industrial and agricultural interests.

### Prohibited Exports.

*Tinplate clippings.*—A notice published in the "Diario Oficial" of the 15th July, 1938, prohibited the export from Brazil of tinplate clippings as from the 11th July. The prohibition, however, was lifted on the 14th October, 1938, in respect of contracts closed prior to the 11th July; such clippings may be exported from Brazil up to 31st December, 1938.

*Scrap iron.*—The following is a translation of an extract from a circular issued by the Minister for Finance on the 26th September, 1938: "I hereby declare to the heads of departments subordinate to this Ministry that iron or other metals rendered useless by damage or wear should be considered

as unserviceable or scrap, the export of which is prohibited by decrees No. 23,565 of the 7th December, 1933, and No. 23,884 of the 19th February, 1934. Machines, parts, utensils and similar articles capable of working or being used in the actual services for which they were made are not included under the ban ”.

*Oiticica seeds*.—The “ Diario Oficial ” of the 2nd December, 1938, contains Decree law No. 904 of the 30th November, which, *inter alia*, prohibits the export of oiticica seeds: penalties for the infraction of this disposition consist of fines of from five to thirty contos for each offence.

**Debenture Law**.—The “ Diario Oficial ” of the 14th October, 1938, contains decree law No. 781 of the 12th October regulating the issue of debentures by commercial concerns, either public or private. The previous law in this connexion had proved insufficient to protect the interests of debenture holders; in many cases of bankruptcy proceedings, holders of such shares have been classed as ordinary creditors instead of preferential. If the present law is strictly applied, no doubt could arise as to the preferential position of debenture holders.

**Miscellaneous Laws and Decrees**.—Other legislation promulgated during the past year included the following matters:—

- (i) Prohibits public servants from holding more than one post.
- (ii) Modifications and additions to the Code of Waters.
- (iii) Air Code.
- (iv) The importation, production, sale and use of narcotic drugs.
- (v) Crimes against the public economy.
- (vi) Weights and measures.

#### IV—TREATIES.

**Bolivia**.—The agreements mentioned on pages 44 and 45 of the last report in this series formed the subject of two treaties signed at Rio de Janeiro on the 25th of February, 1938, between the Brazilian Minister for Foreign Affairs and the Bolivian Minister in Brazil, regarding the construction of a line, of some strategic importance, linking the railway systems of the two countries, and an arrangement for the supply of Bolivian petroleum products to Brazil. The full text of these treaties can be seen at the Department of Overseas Trade.

**Turkey.**—The commercial agreement signed between Brazil and Turkey on the 2nd July, 1933, has been extended for an indefinite period, as a result of an arrangement signed in Paris on the 9th of March, 1938.

**Germany.**—The commercial *modus vivendi* between Brazil and Germany expired in September, 1937, and was not renewed; it was, however, tacitly maintained until July, 1938, when the Bank of Brazil ceased to purchase export bills drawn in compensation marks, in order to avoid the further accumulation of blocked currency credits in Germany. By the end of November the Bank of Brazil's credit in German marks had been, it is understood, reduced to a reasonable figure, and permits were then given to export, against compensation marks, ten thousand tons of cotton from the north. A little later similar license was given to ship 200,000 bags of coffee to Hamburg, where the stocks of Brazilian coffee had become exhausted.

### **Most-Favoured-Nation Customs Treatment.**

**China.**—In accordance with a circular issued by the Minister for Finance on the 19th of March, 1938, most-favoured-nation customs treatment is no longer accorded to Chinese merchandise imported into Brazil.

**Palestine and Transjordan.**—Circular No. 13 of the 26th March, 1938, published by the Director of Customs Revenue in the "Diario Oficial" of the 7th of April states that most-favoured-nation treatment should be extended to imports from Palestine and Transjordan in view of the reciprocal concession of such treatment in respect of Brazilian merchandise imported into the countries mentioned.

**Bolivia.**—The "Diario Oficial" of the 17th of September, 1938, contained a circular issued by the Minister for Finance conferring the benefits of the minimum tariff on Bolivian goods entering Brazil by sea; such privileges are already conceded by land and river customs houses.

## **V.—FOREIGN TRADE.**

Although there was a total increase of 20.26 per cent. in the gold value of Brazil's foreign trade in 1937 compared with 1936, and the gross weight in tons increased by 10.47 per cent., the favourable balance was extremely low, amounting only to £1,922,254 (gold). This was due primarily to the fact that the value of exports in pounds gold rose by only 8.9 per cent. whilst that of imports increased by no less than 35.1 per cent.

## Exports.

As will be seen from Appendix No. 8 Brazilian exports in 1937 totalled 3,296,345 metric tons, valued at £42,529,762 (gold), as compared with 3,108,727 tons, valued at £39,069,043 (gold) in 1936. The tonnage of exports constitutes a record, and the sterling (gold) value is the highest since 1930. The unit value in pounds gold of all export commodities with the exception of preserved meat, cotton, rice and carnaúba wax, either increased or remained unchanged, the average unit value having risen from £12 12s. od. (gold) in 1936 to £12 18s. od. (gold) in 1937.

The following were Brazil's most important customers during 1936 and 1937:—

Country.	1936.		1937.	
	£1,000 (gold).	Per cent.	£1,000 (gold).	Per cent.
U.S.A. ... ..	15,180	38·85	15,393	36·19
Germany ... ..	5,167	13·23	7,252	17·05
United Kingdom ...	4,662	11·93	3,857	9·07
British Dominions, India and Colonies	345	0·88	412	0·97
France ... ..	2,880	7·37	2,703	6·35
Japan ... ..	1,683	4·31	2,122	5·00
Argentine ... ..	1,587	4·06	1,998	4·69
Belgium ... ..	1,161	2·97	1,342	3·16

**First six months of 1938:** Particulars of Brazil's foreign trade during the first six months of 1938 will be found in Appendix No. 9 to this report. Despite the fact that the value of imports (in pounds gold) was only very slightly higher than during the corresponding period of 1937, and although the volume of exports increased by nearly 20 per cent., an adverse balance was realized amounting to £1,360,002 (gold) as against a surplus of £3,336,941 (gold) during the first six months of 1937. This is attributable to the heavy fall in the sterling unit value of the majority of export commodities, the average having decreased from £14 (gold) to £9 10s. od. (gold) largely as a result of the depreciation of the milreis, the abolition of official exchange quotas, and especially to the reduction of the export tax on coffee. (See Appendix No. XX to the 1937 report in this series).

In March, 1938, a decree law (No. 334 of 15th March "Diario Oficial" of 24th March) introduced the obligatory classification and inspection of all exportable produce, with a view to establishing definite standards for Brazilian merchandise. This legislation may well assist the development of the country's foreign trade, but it is to be hoped that the formalities involved will not prove too irksome.

**Coffee.**—Reference was made in Appendix No. XX to the last report in this series to the new coffee policy introduced in November, 1937. Briefly, the Government announced that as it



had not been possible to reach workable agreements with other coffee producing countries, Brazil had decided to protect her interests regardless of the losses to be suffered by such countries. The " futures " markets on all Brazilian exchanges were closed (and have not yet been reopened) in order to avoid speculation, the export tax was reduced from 45\$000 per 60 kilo bag to 12\$000, and the official exchange quota of 35 per cent. was abolished, as explained in the section on the exchange situation. Details of the employment of the proceeds of the reduced tax were given in the relevant appendix mentioned above. No alteration was made in the crop regulations by which 70 per cent. of the 1937-8 crop was to be sold to the National Coffee Department.

The primary object of the drastic change in the coffee policy was to bring about a heavy reduction in the export price of the Brazilian product which, although completely demoralising the market for competitive coffee, would still afford Brazilian growers an adequate margin of profit in view of the greater volume of coffee sold. Furthermore, the growers themselves were to be granted financial assistance; this eventually took the form of a suspension of judicial executions in connexion with agricultural mortgage debts for a period of three months beginning in January, 1938, successively extended to the 30th June, the 30th September, and finally to the end of the year. The National Coffee Department no longer exercises any control of the market other than that arising from the regulation of stocks.

The immediate effect of the action of the Brazilian authorities was a fall of between 25 per cent. and 30 per cent. in the foreign market quotations for the Brazilian product, whilst prices for competitive coffees dropped at first by 15 per cent. to 20 per cent. and by a further 10 per cent. to 20 per cent. by the end of 1937. Exports, which averaged approximately 970,700 bags of 60 kilos per month during the period January-November, 1937, rose to 1,445,000 bags in December and 1,561,000 bags in January, 1938; the average for the months of December, 1937, to September, 1938, being in the region of 1,450,000 bags per month. The f.o.b. values per 60 kilo bag of coffee exported during the first eleven months of 1937 was £1 11s. od. (gold) whilst that for the ensuing 8 months, December, 1937, to August, 1938, inclusive, was only £0 19s. od. per bag (gold). The average value of coffee exports during the first eleven months of 1937 was £1,487,000 (gold) per month, whereas during subsequent months (December, 1937, to August, 1938) it was £1,370,000 (gold). It will thus be appreciated that although the new coffee policy has increased the volume of exports by nearly 50 per cent., the gold value thereof has actually fallen by approximately 8 per cent. At present prices exports would have to reach nearly 1,600,000 bags per month in order to maintain

the former average gold value. The value in local currency has, nevertheless, augmented considerably, due principally to the depreciation of exchange.

In view of the provisions of the 1938-9 crop regulations (details of which are contained in the chapter on agriculture) it is somewhat difficult to reach an accurate estimate of the visible supplies and stocks for the crop year, since the sacrifice quota varies according to the quality of the coffee to which it corresponds. The following figures may, however, be taken as showing the approximate situation as it appears at present:—

	<i>Bags of 60 Kilos.</i>	
Stocks on 30.6.1938 in interior (warehouses)	5,748,000	
At ports ... ..	2,742,000	
	<hr/>	
Estimated 1938-9 crop ... ..		8,490,000
		<hr/>
Visible supply for 12 months, July 1938—		
June, 1939 ... ..		30,363,000
Probable exports (based on 1938 monthly average) ... ..		17,000,000
		<hr/>
Estimated surplus ... ..		13,363,000
		<hr/>

It is anticipated that some 4,000,000 bags of the 1938-9 exports will consist of fine quality coffee in the "preferential" quota, and in order to calculate the amount of the "sacrifice" and "retained" quotas, it is necessary to take this into consideration. An approximate figure of the coffee to be purchased during the crop year by the National Coffee Department can therefore be computed as follows:—

15 per cent. in respect of "preferential" coffee ...	600,000 bags.
60 per cent. in respect of remainder of exports ...	7,800,000 ..
	<hr/>
	8,400,000 ..
	<hr/>

This would reduce the balance of the crop to approximately 5,000,000 bags which would only be sufficient to provide normal port stocks, supported by low reserves in the interior. Since there seems to be little likelihood of the average exports falling below 1,450,000 bags per month, the National Coffee Department may be able to release some of the retained quota stocks, or at least reduce the rate of destruction slightly, otherwise there may well be a scarcity of certain types before the end of the crop. Provided the 1939-40 crop is not excessive, and exports continue at their present monthly averages, the statistical position during that crop year may well show a definite improvement, although there appears to be little hope of the destruction of a percentage of coffee being abandoned completely for some

years to come. The principal countries importing Brazilian coffee were as follows:—

	1936.		1937.	
	Bags.	£1,000 (gold).	Bags.	£1,000 (gold).
U.S.A. ... ..	8,021,738	10,246	6,590,088	9,756
Germany ... ..	1,128,219	1,471	1,261,812	2,052
France ... ..	1,597,778	1,910	1,254,362	1,697
Sweden ... ..	412,319	532	474,410	745
Argentina ... ..	287,507	331	329,599	456
Holland ... ..	498,127	635	291,407	445
Italy ... ..	401,306	497	252,640	379
Belgium ... ..	351,062	445	237,522	363
Finland ... ..	205,635	240	224,966	298
Denmark ... ..	190,981	248	143,705	209
United Kingdom ... ..	1,076	1	1,155	2
Total, including other countries ... ..	14,185,506	17,785	12,122,809	17,887

	1937.		1938.	
	First six months.		First six months.	
	Bags.	£1,000 (gold).	Bags.	£1,000 (gold).
U.S.A. ... ..	3,336,264	5,244	4,468,614	4,297
Germany ... ..	585,170	971	1,022,728	1,111
France ... ..	723,873	1,034	856,184	671
Holland ... ..	171,059	280	436,732	411
Sweden ... ..	246,998	409	239,148	259
Belgium ... ..	140,001	229	223,641	221
Argentina ... ..	185,928	266	252,787	211
Italy ... ..	138,359	225	175,544	154
Denmark ... ..	59,063	92	138,242	126
Finland ... ..	98,697	138	119,094	107
United Kingdom ... ..	76	—	651	1
Total, including other countries ... ..	6,204,077	9,652	8,697,557	8,172

**Cotton.**—Exports of cotton from Brazil increased from 200,313 metric tons valued at £7,454,600 (gold) in 1936 to 236,181 tons, £8,017,802 (gold) during 1937, but the average value per metric ton fell from £37 4s. od. (gold) to £33 19s. od. (gold). In 1936 the value of cotton shipped abroad represented 19·08 per cent. of that of total exports, but this percentage dropped to 18·85 per cent. in 1937, due to the lower unit value of the product during the latter year.

The State of São Paulo exported approximately 64 per cent. of the total shipments, practically the whole of the remainder being from the Northern cotton-growing states. Countries of destination were as follows:—

Country.	1936.		1937.	
	Metric Tons.	£1,000 (gold).	Metric Tons.	£1,000 (gold).
United Kingdom ...	65,821	2,417	47,330	1,583
Germany ...	41,403	1,560	84,746	2,686
Japan ...	43,328	1,623	50,918	1,891
France ...	14,962	529	12,709	411
Italy ...	8,937	346	7,987	298
Portugal ...	2,330	83	7,320	242
Belgium ...	8,218	284	6,116	218
Total, including other countries ...	200,313	7,455	236,181	8,018

	1937.		1938.	
	First six months.		First six months.	
United Kingdom ...	23,750	871	18,590	428
Germany ...	27,430	1,029	51,132	1,251
Japan ...	22,231	853	19,200	489
France ...	7,606	259	8,956	202
Belgium ...	3,706	138	4,135	102
Poland ...	2,485	94	2,915	69
Total, including other countries ...	105,589	3,936	114,367	2,762

As stated in the last report in this series, the quality of the 1937 crop was not so good as the previous one, owing to adverse climatic conditions. It is nevertheless interesting to note that 99.97 per cent. of the São Paulo crop was classified as having a staple of 28-30 mm., the remainder being of longer fibre. In 1927 the entire production was of short staple, of less than 26 mm.

In June 1938 the Bank of Brazil ceased purchasing bills drawn in compensation marks in payment for cotton shipped to Germany, firstly, because the Bank then held a heavy credit in this currency which it was deemed wise to reduce, and secondly, because the quota of 62,000 tons of cotton exportable annually to Germany against "Askimarks" had already been exceeded. It will be recalled that the German-Brazilian *modus vivendi* provided for the exportation of this amount of cotton to Germany against payment in compensation marks, and although the agreement expired in September, 1937, this quota was tacitly maintained. The action of the Bank of Brazil had the virtual effect of suspending shipments of cotton to Germany, and the exporters affected, chiefly in the northern states, repeatedly agitated for a resumption of trade on the former lines, so much so that in November the Bank of Brazil agreed to permit the exportation of 10,000 tons from the State of Parahyba to Germany, payments to be made in compensation marks. One of their principal arguments was that Germany was the only outlet available for the low grade cotton produced in the North. This concession was not granted to other states,

but it is believed that negotiations are in progress for the resumption of an annual quota of cotton to be sold to Germany on a compensation basis.

**Cocoa.**—The 1937-8 crop constituted a new record, over  $2\frac{1}{4}$  million bags having been grown in the state of Bahia alone. Foreign prices were generally higher than during the previous season, the average export value per ton in 1937 being shown in the official statistics as £18 6s. od. (gold) as against £17 1s. od. (gold) in 1936. It is believed that although prices did not reach the high levels which had been hoped for, exporters were able to make fair profits.

The following table shows the exports of cocoa from Brazil to the principal consuming markets during the years 1936 and 1937 and the first six months of 1937 and 1938:—

Country.	1936.		1937.	
	Metric Tons.	£1,000 (gold).	Metric Tons.	£1,000 (gold)
United Kingdom ...	357	6	361	7
U.S.A. ...	89,866	1,552	85,281	1,595
Argentina ...	5,380	84	4,106	74
Holland ...	5,902	104	3,517	72
Italy ...	6,023	88	2,268	52
Germany ...	4,651	66	2,542	47
Total, including other countries ...	121,720	2,077	105,113	1,924

	1937.		1938.	
	First six months.		First six months.	
	Metric Tons.	£1,000 (gold).	Metric Tons.	£1,000 (gold).
United Kingdom ...	121	3	160	2
U.S.A....	11,227	270	32,918	396
Germany ...	605	16	5,781	71
Argentina ...	1,234	29	3,049	38
Holland ...	920	23	1,473	19
Italy ...	1,404	35	1,186	16
Total, including other countries ...	17,815	435	47,347	577

It will be observed from the above statistics that German imports decreased considerably during 1937; a recovery was nevertheless made in 1938, and large shipments will probably be made during the second half of the year. Exporters to Germany, it is said, insist on premiums of 8 per cent. to 10 per cent. on current prices, in consideration of payment being made in compensation marks.

Bahia cocoa continues to be free from "witch broom", which has ravaged the crops of several producing countries; the importation of seeds and seedlings from the Amazon valley has been prohibited in order to avert possible contamination.

**Oranges.**—Exports of oranges from Brazil during 1936 and 1937 and the first six months of 1937 and 1938 were as follows:—

Country.	1936.		1937.	
	Cases.	Value £1,000 (gold).	Cases.	Value £1,000 (gold).
United Kingdom ...	1,870,960	349	2,538,547	529
Argentina ...	611,062	114	1,154,403	233
Holland ...	322,534	63	375,599	78
Belgium ...	140,760	27	279,015	58
France ...	200,330	40	260,923	54
Germany ...	49,622	10	163,150	34
Total, including other countries ...	3,216,712	605	4,970,858	1,029

	1937 (First six months).		1938 (First six months).	
	Cases.	Value £1,000 (gold).	Cases.	Value £1,000 (gold).
United Kingdom ...	1,081,522	235	1,104,576	168
Belgium ...	120,244	26	259,067	69
Holland ...	140,196	31	288,175	45
Argentina ...	52,416	11	125,928	34
Germany ...	109,894	24	118,858	17
France ...	55,582	12	44,529	6
Total, including other countries ...	1,669,987	363	1,989,713	306

Despite the fact that the official statistics show the average value per case exported as four shillings (gold) during the past four seasons, it is reported that the 1937-8 crop was not very satisfactory from the growers' point of view, since foreign market prices were comparatively low. Nevertheless, those who sold their fruit on the tree at the opening of the season are considered to have made good profits.

Exports during the current (1938-39) crop are expected to reach some 5,000,000 cases. The fruit is said to be of good quality, due largely to the uprooting of a considerable number of old trees and the careful inspection carried out by Government experts; the crop is rather early this year. A service for the supervision of the production and sale of citric plants has been created, and a standard size of case has now been adopted.

**Castor seed.**—As will be seen from the appended statistics, Brazilian exports of castor seed increased still further in 1937, the tonnage being nearly ten times that of the 1932 which totalled 12,348 tons; Brazil is now, after India, the largest supplier of castor seed to world markets. The most important

purchasers of this product during the years 1936 and 1937 and the first half of 1937 and 1938 were:—

Country.	1936.		1937.	
	Metric Tons.	£1,000 (gold).	Metric Tons.	£1,000 (gold).
United Kingdom ...	10,090	54	9,475	55
U.S.A. ...	58,212	332	64,519	402
Belgium ...	15,456	90	22,989	142
Italy ...	6,069	38	10,645	71
France ...	11,988	70	9,132	56
Total, including other countries ...	102,056	590	119,916	746

	1937.		1938.	
	First six months.		First six months.	
United Kingdom ...	1,808	11	10,163	43
U.S.A....	26,508	172	22,417	110
Belgium ...	8,776	57	7,544	37
France ...	4,918	32	6,669	30
Italy ...	7,053	50	1,870	9
Total, including other countries ...	49,329	325	55,611	266

The average value per metric ton rose from £5 16s. od. (gold) in 1936 to £6 4s. od. (gold) in 1937, but fell again to £4 16s. od. (gold) during the first half of 1938.

The chief producing states are Bahia, Ceará, Pernambuco, Parahyba, and São Paulo.

**Rubber.**—Exports of rubber from Brazil increased from 13,247 metric tons valued at £543,000 (gold) in 1936 to 14,793 tons valued at £630,000 (gold) in 1937. The average value per metric ton rose from £41 os. od. (gold) to £42 12s. od. (gold) compared with £23 12s. od. (gold) in 1935. The principal countries importing Brazilian rubber during 1937 were Germany, 6,712 metric tons (£307,000 gold), the U.S.A., 4,671 tons (£204,000 gold), and the United Kingdom, 2,300 tons (£102,000 gold). During the first half of 1938 total shipments reached 6,115 metric tons valued at £159,000 (gold), the largest importers being Germany, 4,041 tons (£106,000 gold), the U.S.A., 964 tons (£25,000 gold), and the United Kingdom, 649 tons (£17,000 gold).

As stated in previous reports, practically all the rubber exported from Brazil is obtained from uncultivated trees; the only properly organized plantations are those of the Ford Company, amounting to some 3,000,000 trees which are said to produce rather less than 5,000 tons per annum, of which the company requires some 3,500 tons for itself.

**Bananas.**—Banana exports in 1937 were slightly lower than during the preceding year, having totalled 11,310,922 bunches,

compared with 11,326,478 bunches in 1936. The sterling value, however, rose from £221,000 (gold) to £231,000 (gold) as a result of an increase in the average export value, which was £19 10s. od. (gold) per 1,000 bunches in 1936, and £20 9s. od. (gold) in 1937.

The principal countries of destination in 1937 were the Argentine, 8,362,984 bunches (£171,000 gold), the United Kingdom, 1,896,105 bunches (£39,000 gold), and Uruguay, 787,679 bunches (£16,000 gold). During the last decade exports of this fruit have risen from 4,400,000 to 11,300,000 bunches, but the gold value thereof has fallen from £308,000 to £231,000.

