



DEPARTMENT OF OVERSEAS TRADE

Economic Conditions in BRAZIL

December, 1932

REPORT

BY

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TOGETHER WITH

REGIONAL REPORTS BY
H.M. CONSULAR OFFICERS

AT

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COMMERCIAL SUMMARY

Area.—3,300,000 sq. miles.

Population.—(Government Estimate 1st January, 1931) 41,477,000.

Total Notes in Circulation (30th September, 1932).—2,984,614 Contos.

Exchange Rate (1st December, 1932).—Paper Milreis (1,000 Rs.) 51½d.
 Gold Milreis (1,000 Rs.) Rs. ~~78270~~ paper. 8/1000 31st Dec 1932.

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.

Federal Government Revenue, 1932 estimate.—£35,535,000.

Federal Government Expenditure, 1932 estimate.—£35,441,000.

Imports 1931, total.—£28,755,694.

Imports 1931, from Great Britain and Northern Ireland.—£5,018,389.

Exports, 1931, total.—£49,543,866.

Exports, 1931, to Great Britain and Northern Ireland.—£3,560,891.

Imports—January to September, 1932, total.—£15,536,000.

Exports—January to September, 1932, total.—£26,042,517.

Railway Mileage, 1932, approximately.—20,300 miles.

Road Mileage, 1932, approximately.—70,820 miles.

Water Power.—25,000,000 h.p.

Water Power developed.—500,000 h.p.

2,977,679⁰⁰
 3²⁵⁵/₂₅₆ d

1933 est £35,663.00
 " " £35,179,000
 1932 tot Gold £21,744.00
 " £4,175.27
 1932 gold £2,571,703
 Jan till 1933 tot gold £28,131.00
 " £35,790.00

HINTS FOR COMMERCIAL VISITORS

Copies of a Pamphlet containing Hints for Commercial Visitors may be obtained by British firms on application to the Department of Overseas Trade.

REPORT ON ECONOMIC CONDITIONS IN BRAZIL

December, 1932.

In order that the following notes with regard to the economic and financial developments of the year may be fully understood, the reader is advised to refer to the previous report in this series. (Published in 1932, by His Majesty's Stationery Office, price 2/6d.).

I.—GENERAL FORENOTE

In seeking to deduce from the present situation and outlook a safe and practical estimate of the probable trading prospects during the coming year, which is one of the primary purposes of this report, it is difficult to strike an optimistic note in the face of the plain fact that the foreign trade of the Republic is still steadily declining both in value and volume. Apart, indeed, from an abstract conviction, which is strongest in the minds of those who know Brazil best, that the embryo of recovery is already developing, the outlook is generally discouraging. To what extent the present depressing position is simply a temporary consequence of the Civil War, it is difficult to say: certainly conditions were steadily improving during the first five months of the year, and possibly, after a lapse of a few months, the process of revival will be resumed. Such a tendency can only originate from unhampered trade enterprise, which could be best encouraged by removing the innumerable restrictions. These at present seriously discourage development in every direction; they reduce the accumulation of exportable resources, and practically prevent the resumption of foreign investment in the country. Until confidence is restored by extending the field for profitable trade and financing, which is the mainspring of commerce, it is unlikely that any substantial improvement will occur.

Unfortunately, during the period under review, trade restrictions have been increased, and though the pressing requirements of the moment may be urged in justification, the fact remains that both import and export trade has suffered a reduction in consequence.

The tendency of the fiscal policy seems to be to increase tariff barriers, notwithstanding the cogent evidence of the past few years that in the long run, export trade cannot be improved unless a fair opportunity is given to the importer, and that the favourable balance upon which the fate of the exchange ultimately depends can only be increased by the development of the total volume.

During the past year, in the unfavourable economic conditions of the world, which have conspired with other factors to cut Brazil

off from all sources of credit as well as reducing her normal trade income, the fundamental defect of her economic life, namely the paucity of developed export resources, has been felt more acutely than ever before. The march of events up to the present difficult situation has shown with relentless logic that, whatever the independence of the country from foreign supplies, and notwithstanding the ingenuity of the financial administration, there is no escape from the consequences of exchange weakness. The exercise of the strictest control has averted a collapse; but it has produced a painful dilemma between the necessity of maintaining the maximum resources of cover, and the contention of the exporters that the present rates weaken their competitive position.