**Meat.**—Exports of meat (chilled, frozen and preserved) from Brazil in 1937 amounted to 95,107 metric tons valued at £1,331,000 (gold) this being an increase of 15,432 tons and £284,000 (gold) over the figure from the previous year.

The greater part of these exports consisted of frozen and chilled beef, totalling 63,401 metric tons valued at £790,000 (gold), the principal importers being the United Kingdom, 25,281 tons, Spain (war supplies) 17,812 tons, France, 6,841 tons, Italy, 4,587 tons, and Uruguay, 3,710 tons. Spanish purchases prior to 1937 were negligible, and France has greatly increased her imports, which were only 1,900 tons in 1936. There has been a heavy decrease in Italian imports, which reached nearly 20,000 tons in 1936, as explained in the last report in this series.

Preserved meat was exported chiefly to Uruguay (11,342 tons), the U.S.A. (6,754 tons), Spain (1,205 tons) and the United Kingdom (1,198 tons).

### Imports.

Appendix No. 6 contains statistics of imports into Brazil during 1936 and 1937, from which it will be observed that the tonnage thereof rose from 4,467,630 metric tons to 5,099,880 tons, an increase of 14.15 per cent., whilst the relative value increased from £30,065,520 (gold) to £40,607,508 (gold) or 35.06 per cent. The average unit value was £7 16s. od. (gold) in 1937, as against £6 10s. od. (gold) in 1936.

Imports by weight of the following articles increased by over 20 per cent.:—aniline dyes, copper, iron and steel (raw materials), jute, kerosene, wool, lubricating oils, cotton piece goods, motor and other vehicles, iron and steel manufactures, woollen and linen goods, pottery, earthenware, porcelain, etc., machinery and accessories, chemical products, malt and hops. Increases of between 10 per cent. and 20 per cent. were realized in coal, patent fuel, etc., wood pulp, copper manufactures, paper, olives and sundry beverages. There were decreases in



imports of live animals, raw cotton, cement, olive oil, dried codfish and wheat flour.

The following countries were the largest suppliers to Brazil during 1936 and 1937:

Country.	1936.		1937.	
	£1,000 (gold).	Per cent.	£1,000 (gold).	Per cent.
Germany ... ..	7,065	23·50	9,697	23·88
U.S.A. ... ..	6,651	22·12	9,337	22·99
Argentine ... ..	4,941	16·44	5,675	13·98
United Kingdom ...	3,385	11·26	4,909	12·09
British Dominions, etc., India and Colonies ... ..	1,178	3·92	1,419	3·49
Belgium ... ..	803	2·67	1,798	4·43
France ... ..	883	2·94	960	2·36
Sweden ... ..	514	1·71	892	2·20
Japan ... ..	350	1·16	647	1·59

The improvement in United Kingdom exports to Brazil was largely due to the supplies of machinery, rolling stock and other materials for the electrification of the Central Railway of Brazil. The balance of trade between the two countries, according to the official Brazilian statistics, was favourable to Brazil in 1936 to the extent of £1,276,654 (gold), but in 1937 the position was reversed, there being a balance of £1,051,936 (gold), in favour of the United Kingdom. United Kingdom statistics show a balance of £1,483,885 in favour of Brazil.

An examination of the statistics contained in Appendix No. 5 reveals that the United Kingdom percentage of total imports of the following items was higher in 1937 than in 1936:—raw jute, wool yarns, linen piece goods, iron bars and rods, iron plates and sheets, pig iron, structural iron and steel, barbed wire, tinplate, tools and utensils, aeroplanes, locomotives, railway carriages and waggons, composite train units, axles wheels etc., for rolling stock, bicycles, spinning and weaving machinery, other textile machinery, printing machinery, other industrial and general machinery and appliances, etc., boilers, copper plates and sheets, caustic soda, white zinc paints, water and other paints (prepared), rubber tyres and inner tubes, manufactures of leather and skins, prepared hides and skins, photographic apparatus, radio apparatus and dried codfish.

There was, however, a decrease in the United Kingdom percentage of the following imports into Brazil:—all types of cotton goods, woollen piece goods, angle, tee, channel and other sections of iron and steel, steel bars, rods and plates, rails, fish-plates, etc., telegraph and telephone poles, tubes, pipes and fittings, hoes and shovels, pickaxes etc., wire other than barbed, galvanized corrugated sheets, cutlery, oil and petrol motors, motor cars, trucks, motor cycles, copper ingots, electric cables and wires, chemical fertilisers, other chemical products, electric light fittings and apparatus, electric dynamos, generators and

motors, transformers, coal, cement, lubricating oils, window glass, printing paper, newsprint, cinematograph films, sewing machines and typewriters. It might, nevertheless, be added that the gold value of the great majority of imports from the United Kingdom was higher in 1937 than in 1936.

A great deal has been said in previous Annual Reports regarding the effect of the German system of compensation trading on Brazilian imports of United Kingdom goods, as well as on those of a number of other countries, particularly the U.S.A., and it would seem to be unnecessary to repeat this.

It is alleged that until United Kingdom exporters grant longer credit and more attractive terms of payment including lower prices, United Kingdom exports to Brazil are not likely to regain their former importance. It should, however be taken into consideration that the exchange restrictions at present in force, owing to the delay occasioned in remitting payments for imports, tend to increase the prices of Brazilian purchases from those countries which, like the United Kingdom, do not trade by means of a compensation system.

It is self-evident that the continued development of local industries will increase the growing demand for raw and semi-raw materials, and United Kingdom exporters interested in supplying these should not fail to watch this market. At the same time greater competition must be expected in the goods produced by domestic industries, with a consequent reduction in the imports. Further information will be found in the relevant chapter of this report.

The value of imports from British Dominions, colonies, protectorates and mandated territories shows a satisfactory increase from £1,178,000 gold in 1936 to £1,419,000 gold in 1937, but the percentage of Brazil's total imports fell from 3.92 per cent. to 3.49 per cent. A further decrease may well occur in the next few years as a result of such measures as the higher duties on codfish and the stimulus at present being given to the employment of national fibres as a substitute for jute.

Germany succeeded in 1937 in maintaining her position as Brazil's largest supplier, having ousted the U.S.A. in 1936. Although the official figures quoted in the above table show imports from Germany as £9,697,000 (gold) it should be borne in mind (as explained in earlier reports) that although this represents the approximate gold value of the merchandise supplied, payment is made in compensation marks at a very much lower rate of exchange than that for Reichsmarks.

Exports from the U.S.A. to Brazil in 1937, valued at £9,337,000 (gold), were £2,686,000 (gold) higher than in 1936, the share of this country in Brazil's total import trade having risen from 22.12 per cent. to 22.99 per cent.

It is expected that the two mixed U.S.A.-Brazilian committees appointed in January, 1938, to consider means of developing their mutual trade and mentioned in the previous report in this series (page 34), will doubtless give their attention to this matter. There is a marked tendency in U.S. official circles to favour the granting of greater credit facilities to exporters to South America, and the recent visit of the President of the Export & Import Bank may well have had some connexion with this.

The growing importance of Japan as a supplier to the Brazilian market is clearly shown by the customs' returns for the past three years. In 1935 Japan's share of the total value of imports was 0.90 per cent. (£247,000 gold); it rose to 1.16 per cent. (£350,000 gold) in 1936, and to 1.59 per cent. (£647,000 gold) in 1937. The balance of trade, however, continues to be considerably in favour of Brazil.

**First six months of 1938:**—Imports during the first six months of 1938 totalled 2,347,132 metric tons valued at £18,793,000 (gold), representing a decrease of 2.66 per cent. in weight and an increase of 2.57 per cent. in value compared with the first half of 1937. The average value per metric ton of imported merchandise for the period January/June, 1938, was £7 16s. od. (gold) compared with £7 8s. od. (gold) in the corresponding period of 1937, the most important increases in the unit values being in respect of iron and steel, woodpulp, paper, porcelain, chinaware, etc., motor vehicles, machinery and chemical products.

Brazil's chief suppliers during the first half of the years 1937 and 1938 were as under, further particulars being contained in Appendix No. 10.

Country.	1937 (January-June).		1938 (January-June).	
	£1,000 (gold).	Per cent.	£1,000 (gold).	Per cent.
U.S.A. ... ..	4,019	21.93	4,614	24.55
Germany ... ..	4,398	24.00	4,532	24.12
Argentina ... ..	3,068	16.75	2,569	13.67
United Kingdom ...	2,248	12.27	1,801	9.58

It will be seen that the U.S.A. regained from Germany her place as the most important source of supply to the Brazilian market, but it remains to be seen whether this position will be maintained throughout the year.

The drop in the value and percentage of the United Kingdom exports to Brazil is largely attributable to the fact that shipments of material for the electrification of the Central Railway of Brazil ceased towards the end of 1937. The true position of United Kingdom trade with Brazil has, therefore, now become apparent, and appears to be the lowest point reached for very many years. United Kingdom manufacturers, nevertheless, obtained a fair proportion of Brazilian Government contracts (for the navy) which do not figure in the customs' returns. The outlook is, however, far from promising for United Kingdom trade, particularly since both the U.S.A. and Germany have increased their share of Brazil's import trade.

### Iron and Steel manufactures :

					<i>Imports—Metric Tons.</i>	
					<i>1936.</i>	<i>1937.</i>
United Kingdom	...	...	...	...	11,060	13,503
Germany	...	...	...	...	79,345	82,837
Belgium	...	...	...	...	14,046	44,870
U.S.A.	...	...	...	...	13,753	32,304
Total, including other countries					...	...
					<u>126,996</u>	<u>183,749</u>

As will be observed from the above statistics, imports during 1937 of iron and steel manufactures, comprising bars, rods, plates, sheets, tubes, pipes, structural iron and steel, pig iron, puddled iron, etc., increased by 44.7 per cent. in comparison with shipments effected during 1936. United Kingdom manufacturers were, however, unable to maintain their share of the local market for these products, and obtained only 7.3 per cent. during 1937 as against 8.7 per cent. during the previous year. The advantages derived from the compensation system of trading, together with (it is believed) lower producing costs, have enabled German manufacturers to undercut United Kingdom quotations for iron and steel by amounts ranging from 10 per cent. to 55 per cent., according to the class of goods. Thus, in the cases of common carbon steel supplied in round, square and octagonal sections, carbon tool steel in round sections, and round and hexagonal sections with hollow core, German prices are approximately 37 per cent., 11 per cent. and 12 per cent. cheaper than their United Kingdom competitors. High speed steels are said to be 13 per cent. below United Kingdom offers, but it is in cast steel twist drills and the like that the difference between German and United Kingdom prices becomes most accentuated.

Quality is a secondary consideration, and although discounts and times of delivery offered by United Kingdom and German suppliers are more or less identical, purchasers usually place

their orders in Germany on account of price, unless the customer particularly specifies United Kingdom goods. The United Kingdom is, however, still believed to be the chief source of supply for special alloy steels, for which there is a limited but useful market.

**Coal.**—Imports of coal into Brazil during 1937 totalled 1,516,000 metric tons valued at £1,573,000 (gold) as compared with 1,290,000 tons (£1,077,000 gold) during 1936. The most important supplier to the Brazilian market during the year under review was Germany, whose shipments attained 711,000 tons in comparison with the United Kingdom contribution of 603,000 tons. It will thus be seen that Germany has managed to dislodge the United Kingdom from her position as leading supplier of coal.

Germany was successful in obtaining two contracts for the supply of coal to the Central Railway of Brazil, the first for 300,000 tons being closed in February, 1938, at 25.50 "compensation" marks per ton, and the second for 200,000 tons, in July, at 25.80 "compensation" marks. It is reported that the awarding of these two contracts to German coal merchants was chiefly due to the unconditional acceptance of many of the onerous requirements of the Central Railway, notably local screening; the tender advanced by a United Kingdom firm specified screening in Wales, whilst it is said that the price quoted was approximately threepence per ton higher than the German quotation.

The U.S.A. supplied approximately 140,000 tons to Brazil during 1937, her chief customers being the Lloyd Brasileiro, the Ministry for Marine, and the Light & Power Company, whilst the small amount of Turkish coal imported during 1937 (35,000 tons) was consigned to the Central Railway of Brazil\*.

National coal is now more readily available than heretofore, and legislation, compelling importers to purchase a quota of this equivalent to 20 per cent. of imports, has greatly assisted the development of local mines. As stated in previous reports, however, the quality of the coal is poor, owing to its high fusible ash content and low calorific value, which does not often exceed 5,500 calories.

**Codfish.**—Total imports of codfish into Brazil during 1937 in comparison with 1936 were as follows:—

	1936.	1937.
	<i>Metric Tons.</i>	
United Kingdom ... ..	4,895	6,506
Newfoundland ... ..	14,968	10,339
Norway ... ..	1,634	2,154
Iceland ... ..	1,239	1,129
Total, including other countries ...	22,996	21,080

\* Mention of this was made in the Annual Report dated 15th October, 1937.

Imports of codfish from Iceland into Rio de Janeiro have recently increased to a great extent, 6,025 bales and 2,000 half bales having been received during the first six months of 1938, as compared with 8,314 bales during the whole of 1937. Prices for such fish packed in bales are consistently 3s. to 4s. below United Kingdom quotations for cased fish, the difference being 2s. on the price of the bale packing and 1s. to 2s. on the price of the fish.

New and extremely heavy taxation, comprising an excise tax of at first \$400 per kilo gross weight, later reduced to \$200 per kilo, and a "fishery expansion" tax of \$300 per kilo nett weight has recently been placed on imported "bacalhao". The imposition of this heavy excise taxation on the gross weight of imported codfish is a strong reason for United Kingdom shippers to export to Brazil in bales, as the weight of a case in which the cod is packed is, it is reported to be, approximately ten kilos, while the weight of baling is said to average one kilo.

The fishery taxation was levied with the object of providing funds to assist the development of the national fishing industry. It is considered by local importers that these two taxes will defeat their ends, since it is stated that the imports of dried fish will be materially affected.

The trade in half cases of saithe fish will, it is thought, be more affected than that of the more expensive cod. Saithe in half cases is mostly destined for consumption by the poorer classes in the interior, and an increase of 18 per cent., represented by the two taxes mentioned above, together with the 3 per cent. tax now imposed on all remittances of funds abroad, will in all probability be more than the trade can stand.

**Wireless apparatus:**—Imports of wireless apparatus into Brazil during the years 1936 and 1937 were as follows:—

	1936.	1937.
	Metric Tons.	
United Kingdom ... ..	6	12
U.S.A. ... ..	599	717
Holland ... ..	393	249
Germany ... ..	64	133
Total, including other countries ...	976	1,122

It will be observed that the lion's share of the trade in Brazil is obtained by the U.S.A. Two well-known U.S.A. companies have maintained local branches for some considerable time, and the technical assistance they can offer is held out as an inducement to customers to purchase their manufactures. Efficient after-sales service is also available.

Radios produced in Holland and Germany are widely obtainable.

It is an unfortunate fact that the Brazilian market for radios has been much spoilt by the very keen competition arising from the number of makes available. In this connexion consideration must be given to the fact that the market for radio sets in Brazil, though somewhat limited (an estimate of 420,000 sets in use throughout the country having been given in the early months of 1937) is steadily expanding from year to year, and the anxiety evinced by manufacturers to obtain a share of the new trade has led to the granting of very generous terms of payment which may be extended over periods of twelve, eighteen and even twenty-four months. Furthermore, a two-year guarantee is practically a necessity if appreciable numbers of sets are to be sold; in many cases the agent, whilst not really equipped to carry out the guarantee, is compelled to grant it or lose business. Many makers of lesser known radios who are keen to enter the Brazilian market entrust their business to agents who are not in a position to carry spare parts or to effect any repairs which may be necessary, and they are thus unable to build up a satisfactory connexion. The granting of a substantial propaganda allowance is a matter of primary importance, it being considered virtually impossible to launch any unknown make of radio on the local market without extensive advertising. It will be appreciated, therefore, that any United Kingdom concern desirous of entering the radio market in Brazil must pay the closest attention to the choice of an agent.

**Motorcars and Trucks.**—Although Brazil is the second most important Latin-American market for motorcars and trucks, there were, it is said, only some 158,000 motor vehicles in use at the beginning of 1938, comprising approximately 100,000 passenger cars, 4,000 omnibuses, and 54,000 trucks. There is thus one car for every 265 inhabitants in Brazil, compared with one for every 50 in the Argentine. Nearly 50 per cent. of the motor vehicles in Brazil are found in the following five cities:—

	<i>Cars.</i>	<i>Buses.</i>	<i>Trucks.</i>	<i>Total.</i>
Rio de Janeiro ...	24,402	880	8,936	34,218
São Paulo ...	18,814	574	8,032	27,420
Porto Alegre ...	3,924	210	2,478	6,612
Bello Horizonte...	4,018	22	1,617	5,657
Pernambuco ...	2,978	40	930	3,948

The comparatively small number of cars in Brazil is due mainly to the poor state of the roads in the country, since, of the 125,000 kilometres of highways, only 2,000 to 3,000 kilometres are surfaced, the remainder being stamped earth or merely mud roads which are very often impassable during the rainy season.

As stated in previous reports, U.S.A. makes predominate, there being some 90,000 passenger cars, 3,700 omnibuses, and over 51,000 trucks of U.S.A. origin in Brazil at the present time.

German cars and trucks are now entering the market in increasing quantities, but United Kingdom passenger cars are comparatively rare, although some motor trucks are to be seen.

Imports during the past five years show a steady increase, having risen from 2,595 units in 1932 to 17,537 in 1935, to 18,971 in 1936, and to 25,605 in 1937. Details of imports by countries of origin will be found in Appendix No. 5.

There are many reasons for the popularity of the U.S.A. cars, the chief of which are undoubtedly excellent service and propaganda. The U.S.A. manufacturers encountered little competition in this market during the years 1915 to 1930, and were thus able to entrench themselves firmly, establishing widespread sales organizations and efficient servicing depôts in all the more important towns. Certain U.S.A. firms have for some years operated assembly plants in São Paulo, and a similar Brazilian factory was inaugurated in 1935 in Rio de Janeiro. By importing unassembled units a considerable saving in customs duty is effected, and the finished car can be marketed at a highly competitive price.

The question of propaganda in Brazil is somewhat difficult, due to the illiteracy of a great part of the population; but as regards publicity for motor-cars, this does not, of course, arise, since persons in a position to afford a car will easily be reached by press propaganda, circulars, posters, broadcast advertising, etc.

U.S.A., German and Italian cars are afforded ample publicity of every kind, and in order for United Kingdom manufacturers to attempt to enter this market on a large scale, they must be prepared to launch an adequate propaganda campaign on lines not inferior to those of their successful competitors. The same consideration applies to servicing, the inadequacies of which at present constitute a drawback to the development of the United Kingdom trade in cars. Another factor which militates against the sale of United Kingdom cars is that purchasers are aware of the fact that they are very difficult to dispose of secondhand. Furthermore United Kingdom manufacturers would do well to remember that in the not too distant future road construction plans now under consideration will have materialised, and should increase the demand for motor vehicles; in order to take advantage of this the manufacturers would have to take a long view, and it might be necessary to face a loss at the commencement,



or at least to trade with very little profit in order to introduce their vehicles. Efficient servicing and adequate stocks of spare parts would have to be provided.

It is estimated that over 80 per cent. of the new cars and trucks sold in Brazil are paid for on an instalment basis. The usual terms for passenger cars are from 20 per cent. to 35 per cent. down, and the remainder over 12-20 months. In the case of high priced cars 24 to 36 months are sometimes allowed. The initial deposit on trucks is generally between 30 per cent. and 35 per cent., and payments may be extended over 12, 18, or 24 months. If a used vehicle is given in part exchange, special terms are of course arranged between the buyer and the seller. Instalment sales are almost invariably covered by a reserved ownership contract, by which the seller may obtain repossession of the vehicle if the buyer fails to maintain his contractual payments.

The methods of financing vary somewhat; one U.S.A. firm has its own organization for assisting dealers to sell on deferred terms, whilst others maintain subsidiary concerns exclusively handling the financing of their distributors. Other dealers selling cars on the instalment system usually have current accounts with banks or banking houses, against which they discount their long term bills. This system is also favoured by German firms.

**Motor-cycles.**—According to statistics prepared by one of the leading importers of U.S.A. motor-cycles the estimated number of all makes of these vehicles registered and licensed in Brazil during 1937 was as follows:—

	<i>Private.</i>			<i>Official.</i>			<i>Grand Total.</i>
	<i>U.S.A. Manu- facture.</i>	<i>Others (Euro- pean).</i>	<i>Total.</i>	<i>U.S.A. Manu- facture.</i>	<i>Others (Euro- pean).</i>	<i>Total.</i>	
Federal District	182	340	522	55	8	63	585
São Paulo ...	42	597	639	156	—	156	795
Rio Grande do Sul ...	14	115	129	11	2	13	142
Ceará ...	26	98	124	1	12	13	137
Other States (estimated)...	—	—	400	6	—	36	736
Total ...	264	1,150	1,814	229	22	281	2,395

It will be observed from the foregoing figures that whilst a considerable proportion of the official machines (i.e. those purchased by Government departments, etc.) are of U.S.A. manufacture, motor-cycles of European origin are more popular with the general public. This is due to the fact that U.S.A.

machines, being of 500 c.c. cylinder capacity and upwards, are, with only one exception, comparatively highly priced, whereas German motor-cycles are obtainable from 100 c.c capacity at very much lower rates.

Most private purchasers of motor-cycles are attracted principally by the fact that these vehicles are very much cheaper to buy than a motor car, whilst the running costs (of the smaller machines at any rate) are very low. German makers cater almost entirely for this class of buyer.

Government Departments, such as the police force, the army, the Ministry for Transport, etc., almost invariably purchase high-powered, expensive machines, usually of U.S.A. manufacture, since the price is to all intents and purposes immaterial.

It will be appreciated that a fair proportion of prospective purchasers of expensive motor-cycles will consider buying a light German or Italian car at only a very small increase in price, maintenance costs being almost the same. Secondhand cars also compete with high-priced motor-cycles, but to a lesser extent, due to allowances made for repairs, etc. This applies chiefly to the U.S.A. machines, only one of which is within the low-price range.