The protagonists of the policy of a managed exchange maintain that, if the milreis were allowed to fall, its descent would be rapid, and imports of necessities, including wheat, coal, petrol, and many industrial raw materials, would be practically cut off. Capital would naturally take flight and the milreis cost of living would rise: confidence would disappear, and the resultant panic would provoke complete demoralisation, compared to which the moderate inconvenience of the present restrictions is almost negligible. To those who ascribe the present reduction in the export trade to the policy of exchange restriction they reply that, while exports of every country are declining in consequence of world conditions, it is illogical to assign any special reason for a similar reaction upon the trade of Brazil; and since this decline in international trade movements continues in spite of, if not actually by reason of, a heavy fall in commodity prices, it is contrary to all experience to expect that any reasonable decline in the milreis rate would bring about a net increase in the proceeds of Brazilian exportation.

Up-to-date therefore, the authorities have maintained the price of the milreis under a strict control. This policy has been rigorously followed, in spite of political disturbances, and in spite of the disapprobation of the export interests, particularly coffee.

The justification to be urged is not a simple pride in a certain exchange level, but that this proceeding has enabled the Government to meet the monthly instalments in respect of various obligations on Government account, including the overdraft in London, and to provide exchange for imports. Such a plan of action naturally involves heavy sacrifices, not only on the part of the exporter, but also the importer, for the maintenance of a rigid control has only been possible by recourse to a moratorium on all occasions of exchange shortage.

Situation at the Close of 1931.—Last year (1931) the Niemeyer Mission visited Brazil in order to advise the Government upon the reforms necessary to rehabilitate the financial structure of the Republic. Unfortunately, no improvement in the world economic and trade position took place and immediately following the departure of the Mission, the Republic was obliged to suspend

the service of its debts, with the exception of a few priority obligations, funding loan, etc. The pivotal recommendation of the Niemeyer Mission—namely the establishment of a Central Reserve Bank—has unfortunately not been adopted: in consequence the Bank of Brazil, which has a large commercial department, has been placed in an equivocal position in assuming financial control of credit and exchange.

The financial situation at the end of the year was one of acute difficulty. The gold reserve had been entirely exported, and there remained nothing but the proceeds of the export trade of the Republic to balance its payments, including not only the current requirements of the Government for debt service and expenses, but also large accumulations of milreis awaiting remittance on ordinary commercial account. Returns from export trade were low, owing to the depressed coffee prices, and the future of the coffee market seriously threatened by the existence of dangerously heavy stocks, the legacy of the valorization schemes of previous years. As against these elements of weakness and danger, which were, of course, not peculiar to Brazil, there was a brighter side to the picture: internal trade and the national industries were improving; the currency position was sound, internal prices were stable, there was no serious unemployment, and the budget was by way of reaching a balance in consequence of the adoption of strict economies, and an estimate of requirements based upon the Niemeyer recommendations. Finally, the coffee problem was being dealt with in a practical manner, and with regard to the realities of the position. In short, while the situation was extremely difficult, the problems were understood and the country was generally prepared to face the facts and to undergo a present sacrifice in order to place affairs upon a sound basis for the work of reconstruction.

Economic History of the Year.—The events of the year 1932, fall naturally into two almost equal periods: the first from the beginning of the year until the outbreak of the Paulista Revolution on the 9th July, and the second from that date onwards.

During the first period the general tendency was toward an improvement in commercial conditions, based upon a resumption of confidence that the situation had more or less resolved itself from the confusion following the 1930 Revolution into something definite: perhaps not generally favourable or fortunate, but at least known: and that the authorities had faced and were slowly but resolutely grappling with the problem and reducing its various complexities to reasonable order. It was felt that the country had taken the measure of its task and would gradually gain advantage from an improvement in coffee prices, which was naturally expected to follow the costly sacrifices which the coffee interests were making in destroying approximately one million bags per month.

On the exchange side, optimism looked with satisfaction to the liquidation of the various barter and semi-barter coffee deals, releasing each month a larger proportion of the coffee bills for ordinary commercial purposes, and for the reduction of the heavy accumulations of milreis awaiting remittance by public utility, railway, oil and other trading companies. The repayment of the £6,000,000 London overdraft, which proceeded according to programme, at the rate of £542,000 a month until the São Paulo outbreak in July, would have made an almost decisive difference in an exchange market of less than £3,000,000 a month. It was quite reasonably expected that, with the disappearance of these obstacles, the situation would be much easier: thus commerce in general was content to suffer some present inconvenience in prospect of a definite turn for the better, not later than the beginning of 1933.