As regards servicing, spare parts for U.S.A. motor-cycles can be obtained in the majority of the more important state capitals, the facilities available in Rio de Janeiro and São Paulo being excellent. Agents and sub-agents are established throughout the country, but these rarely carry stocks of spares.

It will be appreciated that United Kingdom manufacturers desiring to place their motor-cycles successfully in Brazilian markets should be prepared to offer sales terms and after-purchase facilities at least on a par with those of their U.S.A. and German competitors. Here again the road-making programme, when carried out, should provoke a large demand for motor bicycles.

**Bicycles.**—The importation of bicycles into Brazil is increasing each year, as will be appreciated from the following figures:—

	1936.	1937.
	<i>Metric Tons.</i>	
United Kingdom ...	28	68
Germany ... ..	499	800
Japan ... ..	40	79
	<hr/>	<hr/>
Total, including other countries ... ..	573	969
	<hr/>	<hr/>

It is reported that the general populace is becoming more interested in this method of conveyance owing to the enthusiasm engendered by the many cycle races held in recent years.

The use of cycles as a general mode of transport in the larger towns is not, however, likely to become widely practised, since the climate in most parts of the country during the greater part of the year militates against physical exertion. Importers are, therefore, paying particular attention to the smaller towns in the interior of Brazil in the hope of augmenting trade.

Cycles manufactured in the United Kingdom are generally the most expensive on the local market; popular types retail at from 500\$000 to 600\$000 and upwards per machine as against a similar German article at 400\$000 to 500\$000. Cheaper German models are also available and these are retailed locally at the undermentioned prices for cash payment; when sold on the instalment system an increase of between 10 per cent. and 20 per cent. is usually made:—

Nickel plate	...	...	...	560\$	} Popular models for general purposes.
Chromium plate	...	...	...	600\$	
Nickel plate	...	...	...	600\$	
Chromium plate	...	...	...	540\$	
" "	...	...	...	545\$	
" "	...	...	...	550\$	} Fitted with 3-speed gear.
" "	...	...	...	880\$	
All Black	...	...	...	550\$	} Sports type.
Coloured	...	...	...	600\$	
" "	...	...	...	900\$	} " "
Aluminium	...	...	...	1:250\$	
" "	...	...	...	1:350\$	} " "

It is claimed, however, that the quality, general appearance, etc., of the less expensive United Kingdom cycle is gaining an enviable reputation amongst enthusiasts, and this may well materially assist sales in the future. The police use a fair number of such bicycles.

Japanese competition is for the most part confined to children's cycles, the quality of Japanese machines being considered inferior to that of United Kingdom and German manufacture. A child's cycle is naturally subject to rough usage and is soon too small to be serviceable; parents, therefore, invest in a cheap machine knowing that it will be useless in a relatively short time. Such considerations do not apply to adults' cycles and, although Japanese prices are understood to be considerably lower than those of the United Kingdom and German manufacturers, comparatively few machines are sold. H.M. Consul-General in São Paulo writes, however, that Japanese cycles are finding a ready market in the agricultural districts of that State, owing to the fact that they are very cheap and that the many Japanese agriculturalists existent in São Paulo give preference to articles produced in their home country.

Italian cycles also enjoy a fairly wide sale in São Paulo, where a large and nationalistic Italian colony exists.

There is no entirely national bicycle, but a serious competitor to imported ready-to-ride machines is produced by a company engaged in the local assembly of cycle parts purchased in the cheapest foreign market. Parts have been imported from the United Kingdom and Germany, the assembled cycle being retailed at from 320\$000 to 350\$000.

Prices c.i.f. Rio de Janeiro for German medium quality popular type machines were said to be as low as 23 "compensation" marks for contracts placed some two years ago, and a few deliveries at this price were effected up to November, 1937. Lately, however, prices have increased considerably; recent shipments are reported to have been made at 34 marks for medium quality machines for men, and at 37 marks for a woman's cycle. The better class machines are reported to cost as much as 47 and 50 marks each (c.i.f. Brazilian port): German terms of payment are stated to be more advantageous than those granted by United Kingdom manufacturers; bills are usually drawn at 90 days' sight with discounts of 2½ per cent. for cash against documents.

United Kingdom and German marketing methods in Brazil are very similar; the appointment of a central agent in touch with importers has been found to be the most practicable system for manufacturers who do not wish to establish branches in this country. Orders are booked by the agent, but the manufacturer consigns the machines to the customer, against whom the respective bills are drawn.

It is reported that a new development, worthy of mention, has recently occurred in the German cycle selling organization; manufacturers are said to be shipping stocks of bicycles on consignment and accepting the "*del credere*" of their agents. Such methods are likely to have a serious effect on sales of manufacturers who are not prepared to follow a similar course; indeed the owner of the company engaged in the local assembly of bicycles has stated that his sales, invariably effected on a cash basis, had fallen to a very considerable extent as a result of this development.

### Electric household labour-saving devices :

		<i>Kilos.</i>	
<i>Imports.</i>		<i>1936.</i>	<i>1937.</i>
United Kingdom	...	40,430	23,362
U.S.A.	... ..	1,685,812	1,784,497
Sweden	... ..	236,556	335,128
Germany	... ..	134,111	205,096
Total, including other countries		2,148,027	2,538,209

A large outlet already exists in Brazil for electric household labour-saving devices, principally refrigerators, flat irons and bread toasters, whilst the continued improvement in living conditions justifies a certain amount of optimism for the future sale of such articles as electric stoves, vacuum cleaners, floor polishers, etc. By far the greatest percentage of the trade now effected in these articles is in the hands of U.S.A. manufacturers as a result of their customary far-seeing practice of building up efficient sales organizations in the principal centres of distribution of the country. U.S.A. manufacturers for the most part entrust the marketing of their products to well founded local agents, and in many cases place their stocks on consignment. One of the largest American companies has established branch houses in Rio de Janeiro and many of the more important cities of Brazil which, in turn, distribute their wares to agents or sub-agents in the smaller towns.

The most important item of electric household labour-saving devices in a tropical climate is the refrigerator. A small U.S.A. model at 2,853\$000, payable in twenty-four monthly instalments, whilst a larger model is retailed at 9,826\$000 likewise payable over two years. Although U.S.A. manufacturers have obtained by far the largest portion of the trade in these articles, competition is said to be arising from ice-chests offered by German and Swedish factories. One German firm has appointed a local agent for the sale of their refrigerators, five models of which are available at prices ranging from 3,600\$000 to 7,800\$000 (cash) whilst Swedish machines are obtainable in six models at prices from 3,290\$000 to 6,330\$000.

United Kingdom manufacturers desirous of entering the Brazilian market for refrigerators should bear in mind that it is almost an invariable rule to sell such expensive articles on the instalment or hire purchase plan, and to offer a guarantee (usually for five years) against breakage of moving parts. Prompt and free service should also be given during the guarantee period.

With regard to the other electric household labour-saving devices (such as vacuum cleaners, floor polishers, cooking stoves), although at present it is reported that the market is somewhat limited, Brazil is generally considered to be an important potential outlet for such machines, due to the enervating climatic conditions and the steady rise in servants' wages. Agents of U.S.A. firms have, in fact, already embarked on an intensive house to house campaign, with no small success.

There are many smaller electric appliances generally available in Brazil, comprising electric toasters, fans, flat irons, water boilers, kettles, cocktail mixers, automatic coffee-makers, egg

boilers, food mixers, fruit squeezers, hair dryers, massage vibrators, waffle irons, sandwich grills, hot water showers, one and two burner portable stoves, etc. These smaller items are not usually sold on the instalment plan.

It is reported that Brazilian industry has not yet produced any of the above-mentioned articles, with the exception of flat irons, bread toasters, showers, and small portable stoves or hotplates which are retailed at prices considerably below those of the imported articles.

**Textiles.**—*Cotton piece goods (bleached and printed).*—Total imports of these textiles have risen from 40 tons valued at £13,000 (gold) during 1936 to 64 tons valued at £28,000 (gold) during 1937, of which 29 tons (£10,000 gold) came from the United Kingdom. Although there has been a slight revival in the importation of these tissues, national production is ever improving and increasing, and imports are limited to the fine quality cloths, which are not, at present, manufactured in Brazil.

*Dyed Cotton piece goods (including velvets, plushes, etc.).*—Imports have decreased from 167 tons in 1936 to 153 tons in 1937, but the value has increased from £42,000 (gold) to £50,000 (gold). The United Kingdom share of this trade has fallen considerably, only 53 tons having been shipped during 1937 as against 90 tons during the previous year.

*Cotton piece goods (unenumerated).*—Imports of unenumerated cotton piece goods increased from 132 tons (£20,000 gold) during 1936 to 181 tons (£28,000 gold) during 1937, the lion's share of this trade being taken, as in previous years, by the U.S.A., whose shipments have risen from 90 tons to 135 tons. Waterproofed cloth, it is reported, constituted the major portion of this section of imported textiles, as local manufacturers have so far been unable to produce a durable waterproof cloth of good quality.

*Unspecified cotton manufactures.*—Imports 1936, 347 tons (£43,000 gold); 1937, 372 tons (£50,000 gold). The market for unspecified cotton manufactures consists chiefly of ready-made clothing, and is shared mainly by U.S.A. and Canadian manufacturers, but Japanese products retailed at cut prices are entering the market in increasing quantities. Heavy excise taxation has, however, been recently imposed on imported goods of this description in an endeavour to discourage imports and foster national production.

*Wool yarn.*—Imports of wool yarn have risen from 841 tons valued at £230,000 (gold) during 1936 to 1,180 tons £355,000 (gold) during 1937, Germany and Japan being the chief suppliers

with 468 tons and 398 tons respectively. The United Kingdom practically doubled her shipments to Brazil during 1937, exports being 150 tons as compared with 77 tons during 1936.

*Woollen piece goods.*—Imports 1936, 105 tons (£60,000 gold); 1937, 128 tons (£85,000 gold). United Kingdom manufacturers still hold the greater part of the market for imported woollens (56.2 per cent. in 1937), but competition is increasing from German producers, who are able to place their good quality materials at approximately 20 per cent. lower than the best United Kingdom cloth.

*Linen piece goods.*—Imports 1936, 995 tons (£289,000 gold); 1937, 1,237 tons (£367,000 gold). An exhaustive report on the linen market in Brazil is available for United Kingdom linen manufacturers on application to the Department of Overseas Trade.

## VI—COASTWISE TRADE.

The volume and value of coastwise trade showed a further increase during 1937, as will be seen from the appended table:—

	<i>National Goods. Metric Tons.</i>	<i>Percent- age of Total.</i>	<i>Nation- alized Goods. Metric Tons.</i>	<i>Percent- age of Total.</i>	<i>Total of all Goods. Metric Tons.</i>	<i>Value of all Goods. Contos.</i>	<i>Average price of Goods per Metric Ton in Milreis.</i>
1936	2,227,569	94.17	137,753	5.83	2,365,322	3,794,450	1,604
1937	2,382,133	94.41	141,151	5.59	2,523,284	4,255,161	1,686

This development is likely to be further enhanced by the plans of the federal and state governments to improve communications from the interior to ports, the lack or poor condition of which has hitherto been one of the principal drawbacks to internal trade.

As mentioned in another section of this report, greater attention is also being devoted to the Brazilian mercantile marine, and this may eventually pave the way to a lowering of the present high coastal freights charged. This would enable a wider range of comparatively cheap merchandise to be shipped to other parts of the country, which cannot at present be marketed profitably outside the immediate producing regions.

## VII.—NATIONAL INDUSTRIES.

As mentioned in the previous report of this series, the value of industrial production in Brazil during 1937 was estimated at some 8 million contos, and since it is reported that 1938 was, generally speaking, a prosperous year, it may be assumed that industrial production during that period would probably

reach 9 million contos. No statistics are, however, available for the country as a whole, and it is only with reference to the state of São Paulo that authoritative figures are published. The latest information received in this respect relates to the year 1936 and reveals that the estimated value of industrial production in that state rose from 2,918,658 contos in 1935 to 3,279,603 contos during the following year.

Although there has been a steady development in Brazilian industries during past years this, it is thought by many interested parties, has been hindered in no small way by three important factors, namely, inadequacy of transport, a shortage of labour and the relative high price, due to heavy customs taxation, of raw or semi-manufactured material of types which are not produced in the country. The transport problem is being dealt with by the competent Ministry as explained in another part of this report. The shortage of industrial labour, however, while temporarily relieved by the migration of agricultural workers to industrial pursuits, has not, it would seem, received sufficient attention, since the laws governing immigration stipulate that 80 per cent. of new arrivals must be agricultural workers and guarantee to earn their livelihood from the land for a period of four years, whilst industrial technicians are exempted from the quota.

It is understood that some reform of the customs tariff may be expected by which the duties on raw and semi-raw materials would be reduced, whilst increases might well be made in those levied on finished goods. Such measures, if put into effect, would of course extend the already ample protection afforded to national industries.

Notes on some of the more important Brazilian industries are appended.

**Cotton mills.**—For some considerable time Brazil has been virtually self-supporting in textiles, particularly cotton cloths, other than of fine counts which have not yet been produced in this country. According to statistics furnished by the Ministry for Labour, Industry and Commerce, there are 375 cotton mills throughout the country which, during 1938, produced more than enough cloth for home consumption; some, even, was exported. The cotton textile industry has, in point of fact, been overproducing to a great extent and mills are reported to have been piling up large stocks. Many, indeed most, mills have been working overtime to the extent of two and three shifts of eight hours, and the consequent excess of production has caused some concern in the industry. Investigations are however being made to decide what measures might be taken in order to rationalize the output,—either by reducing the number of shifts, or by reducing the hours worked. The measure restricting imports of textile machinery, which lapsed in March 1937, may well be



revived. While, as mentioned above, manufacturers have attempted to find outlets for their excess production in overseas markets, it is reported that past shipments have not shown profitable results due to the necessity of meeting the price of dumped cloth of other countries in foreign markets, particularly Japan.

**Jute.**—There are some 26 jute mills, either spinning or weaving, in Brazil. Owing to the heavy demand for sacking these mills have been able to develop to a considerable extent. The fibre utilised is mostly obtained from British India, but experiments are being carried out in an endeavour to discover a substitute capable of production in Brazil. In this connexion Brazilian technical experts have stated that the fibre of the *Hibiscus Ferox* is as good as, if not better than, the Indian product, whilst it has the great advantage of being a native of Brazil. It is also stated that difficulties connected with the maceration and scutching of the plant have been overcome by the introduction of special machinery.

**Linen.**—The national industry of spinning and weaving flax is of recent introduction. Imports of linen have always constituted a considerable item in Brazil's foreign trade and every effort has been made to foster the national production and manufacture of flax. It is reported that this plant grows freely in the southern states of the Republic, and factories have been installed in the country to utilise the fibre. Although the domestic product is, as yet, not comparable with the finer imported Irish cloth, owing principally to the inferior quality of the flax, ready customers have been found for this cloth in banks and important commercial concerns who desire to clothe their messengers in a cheap linen uniform. It may be considered that in due course the local linen factories will improve their production to a point where their cloth will prove a successful competitor to all but the finer Irish qualities.

**Metallurgical industries.**—Production of pig iron, steel and rolled iron or steel in Brazil during 1937 increased considerably in comparison with 1936 as will be appreciated from the following table:—

	1936.		1937 Estimated.	
	Tons.	Contos of Reis.	Tons.	Contos of Reis.
Pig Iron ...	78,418	23,564	97,390	33,897
Steel ...	73,667	45,311	76,430	54,180
Rolled Iron or Steel ...	62,946	61,387	71,419	72,977

The important Companhia Siderurgica Belgo-Mineira, whose mills are situated at Monlevade, State of Minas Geraes, inaugurated two new blast furnaces during April and December, 1938. Each of the furnaces is stated to be capable of producing 40,000 tons of steel per year, and it is the intention of the

company to instal two more furnaces of the same capacity during 1939.

Another Brazilian company engaged in the mining of iron ore and the production of pig iron was registered during 1937 with a capital of 800 contos, by the group of capitalists owning the Votorantim cement and textile interests in São Paulo. Two other important iron smelting works have been producing extruded and light rolled sectional iron for some years, and the production of all the iron working plants is being absorbed as manufactured.

The mainstay of Brazilian steel manufacture may be said to be the production of bars and rods for ferro-concrete work.

Great interest has been displayed by the Federal authorities during the past year in proposals to increase the metallurgical production of the country in conjunction with the development of the abundant iron ore deposits. Further details of the steps taken will be found in the chapter devoted to Minerals.

**Paper.**—The Brazilian paper industry is one of long standing, it being stated that the first mill was established in Conceição, State of Bahia, in 1843. The following table shows the estimated production of paper in Brazil during 1937:—

	<i>Mills.</i>	<i>Tons.</i>
State of São Paulo ... ..	11	56,400
State of Rio de Janeiro ... ..	3	20,500
Federal District ... ..	7	9,350
State of Minas Geraes ... ..	2	7,600
State of Pernambuco ... ..	1	7,200
State of Paraná ... ..	2	4,400
State of Rio Grande do Sul ... ..	3	3,400
State of Santa Catharina... ..	1	1,470
	<hr/> 30 <hr/>	<hr/> 110,320 <hr/>

As will be seen from the above, São Paulo is the most important centre of paper production. The national factories produce almost all kinds of papers, with the exception of newsprint, which is imported. A new factory has, however, been installed in Guaporé, State of São Paulo, where it is intended to use rice straw as raw material and it is hoped, if the mill should prove successful, to supply newsprint to the local press.

Although the wood pulp used by the national factories is nearly all imported, efforts are being made to find suitable substitutes in Brazil. In this connexion it is reported that the very extensive natural forests of pine trees existing throughout South Brazil are considered as being the most interesting proposition. The mature trees are from 60 to 120 feet in height, and from 25 to 65 inches in diameter, whilst the fact that the trees grow in pure stands should greatly facilitate lumbering.

It is reported that the Companhia Melhoramentos de São Paulo, one of the most progressive of Brazilian paper manufacturers, not only maintains a complete experimental laboratory, but has planted a large forest of selected trees. Over a ten-year period the company has studied various growths for suitability to paper manufacturing necessities, and the fact that it has planted some eight million pine trees, and continues planting at the rate of one million trees per year, is significant of the value placed on the Paraná pine as a source of raw material.

### Other Industries.

**Sanitary ware.**—The sanitary ware industry is said to be working full time and the production to have greatly improved and to find ready acceptance locally. This is particularly true of a new factory installed at Tremembé, State of São Paulo, whose products are stated to be of high quality. The industry has, of course, been afforded protection from foreign competition in the form of high customs duties; these were raised on the 1st September, 1934, when the revised customs tariff came into effect, and it is understood that further increases are being considered.

**Rubber.**—There are at present three factories manufacturing rubber tyres in Brazil, two of which are situated in Belém, State of Pará, and the third, the most important, in the Federal District. The tyres manufactured by the third company, the Companhia Artefactos de Borracha, have recently improved considerably in quality, and a ready sale exists for their products. It is understood that the Goodyear Tyre & Rubber Company intends to set up a factory in São Paulo for the production of tyres. It is stated that the company will be in a position to start deliveries in April or May, and that the initial daily production will be about 500 tyres.

**Boots and Shoes.**—The footwear industry in Brazil is probably second only in importance to the textile industry, as practically all footwear in the country is supplied from national factories. At the end of 1936 there were 413 shoe factories in the state of São Paulo alone; the capital invested in these companies reached 40,282 contos, whilst the value of production was estimated at 208,892 contos. The industry, which was in a state of over-production during 1935, has since recovered and is normally profitable.

**Tanneries.**—Most of the leather used in Brazil is now supplied by local tanneries, only the very finest qualities being imported. Goat, reptile, deer skins, etc., are now tanned and prepared in Brazil, and are supplied to the boot and shoe industry. It is said that the products compare favourably with imported skins.

Amongst the other industries building construction and those allied to it, such as cement manufacture and the furniture trade, have had an excellent year; and the same may be said of soap and perfumery, and the manufacture of table glass which, like that of pottery, enjoys the protection of high tariffs.

### VIII.—AGRICULTURE.

The ever-increasing industrialisation of the southern states of Brazil coupled with the attention at present being focussed on minerals tends to obscure the paramount position which agriculture still fills in the economic life of the country.

During recent years the Federal Government has introduced a number of measures to assist agriculturists as well as to foster agrarian pursuits of all kinds, the most important being the "economic readjustment scheme" by which farmers were relieved of 50 per cent. of certain mortgage debts contracted before the middle of 1933, the Agricultural and Industrial Credit Department of the Bank of Brazil, created in 1937, to provide credit for agricultural (and industrial) concerns, and to finance the purchase of seeds, manures, cattle, machinery, etc., and a new law governing agricultural mortgages. Furthermore, throughout 1938 the foreclosing of such mortgages by creditors has been prohibited, a measure which is tantamount to the indirect financing of farmers.

Appendix No. 12 contains statistics of agricultural production, the total of which, excluding cattle, dairy and forestal produce, was estimated at not less than 17,000,000 tons.

The *coffee* situation reached a very low ebb during 1937, but as a result of the sweeping action of the Government in reducing the export tax by two-thirds and of the other measures mentioned in the chapter on foreign trade, the outlook is now very much more hopeful. The regulations governing the despatch of coffee to ports of shipment (in order to avoid excess stock) provide for the delivery to the National Coffee Department of 60 per cent. of all coffee despatched, the remaining 40 per cent. being destined for export. Half of the 60 per cent. quota delivered to the National Coffee Department is for destruction or indefinite retention, whilst the other half may be released if and when the market situation warrants such action. As an inducement to the production of high quality coffee, only 15 per cent. of shipments of coffee possessing certain characteristics need be delivered to the National Coffee Department, coffees of this type being known as the "preferential quota".

The 1938/1939 crop has been estimated at 21,873,000 bags of 60 kilogrammes, but this is considered to be a liberal figure, since it is probable that the São Paulo crop will be smaller than expected.

The prohibition of the planting of new coffee trees, except to replace those which have ceased to yield, and the abandonment of coffee by many growers who have turned their land to other crops has no doubt been responsible for a considerable part of the reduced production during the last two years. It is reliably stated that 92,000,000 trees were abandoned in the state of São Paulo during 1937; if this practice continues, or better still, if the Federal Government could see its way to assist this movement, indemnifying planters for excess trees destroyed, a great deal would be done towards obtaining equilibrium between production and consumption, and the system of burning surplus stocks of coffee could eventually be abandoned. Coffee destroyed during 1937 amounted to 17,196,428 bags, and during the first nine months of 1938 to 6,274,407 bags, bringing the grand total since this policy was adopted in 1931 to 63,003,321 bags, or the equivalent of the normal export of coffee for between four and five years.

The 1937/1938 *cotton* crop was originally estimated at 478,000 tons, but was later computed at some 450,000 tons, of which the State of São Paulo alone contributed over 250,000 tons. The northern crop was a partial failure. According to a recent authoritative article in the local press, the area of land under cotton in 1936 was 1,968,000 hectares, increasing to 2,023,000 hectares in 1937, and to 2,211,000 hectares during 1938. The largest cotton-growing states are São Paulo (905,000 hectares), Parahyba (256,000 hectares), Ceará (190,000 hectares), Pernambuco (183,000 hectares), and Rio Grande do Norte (143,000 hectares). The average yield in the north-eastern states in 1936 was some 590 kilos per hectare, increasing to 640 kilos in 1938, but very much better progress has been made in the south where the yield in the same two years averaged 610 and 910 kilos respectively. Furthermore, the quality of the cotton grown in the north is greatly inferior to that of the south. H.M. Consul-General in Sao Paulo reports that the cost of production is rising owing to shortage of labour and increases in wages.

The 1937/1938 *cocoa* crop was a record, having reached over 2,300,000 bags of 60 kilogrammes, of which 2,259,000 bags were produced in the state of Bahia alone. Rather more than 2,000,000 bags were of superior quality; Bahia prices ranged between 17\$000 and 30\$000 per *arroba* of about 15 kilos compared with 18\$000 and 53\$000 per *arroba* during the preceding crop, the fall in quotation being due, in some degree, to the abolition of official exchange quotas in December, 1937. It is nevertheless understood that, although prices were lower than those prevailing during the last crop, growers and exporters were still able to realise appreciable profits. The 1938/1939 crop in the state of Bahia is estimated at some 1,900,000 to 2,000,000 bags of 60 kilos. Weather conditions

have proved unfavourable, but a fair number of new trees have come into bearing.

*Sugar*, which is grown and milled in practically every state of the Federal Union, is the basis of the oldest industry in the country. Production by fully mechanised mills during the 1937/1938 crop year amounted to 8,861,963 bags of 60 kilogrammes, against an estimate of approximately 10,400,000 bags. Figures for the less important "open pan" and semi-mechanised plants have not been published, but the output was probably in the region of 5,000,000 bags. The total production would, therefore, appear to have reached some 13,900,000 bags or about 1,100,000 bags less than that for the previous crop year. The overproduction of sugar, which during recent years reached a stage when it became necessary to dump large quantities abroad at sacrifice prices, now seems to have been successfully overcome as a result of smaller crops and the conversion of a considerable amount of surplus sugar into anhydrous alcohol, a percentage of which is compulsorily added to petrol for use in motor vehicles.

The variety of *fruits* grown in Brazil is, of course, enormous, the most important from the point of view of exports being oranges, grapefruit, pineapples, lemons and tangerines. The most common tropical fruit include mangoes, guavas, avocado pears, bread fruit, dates, passion fruit and cashews. In the cooler southern belt grapes, plums, peaches, pears, apples, limes, cherries, apricots and figs abound, but there is little export of these. The preserving and canning industry has now reached quite large proportions.

A stimulus to the planting of *cereals* has been given by the legislation compelling wheat millers to mix a percentage of national cereals with all foreign wheat ground in their mills, the primary object being to promote the growing of wheat in Brazil in an attempt to reduce the heavy imports of this commodity. Cereals considered suitable for admixture include national wheat, barley, oats, rye, maize, and rice; manioc flour is also employed in this manner. The wheat campaign is reported to be progressing satisfactorily, but it is estimated that 1,000,000 hectares would have to be planted to supply the entire needs of the country—a stage which will take many years to reach.

*Oil and wax-bearing trees, shrubs, and plants* constitute an important branch of Brazil's agricultural production, and exports of the produce of such plants accounted for some 8 per cent of the value of total exports in 1937. These include carnaubá wax, babassú nuts, castor seed, cotton seed, oil cakes and a large range of oleaginous seeds and essential oils. Oiticica seeds and oil are an excellent substitute for tung oil, and the oil producing industry is making steady progress.

Brazil produces many different sorts of fibrous plants, and attempts are now being made to use national jute for the manufacture of coffee sacks and other purposes. Efforts to find substitutes for this fibre have so far met with small success.

Reports on the agricultural situation prepared by H.M. Consular officers in Brazil are appended.

**States of Pará, Amazonas, Maranhão and Piauí.**—Agriculture on a large scale is not practised in any part of the States of this Consular district, and no statistics of agricultural produce grown for local consumption are available.

In the state of Pará the chief crops are cocoa, cotton, maize, manioc, rice and tobacco. The last two are exclusively for local consumption or for export to Southern Brazil; the others are all exported at times to foreign countries. It was recently reported that the Government intended to establish two experimental stations in the State in order to increase and improve the cultivation of citrus and other fruit trees; at present these are grown purely for the local market.

**States of Pernambuco, Alagoas, Rio Grande do Norte, Parahyba and Ceará.**—Rainfall has been generally satisfactory excepting in the coastal region of the State of Parahyba, where the cotton crop was a partial failure. The interior of that state shared in the good rainfall of the other districts. As has been mentioned earlier in this report, the Federal Interventor in Pernambuco has taken a great interest in measures to deal with the problem of the drought in the interior of the State. It is hoped that the contemplated irrigation works will, when carried out, open up new agricultural regions.

**States of Bahia and Sergipe.**—Weather conditions were not generally favourable for crops, as rains during the planting season were delayed and scarce. The cocoa crop did not, however, suffer. In various districts a second planting of cereals was made, whilst in others where planting conditions were favourable, scanty rains during the growing season resulted in low crop yields.

Owing to droughts fewer cattle have been raised and prices realized have consequently been better. Cattle graziers, in view of the short periods between droughts are now loth to carry large herds on their pastures.

The Federal Interventor's plan for the development of resources includes the introduction of modern methods and appliances into the agricultural industry, assistance to small-holders and the improvement of breeding cattle and plants. Small-holders will be able to borrow agricultural machinery,

and their lands will be ploughed for them. Draft animals will be lent, and technical advice given. In return they will be required to grow the crops indicated by the experts and to hand over to the Government the harvests at pre-arranged prices. Whether the peasant will take advantage of these facilities is problematic, for he is even more conservative and suspicious of innovations than the farmers in other lands.

**States of Rio de Janeiro, Minas Geraes, Espirito Santo and the Federal District.**—The principal crops of the States of Rio de Janeiro and Espirito Santo and the Federal District are coffee, citrus fruit, sugar, rice, bananas, castor seed, manioc and one or two less important products. The district is understood to have enjoyed moderately seasonable weather conditions during the past twelve months, and growers were as a rule able to make fair profits on their crops, although fruit farmers in many cases were unfortunate owing to the low prices for oranges prevailing in foreign markets.

The rural co-operative movement has been slow in taking root in the states in this consular district in comparison with other parts of Brazil,—particularly São Paulo and Rio Grande do Sul. A start has, however, been made by poultry farmers, and it is hoped that it will shortly be extended to other branches of agricultural enterprise.

*Baixada Fluminense.*—This is an extensive area, partly in the Federal District and partly in the State of Rio de Janeiro, consisting of marshy lowlands which in the old slave days was a well drained and thriving area for coffee cultivation, but which during the past half-century, following the emancipation of the slaves, had, in spite of its proximity to the Capital, been allowed to relapse into its primitive wildness and insalubrity. The Federal Government, however, have recently been making a determined effort to reclaim these lands by systematic drainage and sanitation, and to open them up to small-holders for market gardening, for which the terrain is well adapted, particularly on account of its close proximity to the Federal Capital, which in turn, it is hoped, will benefit in due course from a constant and abundant supply of fresh vegetables and poultry at reasonable prices. Already about 2,000 square kilometres of this area have been drained, of which 32 square kilometres have now been opened up to small-holders for planting. A colony settlement has been established in Santa Cruz, where there are already about 300 families in residence.

*Minas Geraes.*—Last year's crops were on the whole larger than those of 1936, and there was an increase in the production of cotton, rice, coffee, sugar, beans, tobacco and manioc. There was however a decrease in the production of maize.



Comparative quantities for 1936-7 are:—

	1936.	1937.
Rice ... ..	4,221,000	4,314,000 sacks.
Coffee ... ..	4,610,000	4,800,000 "
Sugar ... ..	3,665,118	3,716,409 "
Beans ... ..	4,470,810	4,590,000 "
Tobacco ... ..	10,032,562	14,000,000 kilos.
Manioc ... ..	503,530	765,000 tons.
Cotton ... ..	20,096	30,000 "
Maize ... ..	27,655,300	26,400,000 sacks.

The 1938 crop is not expected to attain the results of 1937 as bad weather in several parts of the State has had an adverse effect on agriculture.

**States of São Paulo, Paraná, Santa Catharina, Goyaz and Matto Grosso.**—The failure of the Argentine maize crop and the increasing demand for this commodity in Europe have led to a belief that there is a satisfactory future for Paulista maize cultivation. This year São Paulo has begun to export maize, and shipments from Santos during the coming months may amount to 50,000 tons. The installation of cleansing plant at Santos is under contemplation. The Secretariat of Agriculture is investigating the possibility of rationalising the trade in maize which in the State of São Paulo is grown by thousands of small agriculturalists as a side line, usually for pig food.

It is hoped that in the future to the growing of coffee and cotton may be added that of maize, castor oil, sunflowers, manioc, etc., for all of which there is a brisk demand.

Efforts are being made to develop the cattle industry in this district, but it is not likely that chilled and frozen meat will account for any considerable percentage of total exports.

**State of Rio Grande do Sul.**—According to the most recent statistics available, the area of land under cultivation in this State was 2,460,276 hectares in 1936, the production of agricultural commodities being of 4,680,037 tons, valued at 966,402 contos, which increased to 5,015,522 tons, valued at 1,313,023 contos in 1937. The most important articles, apart from cattle produce, are rice, tobacco, wool, hides, wine, beans, onions and manioc.

Farmers have been holding back their crops in the hope of obtaining higher prices should hostilities break out in Europe.

## IX.—MINERALS.

**Mining Code.**—As a temporary measure until the promulgation of a new Mining Code, Decree-Law No. 66 of the 14th of December, 1937 ("Diario Oficial" of the 18th of December) declared that certain previous decrees, to the number of six, including the Mining Code issued in July, 1934, were to continue in force, with various modifications rendered necessary by the Constitution of 1937. Decree-Law No. 366 was issued on the 12th April, 1938, and had the effect of adding to the existing

Code a chapter relating to the exploitation of petroleum and natural gas deposits. In brief, the new chapter declares that all petroleum and natural gas beds which have been discovered or may be found in future belong exclusively to the Union or, in certain cases, to the States in which they exist; individual rights are no longer recognized in this respect, but the Union or the States may grant a concession for the private exploitation of any recognized petroliferous area upon fulfilment of certain conditions.

**Coal.**—Production of coal in Brazil during 1937 was officially stated to be 762,789 metric tons valued at 40,054 contos, these figures representing increases of 113,338 tons and 7,789 contos over the output during 1936. The greater production of coal may well have been induced by current legislation which obliges consumers of foreign coal to purchase the equivalent of 20 per cent. in national coal. Furthermore, the important São Jeronymo mines in the State of Rio Grande do Sul whose activities were hindered by flooding during the second half of 1936 were working full time during 1937. A new pit with an estimated production of 2,500 tons per day was opened at this mine during September, 1938, and will substantially augment production which, it is reported, will then reach 4,000 tons per day.

Coal mines are being developed by the Lage group of companies in the States of Paraná and Santa Catharina, and although production from mines situated near Lauro Muller and Crisciuna in Santa Catharina was only 60,000 tons during 1937, this could, it is claimed, easily be increased if required. The coal produced is of a bituminous type with a high percentage of both ash and sulphur, the latter being in the form of pyrites. After washing, however, the coal produces a fair fuel with an ash content of approximately 25 per cent., yielding about 6,400 calories.

**Manganese and Iron Ore.**—Exports of manganese and iron ore increased considerably during 1937 over the corresponding figures for 1936, as will be observed from the following table:—

	<i>Manganese.</i>		<i>Iron Ore.</i>	
	1936.	1937.	1936.	1937.
United Kingdom ...	—	—	62,494	104,329
Canada ... ..	—	—	32,830	42,398
Holland ... ..	19,626	16,155	7,753	29,739
Belgium ... ..	14,332	28,382	7,918	3,048
France ... ..	48,063	41,009	—	6,096
Germany ... ..	—	1,476	—	30
U.S.A. ... ..	74,463	148,704	2	—
Czechoslovakia ...	—	11,389	—	—
Dantzig ... ..	9,987	—	—	—
<b>Total</b> ... ..	<b>166,471</b>	<b>247,115</b>	<b>110,997</b>	<b>185,640</b>

The development of manganese and iron ore mines is being greatly hindered by the lack of transport facilities on the Central Railway of Brazil, which serves the great productive centres in the State of Minas Geraes. Strenuous efforts are, however, being made to overcome this handicap, and the railway is diverting more waggons than heretofore to the transportation of ores. In addition some of the principal exporting firms have, in several cases, repaired ore waggons for their own account on the understanding that they are given priority in their use. In at least one instance they have themselves provided new rolling stock. In this connexion it is reported that the ore transported over the lines of the Central Railway of Brazil during 1935 reached 45,000 metric tons, or 1,072 carloads; in 1936 and 1937 the figures were 229,000 tons or 6,467 carloads, and 424,000 tons or 9,761 carloads respectively. Improvement is still continuing, as is evidenced by the fact that the average monthly total of ore transported during January to April 1938 was 42,000 tons, or 958 carloads, while May shipments reached 55,745 tons or 1,227 carloads. It is considered that a monthly tonnage of 60,000 will soon be reached.

Great interest has been shown during the current year by the Federal authorities in various proposals for increasing iron ore exports, and in the installation of a large scale metallurgical industry. Two principal solutions to the problem of iron ore exports have been mooted, namely the equipment of the Central Railway of Brazil as an ore-carrying system and the sanctioning of the project presented by the Itabira Iron Ore Company regarding, *inter alia*, the construction of a railway for the carriage of ore from the Itabira deposits to the coast at Victoria, State of Espirito Santo. Many suggestions, based on the above, were submitted to the Technical Council of Economy and Finance, and were summarised in the final conclusions voted by that body, to the effect that the Itabira contract should be drawn up in a more acceptable form, which would solve the problem of the exploitation of iron ore on a large scale, with great advantages to national economy. The immediate solution of the national metallurgical problem is, in the opinion of the Council, to be found in the installation of a plant with a capacity of 200,000 tons per annum in one of the States of Santa Catharina, Paraná, and Rio de Janeiro, at a point where ore, Brazilian coke and fluxing materials exist under the most favourable conditions. As a stimulus to the installation of such a plant, the Government would guarantee to purchase 60 per cent. of the production. No final decision has, however, as yet been made known.

**Diamonds.**—According to statistics furnished by the Diamond Control Section of the Ministry for Finance, production rose from 136,462 carats in 1936 to 238,606 carats in 1937, valued

at 44,188 contos of reis or approximately £552,350. Exports during 1937 from the ports of Rio de Janeiro and Bahia amounted to 159,036 carats valued at 26,666 contos. Of these the value of exports shipped to Holland were (8,765 contos), to Belgium (8,756 contos), to the United Kingdom (8,037 contos), and to the United States of America (1,108 contos).

According to accounts received from diamond dealers and others in Brazil, production shows no sign of abatement, but rather tends to increase, stimulated by the finding of several large stones during 1937, which included the following:—

<i>Origin.</i>	<i>Weight. Carats.</i>	<i>Description.</i>
Rio Santo Antonio do Bonito, Municipality of Coromandel.	172½	Clear, colourless and of fine quality. When cut and polished expected to yield about 100 carats. Estimated value 3,000 contos of reis.
Rio São Bento ... ..	327	Yellow tinted. Poor quality.
Rio Bebedouro (Tributary of Rio São Bento).	246	Yellow tinted. Poor quality.
Rio São Bento ... ..	122	White. Medium quality.
Rio São Bento ... ..	72	White. Good quality.
Matto Grosso ... ..	60·75	Rose tinted. Cut down to approximately 25 carats the value of this stone should be about 240 contos of reis.

During the latter part of 1938 a flawless clear white diamond, weighing 726·25 carats was discovered in the Rio Santo Antonio, in the Municipality of Coromandel; the stone was sold by the prospector to a diamond buyer for 2,200 contos (approximately £24,000). Several other large specimens, including one of exceptionally good quality weighing 105 carats, have recently been discovered in the same region.

Prospecting for, and the trade in, precious stones formed the subject of decree law No. 466 of the 4th of June, 1938, infraction of the provisions of which is punishable by severe penalties. The terms of the decree are not onerous and have been designed to put a stop to the export of stones at declared values less than their real worth.

**Gold.**—The high price paid for bullion has resulted in increased attention being paid to gold mining. Official estimates of the production of gold from mines during 1937 are given as 4,534 kilos, of which 3,979½ kilos were produced in the mines of the St. John del Rey Mining Company.

Under current legislation, all gold produced in the country must be sold to the Bank of Brazil for account of the National Treasury.

**Tin.**—It is reported that a tin mine, of which the ore is said to yield 60-65 per cent. of pure metal, is located near Encruzilhada, in the State of Rio Grande do Sul. Estimates of the metallic reserves of the deposit have been given as 400,000 metric tons.

**Bituminous Schist.**—Beds of bituminous schist are said to be exploited on a small scale in the State of Paraná, rectified diesel oil and petrol being extracted from the raw material. The petrol is being experimentally employed by a Paraná omnibus line.

**Apatite.**—Estimates of apatite reserves discovered at Ipanema, in the State of São Paulo, have been given as 150,000 metric tons which, under special treatment, will yield a high grade fertiliser. A reduction plant capable of treating 250 tons of the mineral per day is to be installed in the neighbourhood of the deposits.

**Zirconium Ore.**—This ore is obtained chiefly from mines situated in the State of Goyaz, which are reported to have a high metal content, as is shown from the following analysis:—

	<i>Per cent.</i>	<i>Per cent.</i>
Zr O <sub>2</sub> ... ..	86·76	
Si O <sub>2</sub> ... ..	6·13	
Ti O <sub>2</sub> ... ..	2·14	
Fe <sub>2</sub> O <sub>3</sub> ... ..	3·67	
Al <sub>2</sub> O <sub>3</sub> ... ..	0·82	
		99·52 per cent.

The ore is exported through the port of Santos.

**General.**—Reports from the important mineral centre of Minas Geraes indicate that increased activity is being shown in regard to mining, and practically all minerals known to exist in the State in commercial quantities are now being exported. Reliable figures of production are not, however, available, but the Department of Mineral Production of that State has furnished the following data relative to the first six months of 1938:—Iron ore, 337,760 tons; manganese ore, 145,500 tons; talc, 21,040 tons; asbestos, 19,028 tons; bauxite (aluminium ore), 13,012 tons; kaolin, 5,844 tons; zirconium, 5,070 tons; rutile, 1,020 tons; nickel ore, 300 tons; mica, 216 tons; rock crystal, 152 tons and columbite 2 tons.

The Department, which possesses a well equipped laboratory for assaying purposes, is actively engaged in examining mineral properties, granting concessions and generally encouraging the mining industry. It proposes to divide the mineral zones of Minas Geraes into nine districts, each of which will be placed under the supervision of a mining engineer with experience in geology, assisted by a topographer and a surveyor. It is hoped that new mines will be thereby brought into production, whilst the difficulties at present encountered in the collection of taxes will be greatly lessened.

## X.—MISSIONS.

**Japanese Commercial Mission to Brazil.**—A small Japanese commercial mission visited the State of São Paulo in January, 1938, to study industrial and commercial development, and was afforded assistance by the Secretariat of Agriculture of the State, but nothing was made known of any results which it obtained.

**Brazilian Commercial Mission to Venezuela.**—In April, 1938, the Federal Council for Foreign Trade, in compliance with instructions issued by the President of the Republic, despatched a collection of samples of Brazilian products including manufactured goods to Caracas, accompanied by representatives of the Council and the Lloyd Brasileiro, who organised a small exhibition in the Venezuelan capital. The representatives of the Lloyd Brasileiro also investigated the possibility of establishing a regular shipping line between Brazil and Venezuela, but no definite decision has as yet been divulged.

**Mission representing the Organising Committee of the 1940 Tokio Exhibition.**—A mission representing the Organising Committee of the Great Exhibition of Tokio (to be held in 1940) arrived in Rio de Janeiro at the end of May, 1938, with the object of extending an official invitation to exhibit at the Fair. The mission comprised M. T. Maruyama, member of the Chamber of Peers, M. Z. Amari, former Japanese Minister at Madrid, and M. K. Ichikawa.

**Portuguese Commercial Mission to Brazil.**—A Portuguese commercial mission arrived in Brazil on the 8th August with the object of developing Brazilian-Portuguese trade. During its sojourn in Brazil, the mission, consisting of five members headed by Sebastião Ramires, an ex-Minister, conferred, *inter alia*, with the Federal Council for Foreign Trade. Although full information is not available as to the matters discussed at the meetings, it is understood that the Brazilian authorities sought the cancellation of import duties imposed in Portugal on Brazilian fruit, while the Portuguese delegates attempted to gain customs favours on sardines, olive oil and wine. The mission left Brazil for Portugal on the 25th October, but nothing definite as to the results obtained has been made known.

## XI.—FAIRS AND EXHIBITIONS.

**1937 Rio de Janeiro Samples Fair.**—The tenth Rio de Janeiro Samples Fair was opened by the President of the Republic on the 12th October, 1937, and closed on the 12th December. The number of exhibitors was 578, in comparison with 365 in 1936, whilst the total number of visitors paying the entrance fee of one milreis was 724,829 in 1937 as against 514,759 in 1936. Foreign exhibitors were as follows:—United Kingdom—4,

Holland—3, Czechoslovakia—2, Poland—69, Switzerland—40, France—39, Germany—28, Portugal—20, U.S.A.—12, and one each from Belgium, Argentine, Denmark and Sweden. Pavilions were maintained by the following countries:—Germany, France, Holland, Czechoslovakia, Poland, Belgium, Switzerland, Argentine and Portugal.

The eleventh Fair was held from the 12th October to 15th November, 1938.

**Seventh National Livestock Exhibition.**—The seventh National Livestock Exhibition was inaugurated in Bello Horizonte on the 16th July, 1938. It is reported that there was only one foreign exhibitor.

Most of the cattle exhibits were of the Indian (Zebu) type, with many cross-breeds shown by the Governments of the States of Minas Geraes and São Paulo, and by private breeders. United Kingdom cattle were, however, well represented by Polled Angus, Herefords, Shorthorns, Devons, Jersey and Red Polled, whilst other foreign types included the Charolez, Schwitz and Dutch.

There was a fairly extensive section devoted to horses. Brazilian breeds were in the majority while the minority consisted of Arabs, Anglo-Arabs, Percherons and United Kingdom animals.

The sheep and goat section attracted but little attention; sheep exhibits consisted chiefly of Texel and Romney Marsh breeds, whilst Angoras, Nubians, Toggenbourgs and Mambrinas were on view in the goat section. Pigs, however, were well represented, Polland China, Duroc Jersey, Berkshires, Yorkshires and Edelschwein being exhibited.

An important step taken during the Exhibition was the institution of a stud book for Indu-Brazil cattle, which are cross-breeds between the Zebu and Brazilian animals. Standard characteristics of Gyr, Nellore and Guzerat cattle are also being formulated for the creation of pedigrees for these types.

**Exhibition commemorating the 30th Anniversary of the Ministry for Transport and Public Works.**—An Exhibition was opened in Rio de Janeiro on the 3rd May, 1938, in commemoration of the 30th anniversary of the Ministry for Transport and Public Works, consisting of seven pavilions demonstrating the progress made in aeronautics, railways, commerce, insurance, etc. There were eighty-four exhibitors, of which seventeen were official and sixty-seven commercial, the latter being for the most part suppliers to the various departments subordinate to the Ministry. Eight United Kingdom concerns were represented at this Exhibition which is said to have attracted approximately 200,000 visitors.

## XII.—PUBLIC WORKS AND COMMUNICATIONS.

It is part of the policy of the "new state", which came into being in November, 1937, to provide Brazil with adequate means of communication and transport, hitherto lacking, so as to permit the development of commercial intercourse within the country and the consequent lowering of the cost of living. In this connexion the Minister for Transport and Public Works announced in February, 1938, an ambitious scheme for covering the country with a vast network of railways, roads and fluvial navigation services which he estimated would take twenty years to complete. No definite plans or estimates of the expenditure involved have yet been published, but it is reported that the Minister has already submitted a five-year-plan to the President of the Republic for approval.

**Rio de Janeiro Water Supply Concession.**—It was announced by the concessionaires of the Rio de Janeiro water supply, Messrs. Dahne Conceição & Cia., that their new conduits should be in operation some time during the first half of 1939; this will increase the daily supply to the Capital by some 225,000 cubic metres.

The pipes are being manufactured by a newly established local subsidiary of the S. A. des Hauts Fourneaux et Fonderies de Pont-à-Mousson and the S.A. des Tuyaux Bonna, which began operating in July, 1938. The daily output of this factory is understood to be 44 five-metre lengths of ferro-concrete pipes of 1m.75 to 1m.50 (diameter); 51 kilometres of the larger size and 15 kilometres of the smaller are required. All materials employed, with the exception of the steel sheets for reinforcing the high pressure pipes, are of national manufacture.

In November, 1938, the concessionaires incorporated a limited company, the Sociedade Adductora Ribeirão das Lages, to which the contract for the work was transferred. Eighty per cent. of the shares of the new company were handed to the Bank of Brazil as additional security for the credit of 78,000 contos advanced by the Bank to Messrs. Dahne Conceição & Cia.

**Port Works.**—The accounts of the administration of the Port of Rio de Janeiro show that the total receipts in 1937 amounted to 30,879 contos, and expenditure to 23,854 contos, leaving a balance of slightly more than 7,000 contos. New electric cranes were purchased during the year at a cost of over 2,000 contos, and a fair amount of dredging and repairs was carried out.

Replacement of equipment, dredging and general improvements have been, or are being, effected at the ports of Victoria, Porto Alegre, Rio Grande, Pelotas, Paranagua, Antonina, Maceio, and several less important coastal towns.



The contract for the construction of quays with suitable installations at São Sebastião has been revised and the port is to be linked by rail with the Central Railway of Brazil.

No progress has yet been made with the new harbour at Fortaleza (Ceará); but it is understood that a site has now been definitely fixed upon, and a further estimate for the work has been given as 38,896 contos.

**Roads.**—The construction of new roads constitutes an important part of the scheme of the Minister for Transport and Public Works to provide the country with a comprehensive system of communications.

The budgetary allocations for highways increase year by year, the 1937 vote being approximately 25,600 contos compared with 37,330 contos in the 1938 budget, which includes 9,500 contos for military roads. Further credits were opened during the year 1937 totalling 4,800 contos, but were not used. Apart from this there is the Federal Government drought relief scheme in the north-eastern States, in which a considerable amount of road work is included, and a ten-year roadmaking plan has been formulated in the State of Bahia.

The Pan-American Highway mentioned in the last report in this series continues to be a matter of discussion, but as far as can be ascertained no actual progress has been made regarding the Brazilian section.

**Railways.**—No more recent statistics of the extent of Brazilian railways than those contained in Appendix 13 of this Report have been published. It is, nevertheless, known that a number of minor extensions were made to Federal and State-operated lines, and one or two new branches have been added to existing railways.

Complaints have been heard in many parts of the country of the inadequacy of railroad transport, which is stated to be unable to cope with the requirements of many producing regions. This applies with particular force to the carriage of mineral ores from the interior of Minas Geraes, although it is understood that this situation has improved to some extent since last year. Owing, however, to the necessity for the strict compression of public expenditure it has only been possible for the authorities to attend to the most indispensable replacements and improvements.

The electrification of the Central Railway of Brazil, under contract with Messrs. Metropolitan Vickers Electrical Export Company, Ltd., has continued without interruption, and further sections of the line have been opened to traffic, up to the Bangú and Nova Iguassú, respectively on the Mangaratiba branch and the main line to the interior. Suburban passenger traffic

is stated to have increased considerably, but the deficit of the railway rose from 70,000 contos in 1936 to 94,000 contos in 1937.

As stated in the last report, electrification is to be installed up to Santa Cruz (Mangaratiba branch) and Barra do Pirahy (main line), but it is also understood that a proposal is under consideration to carry the electrified line from the latter town to Cachoeira on the São Paulo main line and to Entre Rios on the Bello Horizonte main line.

By a decree signed in July, 1938, the Viação Ferrea do Rio Grande do Sul, a federal railway leased to this State, is to be granted an annual budgetary vote of 20,000 contos for a period of ten years. This subsidy is to be applied strictly to the re-equipment and improvement of the railway.

A commission is at present understood to be surveying the trace of a line to connect the port of São Sebastião with the main line of the Central Railway of Brazil between Rio de Janeiro and São Paulo. This would provide a new outlet for the products of a rich agricultural region which are at present exported through Santos or the Federal capital, at freight charges which are in many cases very high.

Little can be said in regard to the four British railways operating in Brazil. Their traffic returns were all satisfactory during 1937, though their net revenue in sterling was heavily reduced owing to the depreciation in exchange. The Leopoldina Railway Company's negotiations with the Government for financial assistance are stated to be progressing favourably.

Surveys for the Brazil-Bolivian railway are being carried out from both ends of the projected line, and an order for rails, fish-plates, etc., has been placed with Polish manufacturers. It is reported that actual construction at the Brazilian end should begin in March, 1939, and will take some six years to complete. Work has already commenced in Bolivian territory, about 70 kilometres of line having been laid.

The promoters of a railplane company to operate in the Federal District and in the State of Rio de Janeiro have not yet published their final plans, but it is understood that they are still engaged in making their financial arrangements. It appears to be their intention to begin with a suburban service in Rio de Janeiro, and afterwards to extend their lines to Petropolis.

**Civil Aviation.**—The steady development of civil aviation mentioned in previous reports in this series has by no means abated, as will be seen from the schedule of air services and the traffic statistics contained in Appendices Nos. 15 and 14 respectively.

*New and extended services.*—The service of the Condor Syndicate from Parnahyba to Floriano and Urussuhy mentioned in the last report was extended in January, 1938, to Carolina, in the adjoining State of Maranhão.

On the 21st February, 1938, the Pan-American Airways Inc., inaugurated an overland line between Rio de Janeiro and Buenos Aires via Asuncion, one flight being made per week. Although calls are made at several points in Brazil, the transport of passengers between such towns is not permitted, in order to avoid competition with national lines.

As a result of a concession granted by the Peruvian Government to the Lufthansa, A/G, it is now possible to fly from Rio de Janeiro to Lima in two days, using 'planes of the Condor Syndicate, the Lloyd Aereo Boliviano and the Lufthansa.

A contract was signed in April, 1938, between the Viação Aerea São Paulo S/A (VASP) and the Department of Civil Aviation for the operation of a bi-weekly service between Uberaba (State of Minas Geraes) and Goyania (State of Goyaz), a distance of 470 kilometres, subsidized at the rate of 2:538\$000 per round trip. The first regular flight was made on the 1st August. This company has maintained a service between São Paulo and Uberaba for some time.

In March, 1938, an experimental flight to South America was made by an Italian 'plane belonging to the "Ala Littoria" with a view to establishing a regular line to Brazil and the River Plate; the company has since filed a petition to operate a Rome-Rio de Janeiro service.

In May, 1938, the Polish L.O.T. Company sponsored a trial flight round South America with the object of studying the possibility of establishing a transcontinental air line.

A British Air Mission visited South America in July and August, 1938, to carry out preliminary surveys in connexion with the proposed service to this continent by British Airways.

According to press reports, the Air France company will shortly be able to carry passengers on their present transatlantic mail line.

*Legislation governing aviation.*—In December, 1937, a notice was issued by which foreign air companies might only carry mails and cargo on routes not served by Brazilian concerns on the same day.

A new Air Code was promulgated by decree-law No. 483 of the 8th June, 1938 (a translation of which may be seen at the Department of Overseas Trade), and a National Aeronautical Council was created to supervise and control aviation activities.

*Aircraft construction.*—Law No. 581 of the 9th November, 1937, authorised the installation of an aerodynamic laboratory fitted with a wind tunnel, with a view to the construction of two prototype 'planes for military aviation. The plans of their 'planes would afterwards be handed over to the national civil industry.

*National aircraft factory.*—The call for tenders for the construction and operation of an aircraft factory at Lagôa Santa, State of Minas Geraes, mentioned in the last report in this series was cancelled, presumably because the only proposal submitted did not fulfil the requirements of the Government. A later offer made by a Canadian concern was likewise rejected. A new call for tenders was, however, published in the "Diario Oficial" of the 27th August, 1938, closing on the 1st December, 1938.

*Aero Clubs in Brazil.*—An allocation of 1,500 contos was made in the 1938 budget estimates for aero clubs, gliding clubs and civil aviation schools. In December, 1937, a decree law was signed by the President of the Republic granting subsidies of 558 and 160 contos respectively to the Aero-Clube do Brasil and the Aero-Clube do São Paulo for the improvement of their aerodromes. This Government support will doubtless prove an incentive to private flying, and aero clubs have since been founded in Juiz de Fora and Itaiutuba (State of Minas Geraes) and Joinville (State of Santa Catharina).

The most important work of aero clubs, apart from fostering air-mindedness, is the training of civilian pilots; the Aero-Clube do Brasil also organises a flying week every year, during which races are held.

*Aerodromes.*—During the past twelve months considerable activity has been noted in aerodrome construction, and quite a number of new landing grounds have been opened in various parts of the country.

The Santos Dumont airport at Rio de Janeiro now possesses several excellent runways and work has started on the administrative buildings and hangars; the Government civil seaplane base was inaugurated by the President of the Republic on the 1st November. It is at present used as the commercial and passenger station of the airport.

*Civil Aviation Vote—1938.*—The 1938 civil aviation estimates included subsidies totalling 2,139:960\$000 distributed as follows: Condor Syndicate 726:960\$000 for the São Paulo-Cuyaba service and 237:000\$000 for the Parnahyba-Floriano line; Panair do Brasil 936:000\$000 for their Belem to Manãos service; Aerolloyd Iguassú 240:000\$000 for their São Paulo-Santa Catharina line. There are also allocations of 1,500 contos

for aero clubs, gliding clubs and civil aviation schools, and 15,920 contos for improvements to and the construction of airports and landing grounds.

*Military Airmail Service.*—The Military Airmail Service, now in its twentieth year of regular operation, maintains rapid communication with many remote towns in the interior of the country.

**Mercantile Marine.**—Federal subsidies payable to national shipping companies in the 1938 budget are as follows:—

	<i>Contos of Reís.</i>
Companhia de Navegação Lloyd Brasileiro ... ..	40,000
Companhia Nacional de Navegação Costeira ... ..	7,020
Amazon River Steam Navigation Company (now owned by the Lage group) ... ..	4,500
Navigation Service on the River Autazes ... ..	96
Empresa de Navegação dos rios Mamoré-Guaporé ... ..	300
Navegação do Alto Tapajos ... ..	36
Navigation Service on the River São Francisco (Bahia Section) ... ..	400
Navigation Service on the River São Francisco (Minas Geraes Section) ... ..	300
Navigation Service on the Lower São Francisco River ... ..	100
Navigation Service on the Upper Paraná River ... ..	150
Navigation Service on the Rivers Mearim, Pindaré, Munim, etc. (State of Maranhão) ... ..	340
Navigation Service on the Rivers Tocantins and Araguaya ... ..	300
Navigation Service on the River Parnahyba (State of Piauhy) ... ..	150
Companhia de Navegação Bahiana ... ..	500
Navigation Service between Porto Esperança and Corumba ... ..	150
Total ... ..	54,342

Despite the subventions paid annually to the Brazilian mercantile marine, coastal and fluvial freights are generally so high as to be considered seriously detrimental to the interchange of commodities within the country. It is reported that this question is to form the subject of a Government enquiry in the not too distant future, and hopes are held that the importance attached by the authorities to the solution of the problem of communications will eventually lead either to a reduction of freights and an improvement in the services or to the provision of other means of long distance transport at competitive rates.

The Lloyd Brasileiro shipping company is, as stated in the 1937 economic report, now owned and operated by the Federal Government. The five cargo vessels ordered by the Government of the State of Rio Grande do Sul are all to be incorporated in the fleet of the Lloyd Brasileiro; two of these 4,000 ton steamers have been in service since June 1938, and are proving to be well suited to the work for which they are destined.

Two motor driven passenger and cargo liners for transatlantic service were reported to have been ordered in Italy. A further

order for four motor driven cargo vessels for the U.S.A.-Brazil line was placed in Germany. The remaining six vessels which it is intended to add to the fleet of the Lloyd Brasileiro have not yet been ordered.

A small passenger vessel (42 metres long) is also being built by Italian yards for the Companhia de Navegação Bahiana, at a cost of £29,500. Nothing has yet transpired in regard to the other two ships and the cargo lighter required by this company.

*Steamship services between North and South America.*—Maritime services between North and South America have been augmented by the addition of three passenger liners, the "Brazil", "Uruguay", and "Argentina" (vessels formerly part of the fleet of the Panama Pacific line, under other names), to the fleet of the American Republics line, now operated by the Moore McCormack Company. A number of extra cargo vessels are also being operated by this same company.

### XIII.—MISCELLANEOUS.

**Naval Programme.**—Two sloops, the construction of which was started in the naval dockyards at Rio de Janeiro in November, 1937, were launched on the 22nd October, 1938, being christened the "Cananea" and the "Carioca". The keel of a third of these vessels, to be named the "Camaquan", was laid after the launching of the above-mentioned vessels.

Other construction work at present being undertaken in the Brazilian naval yards comprises a monitor, the "Paraguassú", which is nearing completion, three destroyers, and four sloops of the "Cananea" class.

**Insurance.**—Official statistics of the business transacted by insurance companies in Brazil during 1936 are appended:—

<i>Life and Endowment.</i>		<i>13 Concerns.</i>	
		<i>Contos of Reis.</i>	
Aggregate Capital	... ..	...	18,739
Total Reserves	... ..	...	400,444
Premium (less reinsurance)	... ..	...	111,283
Death Claims and Maturity Payments	... ..	...	38,387
Ratio of Payments to Premiums	... ..	...	34.5%
 <i>Land (Fire, Accident, etc.) and Marine.</i>		 <i>Contos of Reis.</i>	
		<i>Brazilian</i>	<i>Foreign</i>
		<i>Concerns 41.</i>	<i>Concerns 33.</i>
Aggregate Capital	... ..	83,000	51,593
Total Reserves	... ..	92,480	36,539
Premiums (less reinsurance)	... ..	66,490	57,656
Losses Paid	... ..	24,612	17,438
Ratio of Payments to Premiums	... ..	37.0%	30.2%

There was a slight increase in the capital and reserves of life and endowment concerns from 1935 to 1936, but premiums, death claims and maturity payments were lower.

As regards national land and marine insurance, one new company was incorporated in 1936, but the aggregate capital and reserves were lower than in the previous year. Premiums were nearly 30,000 contos of reis lower for the same year and losses paid decreased by over 6,000 contos, the ratio of payments to premiums having risen from 33.0 per cent. to 37.0 per cent. Foreign concerns on the other hand showed appreciable rises in their reserves, premiums and losses paid, the ratio being almost unchanged.

Workmen's compensation insurance results during 1935 and 1936 were as follows:—

	1935.	1936.
Number of Companies ... ..	7	18
Aggregate Capital ... ..	6,108	11,636
Total Reserves ... ..	15,619	21,390
Premiums ... ..	42,388	50,810
Indemnities and Maintenance Payments	14,018	23,054
Ratio of Payments to Premiums ...	33.1%	45.4%

*Nationalisation of insurance companies.*—The new constitution of November, 1937, provides that insurance companies operating in Brazil shall be nationalised within a reasonable time, and that such concerns may only continue to function in the country if their shareholders are Brazilian. But a law to carry this into effect has not yet been issued. In the meantime regulations have been issued which permit foreign concerns to continue operating, although applications by foreign companies which have not yet commenced operating in Brazil are being refused, as also are those made by foreign companies desiring to enter branches of insurance other than those in which they are now engaged.

The Constitution similarly provided for the creation of a state reinsurance bank, but here again the necessary legislation has not been promulgated.

**Labour.**—In spite of the efforts of the federal and state governments to increase immigration and to encourage the migration of labourers in Brazil, the shortage of agricultural and, to a lesser degree, industrial workers is still acute. This dearth of labour is a hindrance to the efforts of the Government to produce a wider range of exportable goods and to improve the quality of the two primary products, coffee and cotton. Furthermore, the continued rise in the cost of living can to some extent be traced to this evil, since although labour is still comparatively cheap, the difficulty of obtaining sufficient hands has led to a gradual rise in wages with a consequent increase in production costs.

Since the last report in this series, legislation has been introduced establishing minimum wage commissions throughout the country in connexion with Law No. 185 of the 14th January, 1936, full details of which were contained in the annual report on Economic Conditions in Brazil, dated September, 1936. Other labour legislation includes regulations regarding the working hours of commercial employees and workers in sugar mills and textile factories.

**Immigration.**—The bill regulating immigration into Brazil mentioned in the last report was not passed by Congress before its dissolution on the 10th November, 1937, but a special commission was created in January, 1938, to study the question. The outcome of the commission's work was embodied in Decree-Law No. 406 of the 4th May, 1938 ("Diario Oficial" of the 6th May) the main points of which are as follows:—

No physically or mentally disabled persons nor criminals, moral perverts, unprotected minors, or old people, may enter the country. Eighty per cent. of permanent approved immigrants must be agricultural workers or experts in agricultural industries, and must live and work on the land for at least the first four years of their residence. Furthermore, all transportation concerns, including steamship companies and international air lines carrying foreigners to Brazil, as well as travel and ticket agencies, are placed under strict Government control, and ships and aeroplanes are bound to repatriate foreign passengers who are refused admission into Brazil.

Foreigners resident in the country for over six months are, moreover, obliged to obtain civil identity cards from the Police Authorities.

Regulations to implement this decree-law were contained in decree No. 3,010 of the 20th August, 1938 ("Diario Oficial" of the 22nd August). Further details in regard to immigration laws may be obtained from the Department of Overseas Trade. Other legislation affecting the entry and residence of foreigners in Brazil was also promulgated at the beginning of 1938, reference to which is made in the relevant chapter of this report.

**Population.**—According to the latest statistics of the Ministry for Justice and Internal Affairs, the population of Brazil at the end of 1937 was estimated to be 43,246,931 persons. As mentioned in the last report in this series, credits have been opened to cover the cost of preliminary work in connexion with a census to be taken during 1940, and the Brazilian Institute of Geography and Statistics has been authorised to proceed with this task.

**Anti-Trust Law.**—Decree-Law No. 869 of the 18th November, 1938, published in the "Diario Oficial" of the 21st November, defines crimes against the public economy, and is,



in effect, an anti-trust law. The Decree also prescribes penalties for fraudulently or hazardously carrying on financial establishments, life, annuity, building, and similar mutual benefit societies. Price agreements, such as those imposing a fixed price for resale or requiring a purchaser not to buy from another supplier, are declared to be illegal.

“ Snowball ” and “ chain ” systems and the like are penalised, as are also harsh proceedings on the part of those selling property or goods by the hire purchase system. The Decree also deals with offences relating to false weights and measures, as well as with usury, and it lays down that no bail can be allowed to those being tried under its provisions.

## APPENDIX No. I.

## BUDGET ESTIMATES FOR 1938.

<i>Revenue.</i>	<i>1938. Estimates.</i>	<i>Increase + or decrease — compared with 1937 Estimates.</i>
		<i>Contos of reis.</i>
<i>Ordinary :—</i>		
<i>I. Taxes—</i>		
(a) Import Duties, Port and Light Dues, etc. ... ..	1,329,700	+ 330,600
(b) Consumption Tax ... ..	848,110	+ 292,700
(c) Income Tax ... ..	308,500	+ 88,900
(d) Stamp and Document Tax ... ..	268,120	+ 62,620
(e) Numerous Territorial Taxes ... ..	100	+ 30
<i>Revenue from Taxation</i> ... ..	<u>2,754,530</u>	<u>+ 774,850</u>
<i>II. Patrimonial Revenue</i> ... ..	30,643	+ 5,110
<i>III. Industrial Revenue</i> ... ..	427,987	+ 49,495
<i>IV. Sundry Revenue</i> ... ..	203,195	+ 29,327
<i>Total Ordinary Revenue</i> ... ..	3,416,355	+ 858,782
<i>Extraordinary Revenue</i> ... ..	407,268	— 233,625
<i>Total Revenue</i> ... ..	<u>3,823,623</u>	<u>+ 625,157</u>

*Expenditure.*

Presidency of the Republic, Council of National Safety, Federal Council of Public Civil Service, National Institute of Statistics and Federal Council for Foreign Trade ... ..	6,597	— 16,073
Ministry for Finance ... ..	1,228,123	+ 154,563
Ministry for Justice and Internal Affairs ... ..	146,830	+ 13,974
Ministry for Foreign Affairs ... ..	50,952	+ 3,351
Ministry for Education and Public Health ... ..	280,951	— 56,531
Ministry for Labour, Industry and Commerce ... ..	68,665	+ 4,194
Ministry for Transport and Public Works ... ..	931,698	+ 106,511
Ministry for War ... ..	738,503	+ 59,991
Ministry for Marine ... ..	300,255	— 4,753
Ministry for Agriculture ... ..	122,653	+ 22,557
<i>Total Expenditure</i> ... ..	<u>3,875,227</u>	<u>+ 287,784</u>

*Contos of Reis.*

Estimated Expenditure for 1938 ... ..	3,875,227
Estimated Revenue for 1938 ... ..	3,823,623
Estimated deficit for 1938 ... ..	<u>51,604</u>

## APPENDIX No. 2.

## 1939 BUDGET ESTIMATES.

<i>Ordinary Revenue.</i>	1939.	<i>Increase + or decrease - compared with 1938 estimates.</i>
	Contos	of Reiss.
<i>I. Taxes.</i>		
Import Duties, Ship and Aircraft Dues, etc.	1,330,000	+ 300
Consumption Tax ... ..	1,010,200	+ 162,090
Income Tax and other Taxes ... ..	332,500	+ 24,000
Stamp Tax and Tax on Government Pay- ments, etc. ... ..	277,950	+ 9,830
Taxes in the Territories ... ..	200	+ 100
Revenue from Taxation ... ..	2,950,850	+ 196,320
<i>II. Patrimonial Revenue</i> ... ..	37,383	+ 6,740
<i>III. Industrial Revenue</i> ... ..	467,992	+ 40,005
<i>IV. Sundry Revenue</i> ... ..	188,500	- 14,695
Total Ordinary Revenue ... ..	3,644,725	+ 228,370
Extraordinary Revenue ... ..	426,224	+ 18,976
Total Revenues ... ..	4,070,969	+ 247,346

*Expenditure.*

Presidency of the Republic, Administrative Department of the Public Service, Institute of Geography and Statistics, Federal Councils for Foreign Trade, Immigration and Colonization, Petroleum and National Security ... ..	19,530	12,933
Ministry for Finance ... ..	1,238,744	+ 10,621
Ministry for Justice ... ..	148,312	+ 1,482
Ministry for Foreign Affairs ... ..	60,811	+ 9,859
Ministry for Education and Public Health ...	305,673	+ 24,722
Ministry for Labour, Industry and Commerce	112,175	+ 43,510
Ministry for Transport and Public Works ...	994,617	+ 62,919
Ministry for Marine ... ..	297,561	- 2,694
Ministry for War ... ..	760,699	+ 22,186
Ministry for Agriculture ... ..	127,378	+ 4,725
	4,065,499	+ 190,272

	Contos of Reiss.
Estimated Revenue, 1939 ... ..	4,070,969
Estimated Expenditure, 1939 ... ..	4,065,499
Estimated Surplus, 1939 ... ..	5,470

## APPENDIX No. 3.

## BUDGETS OF CERTAIN STATE GOVERNMENTS.

The outturn of 1937 budgets is shown in cases where such information has been published, estimates being given for other states. Most of the 1939 estimates are preliminary. No figures whatsoever are available as regards the States of Matto Grosso, Goyaz, or Santa Catharina.

<i>State.</i>	<i>Year.</i>	<i>Revenue.</i>	<i>Expendi- ture.</i>	<i>Surplus.</i>	<i>Deficit.</i>
		<i>Contos of reis.</i>			
<i>Amazonas</i> ... ..	1937 outturn	17,249	17,190	59	—
	1938 estimates	16,709	16,709	—	—
<i>Pará</i> ... ..	1937 estimates	26,001	32,500	—	6,499
	1938 ..	26,892	33,925	—	7,033
	1939 ..	28,195	28,111	84	—
<i>Maranhão</i> ... ..	1937 ..	14,087	14,084	3	—
	1938 ..	17,261	17,257	4	—
	1939 ..	18,068	18,066	2	—
<i>Piauí</i> ... ..	1937 ..	10,556	10,554	2	—
	1938 ..	13,274	13,264	10	—
<i>Ceará</i> ... ..	1937 outturn	31,053	32,068	—	1,015
	1938 estimates	32,218	30,968	1,250	—
<i>Rio Grande do Norte</i>	1937 ..	23,219	23,314	—	95
<i>Paraíba</i> ... ..	1937 ..	24,381	24,186	195	—
	1938 ..	26,692	26,660	32	—
<i>Pernambuco</i> ... ..	1937 ..	79,526	79,526	—	—
	1938 ..	83,850	83,736	114	—
	1939 ..	87,860	87,723	137	—
<i>Alagoas</i> ... ..	1937 ..	15,778	15,778	—	—
	1938 ..	16,208	16,206	2	—
	1939 ..	15,440	15,440	—	—
<i>Sergipe</i> ... ..	1937 outturn	15,319	15,526	—	207
<i>Bahia</i> ... ..	1937 ..	116,763	113,698	3,065	—
	1938 estimates	87,000	86,925	75	—
	1939 ..	116,120	115,542	578	—
<i>Espirito Santo</i> ... ..	1938 estimates	35,985	35,966	19	—
	1939 ..	41,210	41,210	—	—
<i>Rio de Janeiro</i> ... ..	1937 ..	64,567	70,146	—	5,579
	1938 ..	68,349	79,123	—	10,774
	1939 ..	91,499	91,499	—	—
<i>Minas Geraes</i> ... ..	1937 outturn	264,815	334,769	—	69,954
	1938 estimates	296,510	324,200	—	27,690
<i>Federal District</i> ... ..	1937 ..	326,171	359,369	—	33,198
	1938 ..	400,600	399,295	1,305	—
	1939 ..	424,330	423,366	964	—
<i>São Paulo</i> ... ..	1937 ..	749,909	749,909	—	—
	1938 ..	744,402	744,402	—	—
	1939 ..	947,339	1,005,413	—	58,074
<i>Paraná</i> ... ..	1937 ..	49,861	63,356	—	13,495
	1938 ..	53,427	53,427	—	—
<i>Rio Grande do Sul</i> ... ..	1937 outturn	261,072	260,101	971	—
	1938 estimates	305,742	322,308	—	16,566
	1939 ..	349,167	348,781	386	—

## APPENDIX No. 4.

## BRAZILIAN PAPER CURRENCY IN CIRCULATION ON THE 30TH JUNE, 1938.

<i>No. of Notes.</i>	<i>Denomination.</i>	<i>Amount.</i>
Bank of Brazil issue	—	426,842:414 \$000
2,599,870	1 \$000	2,599:870 \$000
1,341,193	2 \$000	2,682:386 \$000
20,272,706	5 \$000	101,363:530 \$000
17,781,759½	10 \$000	177,817:595 \$000
11,261,062	20 \$000	225,221:240 \$000
6,324,605	50 \$000	316,230:250 \$000
5,991,915½	100 \$000	559,191:550 \$000
3,118,648½	200 \$000	623,729:700 \$000
4,640,824½	500 \$000	2,320,412:250 \$000
7,811	1,000 \$000	7,811:000 \$000
<hr/>		<hr/>
73,340,395		4,803,901:785 \$000
In circulation on the 30th June, 1937 ...		4,248,408:934 \$500
Increase in circulation ... ..		555,492:850 \$500
Increase in circulation between the 1st January and the 31st December, 1937		502,605:507 \$500

The stocks of gold held in the vaults of the Bank of Brazil on the 30th of June, 1938, amounted to 28,905 kilogrammes of fine gold, valued at Rs. 521,617:636 \$800 (approximately £5,982,000).

## APPENDIX No. 5.

## BRAZILIAN IMPORTS.

Principal articles classified, showing United Kingdom's position in relation to other important suppliers of each article in the years 1935, 1936 and 1937.

1935—£1 (gold) = 148\$000.

1936—£1 (gold) = 142\$000.

1937—£1 (gold) = 131\$000.

	Weight (Met. Tons).			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935	1936.	1937.
<b>CLASS I.</b>						
<i>Cotton, Wool, Linen, Jute and Silk.</i>						
(Raw yarns and textiles.)						
<i>Cotton Piece Goods— Bleached.</i>						
Total Imports ...	13	17	38	5	7	18
UNITED KINGDOM	8	11	14	3	4	5
Switzerland ...	3	4	19	1	2	10
<i>Cotton Piece Goods— Printed.</i>						
Total Imports ...	14	23	26	4	6	10
UNITED KINGDOM	9	11	15	3	4	5
Japan ...	3	8	4	$\frac{1}{2}$	1	$\frac{1}{2}$
Switzerland ...	1	1	2	1	$\frac{1}{2}$	$2\frac{1}{2}$
<i>Cotton Piece Goods— Dyed.</i>						
Total Imports ...	78	122	92	22	29	33
UNITED KINGDOM	48	82	46	10	17	15
Italy ...	7	21	16	2	5	4
Germany ...	11	7	10	4	2	4
Japan ...	—	1	$\frac{1}{2}$	—	—	—
France ...	2	2	2	1	1	1
Switzerland ...	3	3	9	1	1	6
<i>Cotton Piece Goods— Dyed. Velvets, Plushes and Similar.</i>						
Total ...	66	46	61	19	13	17
UNITED KINGDOM	10	8	7	3	3	3
Germany ...	10	7	10	3	3	4
Belgium ...	21	13	10	4	3	2
Japan ...	12	12	24	2	2	4
<i>Cotton Piece Goods— Dyed. Rubberized Cloth.</i>						
Total ...	62	43	34	14	9	7
UNITED KINGDOM	48	28	26	10	6	5
U.S.A. ...	8	9	5	1	2	1

	<i>Weight (Met. Tons).</i>			<i>Value (in £1,000 Gold).</i>		
	1935.	1936.	1937.	1935.	1936.	1937.
<i>Cotton Piece Goods—</i>						
<i>Unenumerated.</i>						
Total ... ..	86	132	181	17	20	28
UNITED KINGDOM	14	16	19	2	3	3
U.S.A. ... ..	46	90	135	5	9	15
Germany ... ..	18	19	19	7	6	6
Japan ... ..	1	2	2	—	—	—
<i>Cotton Goods—</i>						
<i>Unspecified.</i>						
Total ... ..	307	347	372	42	43	50
UNITED KINGDOM	47	41	48	7	7	8
U.S.A. ... ..	167	125	96	20	16	13
Canada ... ..	4	87	93	1/2	8	10
Germany ... ..	29	32	53	5	5	8
Japan ... ..	51	53	63	4	3	5
<i>Raw Jute.</i>						
Total Imports ...	20,481	21,838	28,384	296	325	427
UNITED KINGDOM	1,421	2,342	3,023	12	33	43
India ... ..	18,602	19,449	25,327	260	292	382
<i>Jut Yarn for</i>						
<i>Weaving.</i>						
Total Imports ...	3,844	5,870	6,128	85	132	138
UNITED KINGDOM	3,775	5,057	4,176	80	115	99
Belgium ... ..	68	808	1,031	1	17	22
<i>Wool Yarn.</i>						
Total Imports ...	968	841	1,180	245	230	355
UNITED KINGDOM	218	77	150	44	17	36
Germany ... ..	117	421	468	35	128	170
Japan ... ..	136	265	398	29	61	109
France ... ..	267	33	41	69	11	14
Belgium ... ..	136	21	42	31	6	13
<i>Woollen Piece Goods.</i>						
Total Imports ...	84	105	128	58	60	85
UNITED KINGDOM	66	67	72	44	40	54
Germany ... ..	6	22	31	4	10	18
France ... ..	8	9	9	6	7	6
<i>Linen Piece Goods.</i>						
Total Imports ...	584	995	1,237	168	289	367
UNITED KINGDOM	374	272	353	104	23	121
Northern Ireland...	42	397	464	13	118	138
Belgium ... ..	128	237	254	27	54	64
Czechoslovakia ...	22	40	113	5	11	31
France ... ..	13	25	11	8	10	5

	Weight (Met. Tons).			Value (in £1,000 Gold.)		
	1935.	1936.	1937.	1935.	1936.	1937.
<b>CLASS II.</b>						
<b>Iron, Steel and Manufactures.</b>						
<i>Iron Bars and Rods.</i>						
Total Imports ...	30,726	30,807	41,733	162	177	344
UNITED KINGDOM	377	87	133	2	1	2
Germany ...	13,075	23,718	24,566	72	141	214
Belgium ...	14,876	4,810	13,212	63	22	96
<i>Iron Plates and Sheets.</i>						
Total Imports ...	34,898	39,879	49,865	250	299	517
UNITED KINGDOM	1,872	2,072	3,639	19	22	44
Germany ...	18,753	28,315	19,270	121	199	208
U.S.A. ...	8,813	7,321	19,279	65	61	190
Belgium ...	5,239	1,888	6,679	29	14	66
<i>Pig Iron, Puddled Iron, etc.</i>						
Total Imports ...	1,119	2,453	2,286	13	18	27
UNITED KINGDOM	300	1,157	1,035	2	5	9
Germany ...	243	709	218	3	6	4
France ...	53	365	534	1	3	5
U.S.A. ...	141	35	137	3	2	5
<i>Iron or Steel I-L-T-U-Z Section.</i>						
Total Imports ...	8,712	12,443	13,747	47	70	109
UNITED KINGDOM	598	649	150	3	4	1
Belgium ...	4,504	4,910	7,356	21	25	53
Germany ...	1,924	5,222	3,615	11	31	30
U.S.A. ...	1,082	490	1,338	6	3	12
<i>Iron Hoops and Strips.</i>						
Total Imports ...	13,301	8,623	16,946	103	68	179
UNITED KINGDOM	628	213	138	4	1	1
Germany ...	8,451	7,410	14,925	67	59	160
Belgium ...	3,333	503	1,284	23	4	12
<i>Steel Bars and Rods.</i>						
Total Imports ...	5,159	6,759	9,316	67	78	135
UNITED KINGDOM	1,529	1,362	1,465	17	18	23
Germany ...	2,430	3,790	5,787	36	48	85
Belgium ...	794	674	194	5	3	1
U.S.A. ...	267	521	1,476	2	4	17
<i>Steel Plates.</i>						
Total Imports ...	2,988	2,561	5,007	32	28	66
UNITED KINGDOM	820	631	786	7	6	10
U.S.A. ...	1,119	1,492	3,887	13	17	48
Germany ...	825	243	248	7	4	7



	Weight (Met. Tons).			Value (in £1,000 Gold.)		
	1935.	1936.	1937.	1935.	1936.	1937.
<i>Structural Iron and Steel.</i>						
Total Imports ...	10,865	11,098	11,285	111	131	116
UNITED KINGDOM	106	1,002	896	2	11	15
Germany ...	5,481	5,962	5,682	68	65	52
U.S.A. ...	1,567	2,167	2,527	16	34	31
Belgium ...	3,377	1,087	2,141	17	10	18
<i>Rails, Fishplates, etc.</i>						
Total Imports ...	53,670	51,434	83,849	329	311	611
UNITED KINGDOM	6,836	1,198	1,923	40	11	21
U.S.A. ...	5,763	21,324	21,950	37	115	154
Germany ...	5,442	12,705	12,827	28	85	106
Belgium ...	13,648	4,670	27,855	87	32	195
<i>Telegraph and Telephone Posts.</i>						
Total Imports ...	550	1,339	1,262	7	15	18
UNITED KINGDOM	330	388	112	4	7	3
U.S.A. ...	20	514	421	2	3	3½
Germany ...	32	437	657	½	5	10
<i>Tubes, Pipes and Fittings.</i>						
Total Imports ...	28,795	33,439	50,510	362	361	657
UNITED KINGDOM	4,586	4,749	5,399	50	51	78
Germany ...	8,300	16,608	23,451	120	185	358
U.S.A. ...	2,801	2,773	3,660	44	55	76
Belgium ...	6,799	5,587	15,288	66	34	109
<i>Hoes, Shovels, Pick-axes.</i>						
Total Imports ...	4,430	5,621	6,952	158	190	255
UNITED KINGDOM	2,143	2,616	3,076	70	92	116
Germany ...	1,898	2,572	3,159	63	77	105
U.S.A. ...	322	383	654	16	17	30
<i>Barbed Wire.</i>						
Total Imports ...	20,324	23,503	22,801	160	190	260
UNITED KINGDOM	31	37	33	—	½	½
Germany ...	8,882	14,699	12,817	71	128	160
U.S.A. ...	5,537	5,359	5,187	35	37	54
Belgium ...	5,307	3,245	3,543	39	22	36
<i>Wire (not including Barbed).</i>						
Total Imports ...	29,438	31,990	39,690	252	285	447
UNITED KINGDOM	409	391	503	5	6	7
Germany ...	15,326	20,224	16,802	143	206	222
U.S.A. ...	4,895	7,579	9,034	28	46	84
Belgium ...	5,921	1,330	6,475	40	10	60

	Weight (Met. Tons).			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935.	1936.	1937.
<i>Galvanized Corrugated Sheets.</i>						
Total Imports ...	4,783	6,429	7,117	46	64	94
UNITED KINGDOM	1,626	1,925	1,848	15	20	25
U.S.A. ...	2,086	1,870	1,995	11	19	25
Germany ...	241	1,057	799	2	10	13
Belgium ...	483	1,280	864	5	12	11
<i>Tinplate.</i>						
Total Imports ...	31,810	42,865	56,396	418	577	867
UNITED KINGDOM	5,593	2,844	8,991	67	41	138
U.S.A. ...	10,637	21,029	30,883	122	262	455
Germany ...	5,758	16,885	15,151	80	249	264
Holland ...	6,861	79	207	87	1	3
<i>Tools and Utensils.</i>						
Total Imports ...	1,261	1,698	2,385	132	202	288
UNITED KINGDOM	136	163	366	13	20	36
Germany ...	576	877	1,098	61	92	126
U.S.A. ...	416	493	649	36	70	96
<i>Cutlery.</i>						
Total Imports ...	192	333	471	60	73	96
UNITED KINGDOM	25	32	42	3	4	5
Germany ...	141	222	337	46	53	75
U.S.A. ...	18	68	80	4	9	11
France ...	3	3	6	1	2	2
<i>Oil and Petrol Motors.</i>						
Total Imports ...	1,115	1,110	2,150	98	104	212
UNITED KINGDOM	150	113	97	12	12	19
Germany ...	521	610	1,484	42	49	115
U.S.A. ...	323	131	194	24	16	29
Sweden ...	46	85	204	7	10	31
Denmark ...	34	82	73	3	7	8
Switzerland ...	19	19	84	3	3	9
CLASS III.						
Transport Material and General Machinery.						
<i>Acroplanes —</i>						
<i>Number of 'planes.</i>						
Total Imports ...	97	23	70	130	57	157
UNITED KINGDOM	15	1	16	13	1	27
Germany ...	4	7	12	41	48	42
U.S.A. ...	78	14	41	71	8	87

	<i>Weight (Met. Tons).</i>			<i>Value (in £1,000 Gold).</i>		
	1935.	1936.	1937.	1935.	1936.	1937.
<i>Locomotives—</i>						
<i>Number of Locomotives.</i>						
Total Imports ...	40	57	53	172	172	194
UNITED KINGDOM	2	4	34	8	16	106
Germany ...	32	51	9	133	149	22
U.S.A. ...	6	2	2	30	8	12
<i>Railway Cars and waggons—number.</i>						
Total Imports ...	1,758	810	1,278	300	206	409
UNITED KINGDOM	470	17	285	102	13	153
U.S.A. ...	—	409	14	—	102	4
Belgium ...	1,278	310	961	171	54	244
Germany ...	10	74	18	1	37	6
<i>Composite Train Units.</i>						
Total Imports ...	—	9	55	—	76	242
UNITED KINGDOM	—	9	55	—	76	242
<i>Axles, Wheels, etc. (for railway stock).</i>						
Total Imports ...	7,728	10,470	10,137	101	128	150
UNITED KINGDOM	1,977	1,567	2,685	36	30	52
Germany ...	3,291	6,988	6,240	30	62	66
Belgium ...	1,146	1,638	760	11	28	18
U.S.A. ...	583	273	412	12	8	12
<i>Motor Cars. (number of cars).</i>						
Total Imports ...	9,629	9,940	14,439	712	767	1,126
UNITED KINGDOM	20	21	15	2	2	2
U.S.A. ...	9,047	8,770	12,592	634	672	971
Germany ...	442	1,098	1,588	37	90	138
Italy ...	24	43	117	3	3	7
<i>Motor Trucks (number of trucks).</i>						
Total Imports ...	7,892	9,001	11,118	550	630	891
UNITED KINGDOM	107	124	62	13	18	18
U.S.A. ...	7,564	8,629	10,523	467	568	730
Germany ...	172	173	450	32	31	105
Sweden ...	95	69	71	12	13	16
<i>Bicycles (metric tons)</i>						
Total Imports ...	441	573	969	40	52	96
UNITED KINGDOM	49	28	68	5	3	7
Germany ...	280	499	800	27	46	83
Japan ...	100	40	79	4	2	4

	Weight (Met. Tons).			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935.	1936.	1937.
<i>Motor Cycles.</i>						
Total Imports ...	53	183	454	10	30	82
UNITED KINGDOM	2	3	4	—	$\frac{1}{3}$	1
Germany ...	29	126	384	6	23	73
U.S.A. ...	19	28	46	2	4	8
<i>Spinning and Weaving Machinery.</i>						
Total Imports ...	2,016	3,703	6,819	161	237	468
UNITED KINGDOM	614	1,151	3,677	35	60	196
Germany ...	808	1,121	1,682	65	103	172
France ...	137	729	409	10	24	15
<i>Other Textile Machinery.</i>						
Total Imports ...	1,489	1,408	859	111	92	104
UNITED KINGDOM	539	336	502	46	32	48
Germany ...	135	152	155	29	33	34
U.S.A. ...	634	796	46	10	13	6
France ...	101	—	95	9	—	7
<i>Agricultural Machinery (unspecified).</i>						
Total Imports ...	793	581	400	36	33	19
UNITED KINGDOM	206	92	21	9	6	1
Germany ...	275	130	67	17	12	4
U.S.A. ...	191	296	268	6	11	11
<i>Printing Machinery and Attachments.</i>						
Total Imports ...	382	552	1,230	56	77	144
UNITED KINGDOM	9	6	15	1	1	2
U.S.A. ...	60	121	225	20	35	61
Germany ...	228	328	814	25	31	69
<i>Other Industrial Machinery.</i>						
Total Imports ...	12,060	6,385	2,661	450	291	247
UNITED KINGDOM	329	298	142	26	23	23
Germany ...	2,439	1,216	1,235	151	152	113
U.S.A. ...	7,398	4,340	482	152	82	51
France ...	139	194	118	9	8	7
<i>General Machinery and Appliances (unspecified).</i>						
Total Imports ...	2,607	260	555	196	30	34
UNITED KINGDOM	539	57	260	26	4	10
U.S.A. ...	636	105	71	49	12	6
Germany ...	983	73	162	82	11	13

	Weight (Met. Tons).			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935.	1936.	1937.
<i>Boilers.</i>						
Total Imports ...	1,516	1,509	1,901	49	55	65
UNITED KINGDOM	987	670	1,280	27	26	39
U.S.A. ...	141	446	207	5	20	13
Germany ...	305	331	87	12	9	5
CLASS IV.						
<i>Copper.</i>						
<i>Copper Plates and Sheets.</i>						
Total Imports ...	9,354	8,179	6,795	248	254	313
UNITED KINGDOM	775	495	1,281	21	19	57
U.S.A. ...	3,581	3,396	2,378	80	96	103
Germany ...	2,555	2,400	1,992	79	88	107
Rhodesia ...	—	—	200	—	—	9
<i>Copper Ingots, etc.</i>						
Total Imports ...	805	572	3,474	21	16	130
UNITED KINGDOM	61	40	26	2	2	1
U.S.A. ...	709	447	66	5	12	3
Transvaal ...	—	46	610	—	1	17
Chile ...	—	—	622	—	—	21
Southern Rhodesia	—	—	2,136	—	—	88
<i>Electric Cables and Wires.</i>						
Total Imports ...	977	1,564	1,866	45	86	91
UNITED KINGDOM	486	852	884	14	42	33
Germany ...	162	297	244	6	11	13
U.S.A. ...	87	94	346	10	10	16
CLASS V.						
<i>Chemical Products.</i>						
<i>Caustic Soda.</i>						
Total Imports ...	23,113	26,261	29,998	218	189	217
UNITED KINGDOM	16,103	17,887	20,813	150	138	163
U.S.A. ...	5,678	6,929	8,535	45	42	49
<i>White Zinc Paints.</i>						
Total Imports ...	4,125	4,009	3,277	54	52	47
UNITED KINGDOM	182	28	44	3	1 <sup>2</sup>	1
Germany ...	1,365	2,134	836	17	28	13
Belgium ...	1,724	1,016	1,050	21	12	16
<i>Water and other Paints (Prepared).</i>						
Total Imports ...	765	904	917	51	58	53
UNITED KINGDOM	172	79	213	6	4	8
U.S.A. ...	510	545	609	33	42	38
Germany ...	40	66	51	4	8	5

	Weight (Met. Tons).			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935.	1936.	1937.
<i>Chemical Fertilisers.</i>						
Total Imports ...	20,891	33,665	52,472	72	111	165
UNITED KINGDOM	72	225	10	1	1	—
Germany ...	13,853	21,787	28,548	44	84	110
Holland ...	4,599	7,310	15,535	14	16	33
Belgium ...	2,334	4,318	7,847	11	9	16
<i>Chemical Products (unspecified).</i>						
Total Imports ...	7,630	3,084	1,103	201	107	52
UNITED KINGDOM	2,494	347	103	31	11	5
Germany ...	2,142	1,370	559	75	62	35
U.S.A. ...	924	927	115	11	19	4
CLASS VI.						
Electrical Material and Apparatus.						
<i>Apparatus and Appliances for Electric Light.</i>						
Total Imports ...	1,589	1,476	1,848	368	140	166
UNITED KINGDOM	172	506	889	25	53	50
U.S.A. ...	648	705	585	112	52	75
Germany ...	336	182	247	42	23	27
<i>Electric Dynamos and Generators.</i>						
Total Imports ...	2,134	1,565	3,489	193	167	314
UNITED KINGDOM	118	99	167	15	13	20
Germany ...	834	719	1,926	72	70	153
U.S.A. ...	457	324	776	48	47	91
<i>Electric Motors.</i>						
Total Imports ...	721	512	613	74	54	67
UNITED KINGDOM	173	85	71	13	9	7
U.S.A. ...	198	240	165	22	22	21
Germany ...	212	109	168	21	14	20
Italy ...	26	35	98	3	3	8
<i>Transformers.</i>						
Total Imports ...	892	1,384	1,218	69	118	102
UNITED KINGDOM	227	439	97	13	41	6
Germany ...	251	452	433	21	35	31
U.S.A. ...	192	274	423	19	28	49

	Weight (Met. Tons).			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935.	1936.	1937.
CLASS VII.						
Fuels, Oils and Cement.						
(Metric tons 1,000)						
<i>Coal.</i>						
Total Imports ...	1,315	1,290	1,516	978	1,077	1,573
UNITED KINGDOM	652	633	603	472	494	561
Turkey ...	61	114	35	46	85	31
Germany ...	529	452	711	354	398	812
U.S.A. ...	71	63	141	46	47	128
<i>Cement (metric tons)</i>						
Total Imports ...	114,154	78,198	74,831	123	84	89
UNITED KINGDOM	18,656	17,551	14,595	17	17	16
Germany ...	60,578	49,962	55,107	63	58	68
Sweden ...	2,910	—	2,245	3	—	2
<i>Lubricating Oils.</i>						
Total Imports ...	35,705	32,561	38,717	336	292	348
UNITED KINGDOM	1,176	1,467	1,461	13	15	17
U.S.A. ...	38,877	28,640	35,624	276	250	320
Mexico ...	2,557	2,359	1,571	15	13	8
<i>Petrol.</i>						
Total Imports ...	276,328	325,402	318,520	949	1,097	1,110
U.S.A. ...	129,221	139,664	131,812	506	541	487
Dutch W. Indies ...	50,435	91,902	134,960	130	249	440
Peru ...	67,265	72,225	16,585	162	226	75
Mexico ...	28,427	19,746	33,241	88	71	98
<i>Kerosene.</i>						
Total Imports ...	93,889	87,543	114,309	471	391	509
U.S.A. ...	67,524	62,766	69,441	345	305	371
Mexico ...	16,588	11,102	13,363	74	56	61
Peru ...	8,120	11,204	19,665	17	25	46
<i>Mineral Fuel Oil.</i>						
Total Imports ...	436,712	532,685	556,780	477	554	690
Dutch W. Indies ...	290,114	481,227	529,068	275	484	632
Mexico ...	125,976	36,956	394	125	40	2
Uruguay ...	8,227	8,108	9,153	15	15	17
U.S.A. ...	12,080	6,394	18,164	23	14	28
CLASS IX.						
(Various.)						
<i>Window Glass.</i>						
Total Imports ...	9,525	8,826	13,276	70	59	104
UNITED KINGDOM	345	497	400	4	5	4
Belgium ...	7,456	6,166	9,730	46	35	67
Germany ...	1,662	1,611	2,321	14	15	24

	Weight (Met. Tons).			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935.	1936.	1937.
<i>Printing Paper.</i>						
Total Imports ...	1,201	1,288	1,416	20	29	30
UNITED KINGDOM	67	112	43	2	4	1
Germany ...	629	748	491	9	16	13
Holland ...	413	368	529	7	7	12
<i>Newsprint.</i>						
Total Imports ...	44,816	51,434	59,541	263	296	401
UNITED KINGDOM	53	1,138	779	1	6	6
Finland ...	19,504	15,670	16,544	102	84	89
Sweden ...	3,613	13,827	17,302	20	74	110
Germany ...	9,354	6,711	10,002	64	53	93
Norway ...	2,064	7,125	6,301	11	38	36
Canada ...	9,653	6,553	7,298	46	34	50
<i>Rubber Tyres and Inner Tubes (including Solid Tyres).</i>						
Total Imports ...	3,624	4,185	4,264 <sup>a</sup>	294	314	347
UNITED KINGDOM	671	667	789	47	50	67
U.S.A. ...	1,999	990	968	144	82	82
Italy ...	282	565	276	27	37	21
Germany ...	92	283	530	10	25	48
Canada ...	120	1,230	1,382	9	88	104
<i>Manufactures of Skins and Leather (Unspecified).</i>						
Total Imports ...	49	45	29	29	29	16
UNITED KINGDOM	23	16	11	13	9	7
Belgium ...	—	—	16	—	—	8
U.S.A. ...	5	8	1	3	3	1
<i>Hides and Skins.</i>						
Total Imports ...	161	151	213	133	124	212
UNITED KINGDOM	3	4	6	11	8	25
Germany ...	137	131	187	83	91	162
U.S.A. ...	9	3	8	13	8	8
France ...	5	3	5	11	12	12
<i>Photographic Apparatus (Plates, Paper, Films, etc.).</i>						
Total Imports ...	355	363	467	126	117	132
UNITED KINGDOM	10	12	18	3	4	5
Germany ...	174	191	258	68	63	65
U.S.A. ...	88	87	106	34	35	42
<i>Cinematograph Films.</i>						
Total Imports ...	35	36	36	65	58	56
UNITED KINGDOM	1	1	1	6	3	2
U.S.A. ...	28	31	30	33	36	35
Germany ...	4	2	2	13	11	11



	Weight (Metric tons).			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935.	1936.	1937.
<i>Wireless Apparatus.</i>						
Total Imports ...	740	976	1,122	253	324	374
UNITED KINGDOM	23	6	12	16	2	3
U.S.A. ... ..	479	599	717	148	190	246
Holland ... ..	181	303	249	62	104	74
Germany ... ..	36	64	133	13	24	50
<i>Sewing Machines.</i>						
Total Imports ...	2,580	2,646	3,783	323	324	469
UNITED KINGDOM	49	42	32	6	7	6
Canada ... ..	613	1,447	2,178	71	168	258
Germany ... ..	859	1,005	1,288	100	117	163
U.S.A. ... ..	1,053	124	188	127	28	34
<i>Typewriting Machines and Accessories.</i>						
Total Imports ...	213	264	425	99	123	205
UNITED KINGDOM	10	9	13	4	5	6
U.S.A. ... ..	130	138	214	61	65	100
Germany ... ..	55	91	171	25	42	84
<i>Dried Codfish.</i>						
Total Imports ...	17,158	22,996	21,080	295	352	389
UNITED KINGDOM	3,841	4,895	6,506	71	90	126
Newfoundland ...	10,308	14,968	10,339	138	205	185
Norway ... ..	1,683	1,634	2,154	30	30	42
Iceland ... ..	714	1,239	1,129	13	23	22
Canada ... ..	62	193	723	1	3	13

## APPENDIX No. 6.

BRAZILIAN IMPORTS BY CLASSES OF COMMODITIES FOR THE YEARS  
1935, 1936 AND 1937

	Quantity.			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935.	1936.	1937.
Live Animals (heads)	28,328	14,251	6,933	89	54	46
Cotton, raw (tons)	1,309	1,102	1,016	300	241	263
Aniline and Fuchine						
Dyes ... (tons)	816	618	766	411	284	355
Briquettes, Coal and						
Coke ... (tons)	1,437,327	1,431,175	1,707,852	1,092	1,180	1,800
Cement ... ..	114,154	78,198	74,831	123	84	89
Copper and Alloys						
(tons)	10,164	8,754	10,544	270	271	459
Iron and Steel ..	98,566	106,113	141,831	702	780	1,442
Petrol ... ..	270,328	325,402	357,109	949	1,097	1,413
Jute ... ..	24,349	27,719	34,512	382	457	565
Kerosene ... ..	93,889	87,543	114,309	472	391	509
Wool, raw ... ..	1,279	1,334	1,774	273	268	412
Fuel, Oil ... ..	436,712	532,685	556,780	477	554	690
Lubricating Oil ..	35,795	32,561	40,031	336	292	362
Wood Pulp for man- ufacture of paper						
(tons)	63,410	84,460	99,973	327	470	665
Skins and Hides ..	371	358	365	154	145	233
Silk ... ..	593	466	472	343	269	294
Other Raw Material						
(tons)	137,042	170,341	214,792	1,883	2,032	2,572
Cotton Piece Goods						
(tons)	342	389	479	87	86	123
Cotton manufac- tures (tons)	420	488	504	83	84	101
Motorcars and						
Trucks (number)	17,537	18,971	25,605	1,266	1,401	2,036
Other and Acces- sories (tons)	28,340	15,620	24,122	590	572	976
Copper and Alloys, manfd. goods (tons)	2,167	2,860	3,261	212	260	298
Iron and Steel Man- ufactures (tons)	204,437	220,033	304,793	2,371	2,761	4,129
Wool manufs. ..	321	349	465	127	125	174
Linen ... ..	712	1,032	1,296	204	302	389
Earthenware, por- celain, glass and crystal (tons)	14,412	13,585	19,081	396	372	488
Machinery, Appara- tus, Utensils and Tools (tons)	60,481	58,945	83,251	4,926	5,152	7,671
Paper and manu- factures thereof						
(tons)	31,621	58,806	67,664	636	700	807

	Quantity.			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935.	1936.	1937.
Rubber Tyres and Inner Tubes (tons)	3,624	4,185	4,241	294	314	346
Chemical Products, Drugs, Pharmaceutical Specialities ... (tons)	69,537	85,493	109,646	1,356	1,173	1,474
Other manfd. goods (tons)	20,320	21,865	26,613	1,336	1,523	2,104
Olive Oil ... "	4,130	4,588	2,980	211	229	194
Olives ... "	2,344	2,417	2,804	51	56	73
Codfish ... "	17,158	22,996	21,080	295	352	389
Beverages... "	7,350	7,692	8,742	204	219	279
Malt ... "	13,330	12,353	15,053	157	123	168
Wheat Flour ... "	45,429	50,813	41,307	226	325	309
Fruits and Nuts ... "	19,282	20,417	21,301	396	405	405
Hops ... "	419	435	586	70	50	57
Wheat ... "	881,722	919,860	930,818	3,067	4,347	5,139
Other Foodstuffs ... "	12,154	11,093	13,109	287	266	310
Total, including other goods ...	4,229,305	4,467,630	5,099,880	27,431	30,066	40,608

These figures are provisional and subject to alteration.

## APPENDIX No. 7.

BRAZILIAN IMPORTS BY CLASSES OF COMMODITIES FROM JANUARY TO JUNE,  
1936, 1937 AND 1938.

	Quantity.			Value (in £1,000 Gold).		
	1936.	1937.	1938.	1936.	1937.	1938.
Live Animals ( <i>head</i> )	11,380	1,416	32,538	35	18	66
Cellulose, acetate ( <i>tons</i> )	400	258	1,154	59	24	96
Cotton, raw ..	722	317	485	152	89	136
Aluminium ..	544	684	711	30	35	45
Aniline dyes, etc. ..	267	332	395	128	166	115
Briquettes, Coal and Coke ..	667,908	882,571	719,518	544	864	829
Cement ...	46,814	43,027	18,460	51	46	28
Copper and alloys ..	2,890	5,753	4,197	90	229	153
Iron and Steel ..	48,938	49,757	55,434	344	433	611
Petrol ... ..	152,367	121,626	169,677	533	489	606
Jute ... ..	12,095	15,492	15,874	210	239	249
Wool, raw ..	623	732	824	129	181	180
Hops ... ..	212	371	194	26	34	19
Fuel Oil ... ..	258,188	168,091	295,851	264	224	398
Lubricating Oil ..	15,561	20,097	19,686	140	175	187
Wood Pulp for man- ufacture of Paper ( <i>tons</i> )	35,317	47,848	39,381	179	305	329
Skins and Hides ..	150	157	220	62	118	69
Kerosene ... ..	40,176	54,338	51,772	188	239	211
Silk ... ..	277	153	268	166	92	174
Other Raw Materials ( <i>tons</i> )	62,808	74,280	81,687	853	1,028	892
Olive Oil ... ..	2,763	1,710	3,861	138	112	191
Olives ... ..	1,541	1,934	738	34	50	19
Codfish ... ..	12,293	10,924	7,623	186	192	143
Beverages... ..	2,652	3,883	3,112	80	128	103
Malt ... ..	7,544	9,183	9,700	73	96	108
Wheat Flour ..	27,553	24,372	18,585	174	175	116
Fruit and Nuts ..	7,703	9,219	9,653	140	154	135
Wheat ... ..	433,382	508,268	523,127	1,972	2,689	2,276
Other Foodstuffs ..	4,395	5,311	5,024	108	141	109
Cotton Piece Goods ( <i>tons</i> )	141	182	100	33	43	36
Cotton Piece Goods Mfrs. ( <i>tons</i> )	92	77	197	21	21	36
Motor Cars and Trucks ( <i>number</i> )	11,112	14,986	12,506	802	1,122	983
Other Vehicles and Accessories ( <i>tons</i> )	13,148	25,010	32,924	406	945	1,083
Copper Mfrs. ..	419	474	472	71	77	79
Iron and Steel mfrs.	92,983	138,459	86,628	1,123	1,598	1,335
Wool Mfrs. ... ..	179	230	518	72	88	116
Linen ... ..	324	415	355	94	117	101

	Quantity.			Value (in £1,000 Gold).		
	1936.	1937.	1938.	1936.	1937.	1938.
Earthenware, porcelain, glass and Crystal (tons)	5,844	8,647	6,290	142	171	180
Machinery, Apparatus, Utensils and Tools (tons)	30,516	37,193	44,963	2,290	3,149	4,028
Paper and Manufactures thereof (tons)	27,120	31,948	24,359	324	382	386
Rubber Tyres and Inner Tubes (tons)	2,376	1,836	1,939	177	144	161
Chemical Products, drugs, pharmaceutical specialities (tons)	53,372	71,900	53,670	680	846	717
Other manufactured goods (tons)	9,258	11,374	6,085	649	854	959
Total, including other goods ...	2,103,506	2,411,353	2,347,132	13,971	18,322	18,793

These figures are provisional and subject to alteration.

## APPENDIX No. 8.

BRAZILIAN EXPORTS BY CLASSES OF COMMODITIES FOR THE YEARS  
1935 1936 AND 1937.

	Quantity.			Value (in £1,000 Gold).		
	1935.	1936.	1937.	1935.	1936.	1937.
Lard ... (tons)	13,639	8,220	329	275	185	10
Preserved Meat ..	14,222	19,805	24,506	334	436	426
Frozen and Chilled meat ... (tons)	54,174	59,870	70,601	487	611	905
Hides ... ..	49,012	53,117	63,127	824	1,152	1,884
Wool ... ..	4,898	6,216	2,901	232	377	219
Skins ... ..	4,257	4,726	4,885	419	512	665
Tallow ... ..	23,543	8,729	9,127	247	107	129
Jerked Beef ..	498	929	867	7	17	16
Other Animal Pro- ducts ... (tons)	28,537	33,031	38,739	238	321	421
Manganese Ore ..	60,669	166,471	247,115	52	131	361
Precious Stones (grammes)	—	—	579,665	4	4	227
Other Mineral Pro- ducts ... (tons)	54,187	134,780	209,746	54	121	199
Cotton, raw ..	138,630	200,313	236,181	5,223	7,455	8,018
Rice ... ..	94,642	53,345	31,295	499	306	170
Sugar ... ..	85,267	90,174	311	361	342	3
Rubber ... ..	12,370	13,247	14,793	292	543	630
Cocoa, raw ..	111,826	121,720	105,113	1,302	2,077	1,924
Coffee (1,000 sacks)	15,329	14,186	12,123	17,373	17,785	17,887
Carnauba Wax (tons)	6,607	8,774	8,942	395	774	788
Bran (all kinds) ..	133,368	131,881	155,604	230	255	386
Manioc Meal ..	19,314	9,732	3,196	60	30	13
Bananas (1,000 bunch)	10,683	11,326	11,311	236	221	231
Brazil Nuts, shelled (tons)	6,261	4,595	3,547	264	345	273
Oranges (1,000 boxes)	2,640	3,217	4,971	478	605	1,029
Other Table Fruits (tons)	7,055	6,961	16,263	39	28	81
Castor Seed ..	71,572	102,056	119,916	363	590	746
Cotton Seed ..	109,787	81,952	65,744	220	150	160
Nuts (unshelled) ..	27,401	24,322	13,145	305	363	416
Babassú Nuts ..	9,966	30,760	21,995	71	311	328
Oil Producing Seed (tons)	2,708	6,357	9,992	24	74	138
Tobacco ... ..	32,963	31,482	36,639	518	533	734
Herva-matté ..	61,500	66,601	65,519	543	511	552
Timber ... ..	167,177	191,087	261,057	284	342	541
Maize ... ..	27,593	4,020	15,011	69	11	43
Vegetable Oils ..	15,120	27,270	24,118	186	430	397
Oil Seed Cakes ..	100,169	167,660	219,691	211	429	693
Other Vegetable Products (tons)	29,547	41,529	49,238	293	585	887
Total, including other goods ...	2,761,517	3,108,727	3,296,345	33,012	39,069	42,530

These figures are provisional and subject to alteration.

## APPENDIX No. 9.

BRAZILIAN EXPORTS BY CLASSES OF COMMODITIES FROM JANUARY TO JUNE,  
1936, 1937 AND 1938.

	Quantity.			Value (in £1,000 Gold).		
	1936.	1937.	1938.	1936.	1937.	1938.
Live Animals ( <i>head</i> )	25	—	1,227	1	1	1
Hides and Skins ( <i>tons</i> )	28,087	35,625	26,687	787	1,398	742
Tallow ... "	4,894	4,982	2,149	66	73	21
Other Animal Pro- ducts, raw ( <i>tons</i> )	10,215	11,323	6,391	86	126	71
Rubber ... "	6,604	7,910	6,115	235	372	159
Carnauba Wax ... "	5,028	5,233	5,199	446	478	402
Castor Seed ... "	43,343	49,329	55,611	249	325	267
Cotton Seed ... "	43,832	45,557	32,138	74	115	60
Brazil Nuts, shelled ( <i>tons</i> )	19,555	8,580	17,257	269	259	241
Babassú Nuts ... "	17,940	15,123	13,146	153	252	128
Other Oil Producing Seeds ... ( <i>tons</i> )	3,012	7,965	2,634	25	102	21
Tobacco ... "	10,849	15,771	12,889	165	296	288
Timber ... "	88,311	133,983	134,061	150	280	256
Vegetable Oils ... "	10,215	16,306	19,711	159	270	223
Other Vegetable Products, raw ( <i>tons</i> )	4,727	4,892	4,631	100	142	110
Manganese Ore ... "	50,748	105,999	91,919	40	119	103
Precious Stones ( <i>grammes</i> )	465	160,511	1,330,520	3	125	62
Other Mineral Pro- ducts, raw ( <i>tons</i> )	68,656	103,501	145,372	50	76	148
Cotton, raw ... "	73,021	105,589	114,367	2,439	3,936	2,762
Wool, raw ... "	5,351	2,027	3,897	308	159	212
Other Textile and synthetic raw materials ( <i>tons</i> )	5,413	11,185	12,126	70	176	117
Beverages ... "	134	48	16	1	1	—
Rice ... "	27,768	14,257	18,391	138	73	94
Manioc Meal ... "	5,652	1,731	3,107	17	7	11
Maize ... "	1,320	771	78,856	2	2	206
Bananas ( <i>1,000 bunch</i> )	5,497	4,998	4,971	103	103	85
Shelled Brazil Nuts ( <i>tons</i> )	1,719	1,844	1,453	111	147	61
Oranges ( <i>1,000 boxes</i> )	1,062	1,670	1,990	180	363	306
Other Table Fruit ( <i>tons</i> )	3,632	10,332	6,902	14	52	27
Sugar ... "	86,277	97	292	323	1	2
Cocoa, raw ... "	29,748	17,816	47,347	360	435	577
Coffee ( <i>1,000 sacks</i> )	7,132	6,204	8,698	8,449	9,652	8,172
Herva matté ( <i>tons</i> )	30,163	33,781	27,182	231	297	187
Other Vegetable Foodstuffs ( <i>tons</i> )	6,894	2,417	1,050	30	22	8

	Quantity.			Value (in £1,000 Gold).		
	1936.	1937.	1938.	1936.	1937.	1938.
Frozen and Chilled Meat ... (tons)	41,220	40,527	32,671	412	508	440
Preserved Meat ..	13,180	12,369	12,685	294	184	207
Jerked Beef ..	484	478	512	8	9	9
Other Slaughterhouse and Hunting produce (tons)	5,501	5,349	5,146	88	101	114
Lard ... ..	5,550	313	169	122	9	4
Other Foodstuffs ..	117	148	277	1	3	5
Bran (all kinds) ..	59,606	78,473	88,834	102	205	203
Oilseed Cakes ..	65,494	90,770	96,554	155	301	238
Other Foodstuffs for Animals, etc. (tons)	3,921	2,551	4,913	14	10	16
Manufactures, all kinds ... (tons)	4,482	4,527	6,676	54	94	65
Total, including other goods	1,467,986	1,546,407	1,837,920	17,084	21,659	17,433

These figures are provisional and subject to alteration.

#### APPENDIX No. 10.

#### BRAZILIAN IMPORTS.

Principal Suppliers. Values (in £1,000 Gold).

	1935.	1936.	1937.	1938 (1st 6 months).
U.S.A. ... ..	6,406	6,651	9,337	4,614
Germany ... ..	5,608	7,065	9,697	4,532
Argentina ... ..	3,534	4,941	5,675	2,569
UNITED KINGDOM ... ..	3,499	3,385	4,909	1,801
British Dominions and Colonies, Protectorates and Mandated Territories ... ..	761	1,178	1,419	621
Belgium ... ..	1,587	803	1,798	769
Dutch West Indies ... ..	440	754	1,136	633
France ... ..	935	883	960	596
Sweden ... ..	340	514	892	439
Japan ... ..	247	350	647	281
Italy ... ..	684	531	604	338
Portugal ... ..	364	464	519	254
Holland ... ..	1,120	378	437	156
Czechoslovakia ... ..	92	198	383	248
Denmark ... ..	99	195	309	150
Switzerland ... ..	234	229	296	174
Mexico ... ..	329	194	210	42
Poland ... ..	129	102	203	42
Total, including other countries ... ..	27,431	30,066	40,608	18,793

These figures are provisional and subject to alteration.



## APPENDIX No. II.

## BRAZILIAN EXPORTS.

*Principal Markets. Values (in £1,000 Gold).*

	1935.	1936.	1937.	1938 (1st 6 months).
U.S.A. ... ..	13,018	15,180	15,393	5,823
Germany ... ..	5,451	5,167	7,252	3,700
UNITED KINGDOM ... ..	3,055	4,662	3,857	1,592
British Dominions and Colonies, Protectorates and Mandated Territories ... ..	305	347	412	196
France ... ..	2,673	2,880	2,703	1,045
Holland ... ..	1,188	1,286	1,410	789
Argentina ... ..	1,619	1,587	1,998	765
Belgium ... ..	1,082	1,161	1,342	757
Japan ... ..	158	1,683	2,122	567
Uruguay ... ..	857	764	784	317
Sweden ... ..	631	617	891	301
Italy ... ..	901	1,274	944	273
Total, including other countries ... ..	33,012	39,069	42,530	17,433

These figures are provisional and subject to alteration.

## APPENDIX No. 12.

## AGRICULTURAL PRODUCTION IN BRAZIL.

<i>Products.</i>	<i>Unit.</i>	<i>1936.</i>	<i>1937. (Estimates).</i>
Pineapples ... ..	Number	81,959,500	80,635,000
Sugar ... ..	Bags of 60 kilos	16,986,187	15,978,000
Aguardente ... ..	Litres	122,426,500	123,935,000
Alcohol ... ..	"	69,170,480	61,924,000
Hay ... ..	Tons	141,790	152,500
Cotton Seed ... ..	"	820,268	1,064,700
Raw Cotton ... ..	"	351,543	456,300
Rice ... ..	Sacks of 60 kilos	19,560,490	20,837,400
Oats ... ..	Kilogrammes	13,450,000	13,750,000
Bananas... ..	Bunches	74,950,000	75,865,000
Potatoes... ..	Tons	309,832	334,165
Cocoa ... ..	Sacks of 60 kilos	2,111,280	2,120,200
Coffee ... ..	"	26,284,100	25,764,500
Rye ... ..	Kilogrammes	15,430,000	16,000,000
Barley ... ..	"	11,085,000	11,330,000
Coconuts ... ..	Number	140,512,800	139,665,000
Manioc Flour ... ..	Sacks of 60 kilos	14,813,750	15,859,000
Beans ... ..	"	13,025,330	13,339,500
Tobacco ... ..	Kilogrammes	86,896,820	93,437,000
Oranges ... ..	Boxes	32,177,600	33,310,000
Maize ... ..	Sacks of 60 kilos	95,830,670	97,825,000
Wheat ... ..	Kilogrammes	143,554,000	150,003,800
Wine ... ..	Litres	85,385,000	89,830,000

## RAILWAY LINES IN BRAZIL (31ST DECEMBER, 1936).

<i>Operating Authority.</i>	<i>No.</i>	<i>Name.</i>	<i>Extension in Metres.</i>
F	1	E. F. Madeira-Mamoré ... ..	366,485
S	2	E. F. Tocantins ... ..	82,430
S	3	E. F. Bragança ... ..	299,130
F	4	E. F. São Luiz a Therezina ... ..	450,652
F	5	E. F. Central do Piauí ... ..	147,578
F	6	Rêde de Viação Cearense ... ..	1,368,305
F	7	E. F. Mossoró ... ..	157,667
F	8	E. F. Central do Rio Grande do Norte ... ..	221,120
F	9	E. F. Petrolina a Therezina ... ..	189,284
C	10	Great Western of Brazil Railway Co., Ltd....	1,741,537
F	11	Viação Ferrea Federal Este Brasileiro ... ..	2,335,600
C	12	E. F. Nazareth (including Amargosa branch)	286,513
C	13	E. F. Santo Amaro ... ..	90,020
C	14	E. F. Ilhéos a Conquista (State of Bahia South Western Railway Co., Ltd.) ... ..	127,759
C	15	E. F. Victoria-Minas... ..	561,594
C	16	E. F. Itapemirim ... ..	52,740
C	17	E. F. do Littoral ... ..	13,605
C	18	E. F. São Matheus ... ..	63,000
C	19	E. F. Benevente a Alfredo Chaves ... ..	35,710
C	20	E. F. Corcovado ... ..	3,775
F	21	E. F. Maricá ... ..	130,472
C	22	Leopoldina Railway Co., Ltd. ... ..	3,086,388
F	23	E. F. Central do Brazil ... ..	3,179,559
S	24	Rêde Mineira de Viação ... ..	3,781,746
C	25	E. F. Morro Velho ... ..	8,000
F	26	E. F. Goyaz ... ..	438,429
C	27	Cia. Mogyana de Estradas de Ferro ... ..	1,958,831
C	28	São Paulo Railway Co., Ltd. ... ..	247,314
C	29	Cia. Paulista de Estradas de Ferro ... ..	1,497,174
S	30	E. F. Sorocabana ... ..	2,100,682
F	31	E. F. Noroeste do Brasil ... ..	1,366,431
C	32	E. F. Dourado ... ..	273,368
F	33	E. F. São Paulo-Goyaz ... ..	148,882
C	34	Cia. Estrada de Ferro Morro Agudo ... ..	40,858
C	35	E. F. São Paulo-Minas ... ..	180,320
C	36	E. F. São Paulo-Paraná ... ..	236,276
C	37	Cia. Estrada de Ferro Barra Bonita ... ..	18,440
C	38	E. F. Itatibense ... ..	20,120
S	39	E. F. Norte de São Paulo (Araraquara) ... ..	300,347
C	40	Ramal Ferro Campineiro ... ..	39,553
C	41	Tramway da Cantareira ... ..	38,217
C	42	E. F. Campos de Jordão ... ..	46,670
C	43	E. F. Jaboticabal ... ..	25,083
C	44	Cia. Melhoramentos de Monte Alto ... ..	31,350
C	45	E. F. Perús-Pirapora ... ..	16,000
C	46	E. F. Fazenda Dumont ... ..	23,442
F	47	E. F. São Paulo-Rio Grande ... ..	2,006,239
F	48	E. F. Norte do Paraná ... ..	43,300
C	49	E. F. Dona Thereza Christina ... ..	243,858
S	50	E. F. Santa Catharina ... ..	107,638
C	51	E. F. Matte-Laranjeiras ... ..	68,000
S	52	Viação Ferrea do Rio Grande do Sul ... ..	3,086,774
S	53	E. F. Porto Alegre a Tristeza ... ..	13,770
C	54	E. F. Jucuhy ... ..	57,414
S	55	E. F. Palmares-Conceição do Arroio ... ..	55,220
TOTAL ... ..			33,510,669

*Operating Authorities.*—F. Federal Government. S. State Government.  
C. Concessionaire.

## APPENDIX No. 14.

## AIR SERVICES IN BRAZIL, 1937.

	<i>Extension of Lines.</i>	<i>Passengers.</i>	<i>Baggage.</i>	<i>Mail.</i>	<i>Cargo.</i>
	<i>Klms.</i>		<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>
<i>S.A. Empresa de Viação Aérea Rio Grandense.</i>					
Porto Alegre—Palmeira ...	400	585	5,478	277	1,965
Porto Alegre—Livramento	555	980	9,901	755	4,017
Porto Alegre—Uruguayana	785	852	8,449	733	2,910
Porto Alegre—Pelotas ...	225	2,393	22,778	2,536	12,809
Porto Alegre—Rio Grande	268	807	7,894	1,176	3,498
Porto Alegre—Torres ...	160	372	3,435	15	1,196
Occasional flights ...	—	1,138	6,074	325	1,699
<i>Syndicato Condor Limitada.</i>					
Natal—Rio de Janeiro ...	2,345	174	2,662	30,833	2,083
Rio—Buenos Aires—Santiago ... ..	3,670	2,931	48,659	22,237	8,376
Rio de Janeiro—Buenos Aires ... ..	2,405	1,421	23,889	10,363	5,170
Rio de Janeiro—Belém ...	4,230	4,701	75,436	9,481	12,976
Rio de Janeiro—Porto Alegre ... ..	1,415	4,004	66,465	5,792	8,648
Express—Rio—Porto Alegre	„	227	3,581	180	320
São Paulo—Cuyabá ...	1,865	890	15,190	2,452	3,234
Parnahyba—Floriano ...	530	1,513	24,374	1,062	3,184
Floriano—Urussuhy ...	175	64	970	12	45
Occasional flights ...	—	2,432	12,652	—	267
<i>Panair do Brasil, S.A.</i>					
Belém—Porto Alegre ...	5,475	2,022	34,205	7,496	12,488
Belém—Rio de Janeiro ...	4,115	2,267	33,173	6,160	15,394
Rio de Janeiro—Recife ...	2,100	1,692	28,564	5,081	12,393
Recife—Fortaleza ...	722	578	11,360	3,413	6,021
Rio—Bahia—Cannavieiras	1,621	1,166	14,698	817	2,164
Rio de Janeiro—Bahia ...	1,299	180	2,299	216	690
Rio de Janeiro—Porto Alegre ... ..	1,360	1,415	21,006	3,268	8,479
Belém—Manaos ...	1,500	600	10,271	3,745	3,961
Manaos—Rio Branco ...	1,603	105	1,332	258	202
Manaos—Porto Velho ...	1,115	109	1,924	122	117
Rio de Janeiro—Bello Horizonte ... ..	338	1,803	16,352	—	—
Occasional flights ...	—	2,151	16,186	—	—
<i>Aerolloyd Iguassú, S.A.</i>					
Curityba—São Paulo ...	420	211	2,260	58	1,125
Curityba—Florianopolis ...	285	27	280	9	19
Occasional flights ...	—	41	440	—	—

	<i>Extension of Lines.</i>	<i>Passengers.</i>	<i>Baggage.</i>	<i>Mail.</i>	<i>Cargo.</i>
	<i>Kilms.</i>		<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>
<i>Viação Aérea São Paulo, S.A.</i>					
Rio de Janeiro—São Paulo	360	13,548	118,709	539	25,272
São Paulo—Uberaba ...	500	751	6,852	20	1,895
Occasional flights ...	—	1,024	7,081	—	920
<i>S.A. Air France.</i>					
Natal—Buenos Aires ...	4,285	—	—	11,551	25,221
Fernando Noronha—Buenos Aires ... ..	4,665	—	—	183	444
Occasional flights ...	—	—	—	—	—
<i>Pan-American Airways, Inc.</i>					
Belém—Buenos Aires ...	6,485	5,502	108,013	12,232	34,731
Belém—Assunção ...	5,666	45	623	244	817
Belém—Rio de Janeiro ...	4,115	654	13,029	3,340	5,555
Occasional flights ...	—	499	9,454	2,157	4,719
TOTALS ... ..	68,472	61,874	795,998	149,138	235,024

## APPENDIX No. 15.

## PRINCIPAL AIR SERVICES TO AND WITHIN BRAZIL.

	<i>Frequency.</i>
<i>Air France.</i> (Mails only.)	
Passengers are conveyed only between Buenos Aires and Chile.	Weekly in both directions.
It was announced in the local press of November, 1938, that at the beginning of 1939 Air France would inaugurate a passenger service between France and Brazil.	
From Europe (Paris) to West Africa, Fernando de Noronha, Natal, Recife, Bahia, Caravellas, Rio de Janeiro, Florianopolis, Porto Alegre, Uruguay, Argentina and Chile.	
<i>Deutsche Lufthansa, A/G.</i> (Mails.)	
Europe (Frankfurt A/M), Lisbon, Las Palmas, Bathurst and Natal.	Do.
<i>Syndicato Condor Limitada.</i> (Passengers and Mails.)	
<i>Natal—Rio de Janeiro Line.</i> —Natal, Recife, Bahia, Rio de Janeiro.	Do.
<i>Rio de Janeiro—Buenos Aires—Santiago Line.</i> —Rio de Janeiro, Santos, Florianopolis, Porto Alegre, Montevideo, Buenos Aires, Villa Mercedes, Mendoza, Santiago.	Twice weekly in both directions.
<i>Rio de Janeiro—Buenos Aires Line.</i> —Rio de Janeiro, Santos, Florianopolis, Porto Alegre, Montevideo, Buenos Aires.	Do.
<i>Rio de Janeiro—Belém Line.</i> —Rio de Janeiro, Victoria, Caravelas, Belmonte, Ilheos, Bahia, Aracajú, Maceió, Recife, Cabedelo, Natal, Areia Branca, Aracati, Fortaleza, Parnahyba, São Luiz, Belém.	Do.
<i>Rio de Janeiro—Porto Alegre Line.</i> —Rio de Janeiro, Santos, Paranaguá, San Francisco, Florianopolis, Porto Alegre.	Do.
<i>Rio de Janeiro—Porto Alegre (Express) Line.</i> —Rio de Janeiro, Santos, Florianopolis, Porto Alegre,	Once weekly in both directions.
<i>São Paulo—Cuiabá Line.</i> —São Paulo, Baurú, Araçatuba, Tres Lagôas, Campo Grande, Aquidauana, Corumbá, Porto Jofre, Cuiabá.	Weekly in both directions.
<i>Parnahyba — Florianopolis Line.</i> —Parnahyba, Porto Alegre, Repartição, Joao Pessoa, Miguel Alves, União, Therezina, Belém, Amarante, Florianopolis.	Do.
<i>Florianopolis—Urussuhy Line.</i> —Florianopolis, Nova York, Urussuhy.	Do.
Passengers for Bolivia proceed from Corumbá to La Paz via Puerto Suarez, Santa Cruz, Cochabamba and Oruro by aeroplanes of the Lloyd Aereo Boliviano.	
<i>Panair do Brasil, S.A.</i> (Passengers and Mails.)	
<i>Belém—Porto Alegre Line.</i> —Belém, São Luiz, Amarração, Camocim, Areia Branca, Natal, Recife, Maceió, Aracajú, Bahia, Caravelas, Victoria, Rio de Janeiro, Santos, Paranaguá, Florianopolis, Porto Alegre.	Weekly in both directions.
<i>Belém—Rio de Janeiro Line.</i> —Belém, São Luiz, Amarração, Camocim, Fortaleza, Areia Branca, Natal, Cabedelo, Recife, Maceió, Aracajú, Bahia, Ilheos, Caravelas, Victoria, Rio de Janeiro.	Do.

<i>Rio de Janeiro—Recife Line.</i> —Rio de Janeiro, Victoria, Caravelas, Bahia, Aracajú, Maceió, Recife.	<i>Frequency.</i> Twice a week in both directions. Do.
<i>Recife—Fortaleza Line.</i> —Recife, Cabedelo, Natal, Areia Branca, Fortaleza.	
<i>Rio de Janeiro—Bahia—Canavieiras Line.</i> —Rio de Janeiro, Campos, Victoria, Caravelas, Canavieiras, Ilheos, Bahia, Ilheos, Canavieiras.	Weekly in both directions. Do.
<i>Rio de Janeiro—Bahia Line.</i> —Rio de Janeiro, Campos, Victoria, Caravelas, Canavieiras, Ilheos, Bahia.	
<i>Rio de Janeiro—Porto Alegre Line.</i> —Rio de Janeiro, Santos, Paranaguá, Florianópolis, Porto Alegre.	Twice a week in both directions. Weekly in both directions. Do.
<i>Belém—Manaos Line.</i> —Belém, Curalinho, Curupa, Prainha, Santarém, Obidos, Parintins, Itacoatiara, Manaos.	
<i>Manaos—Rio Branco Line.</i> —Manaos, Borba, Manicoré, Humaytá, Porto Velho, Presidente Marques, Rio Branco.	
<i>Manaos—Porto Velho Line.</i> —Manaos, Borba, Manicoré, Humayta, Porto Velho.	Weekly in both directions.
<i>Rio de Janeiro—Bello Horizonte Line.</i> —Rio de Janeiro, Bello Horizonte.	Three times a week in both directions.
<i>Pan-American Airways, Inc. (Passengers and Mails.)</i>	
<i>U.S.A.—Belém—Buenos Aires Line.</i> —U.S.A. (Miami) to Buenos Aires, with calls at Belém, São Luiz, Camocim, Recife, Bahia, Victoria, Rio de Janeiro, Porto Alegre.	Weekly in both directions.
<i>Belém—Assunção—Buenos Aires Line.</i> —Belém, São Luiz, Amarração, Camocim, Areia Branca, Natal, Recife, Maceió, Aracajú, Bahia, Caravelas, Victoria, Rio de Janeiro, São Paulo, Curitiba, Foz do Iguassú, Assunção, Buenos Aires.	Do.
<i>U.S.A.—Belém—Rio de Janeiro Line.</i> —U.S.A. (Miami) to Rio de Janeiro with calls at Belém, São Luiz, Amarração, Fortaleza, Natal, Recife, Maceió, Aracajú, Bahia, Victoria, Rio de Janeiro.	Do.
<i>Empresa de Viação Aérea Rio Grandense. (Passengers and Mails.)</i>	
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B.—1938\*

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