The final foreign trade figures for the year 1931, in so far as these can be accepted as correctly indicating the position, were disappointing to those who had hoped that the low exchange rates ruling throughout 1931, would produce an increase at least in the volume of the export trade; the figures showed a steady decline in tonnages, and, of course, heavy fall in values. Import tonnage declined by 25 per cent., and in value by almost 50 per cent. The favourable balance remained approximately unchanged. The exchange, if the word may be applied to arbitrarily fixed rates, was approximately 16\$000 to the dollar (53\$890 to £1) in January, and remained at about this rate until the end of March: during the month of May, the Bank of Brazil continued to advance the price of the milreis steadily: the average for that month was 13\$800 and 13\$344 for June. During this period the difference between the "kerb" exchange rates and the official rates continued to increase, and in June a margin of about 10\$000 per £1 existed, in spite of the continuance of the exchange restrictions under which "kerb" transactions were definitely illegal. The volume of exchange available was generally inadequate: but, until the beginning of June, distribution by the Bank of Brazil was freer than during the last months of 1931. The supply was at all times irregular, depending upon the offerings of export paper, the volume of which varied month by month. Throughout the half year, import requirements were generally met, preference being granted to transactions covered by bills: at the same time the Bank of Brazil set aside sufficient to meet the monthly £542,000 for Government overdraft payments, and whatever was left over went to pay outstanding Government floating debt, and to provide sums of cover to holders of milreis accumulations awaiting remittance. Progress in these cases was slow, but there was, at least some sign of improvement. The fears, that had been entertained, that the exchange restrictions would enable drawees

to evade their obligations by exercising the Civil Code right of judicial deposit, began to subside. It may be doubted whether in fact the danger ever existed, but wide publicity had been given to the subject.

The Civil War of 1932.—At this point it is necessary to refer to the salient facts of the outbreak of hostilities, which occurred on the 9th July, 1932, and continued until the first week in October. The movement was confined to the States of São Paulo and Matto Grosso, and though its purpose was to overthrow the Central Government, with the declared object of establishing a constitutional regime, its instigators were also inspired by sectional grievances. In view of this and of the number of troops, more or less 200,000 men, which took part in the fighting, the struggle was in fact a civil war rather than a revolution.

This political outbreak struck the commercial world with a force and suddenness which produced something like paralysis. Its immediate consequence was to cut off shipments from Santos entirely; these normally constitute about half the export trade of the Republic. Though serious enough in view of the existing exchange shortage, this was not the worst, for it was generally felt that a temporary stoppage could soon be made good, and might indeed, bring about an increase in coffee prices. What caused the greatest consternation, was the fact of the Civil War itself, threatening untold and irreparable harm not only to the credit of the country, but also to its financial machinery: it was regarded as inevitable that foreign exchange cover, which was being drawn from the export interests of the country on terms which practically amounted to requisition, would be diverted from the all important purpose of meeting pressing obligations and utilised to pay for armament purchases, thus becoming a dead load of waste in the payments balance. It seemed even more certain that the budget, in which some degree of equilibrium had been obtained with difficulty by the sacrifice of all classes of the community, would be thrown into hopeless confusion, and that the Government or rather Governments, for there were now two exercising effective authority, would perforce resort to inflation to supply their pressing war needs, and thus the mainstay of the internal economics of the country, namely the currency, would be reduced to something like chaos. The economic consequences of the 1930 Revolution, although it lasted for barely three weeks, were fresh in the public mind, and not even the most violent partisan could forget that civil war, whatever the outcome, is a ruinous business. Not to expatiate upon these apprehensions, it is sufficient to record that they were promptly realised; within a few weeks of the outbreak, each side was compelled to declare a moratorium of all obligations, internal and external: exchange reserves were applied for the purchase of armaments, and before the beginning of September both sides were issuing notes to meet their obligations.

As the fighting proceeded, and it became obvious that the São Paulo forces were not likely to make serious progress against those of the Government, fears subsided—and as happened in the case of the Great War, losses were partly offset by the incidence of War expenditure, which had the immediate effect of forcing into circulation an increase of currency per capita. The sudden incursion of buying power to the extent of about 800,000 contos produced a small boom; at the same time the dismay which might otherwise have been caused by the reduction of exchange distribution, was allayed by the imposition of a moratorium subsequently extended until the end of the year.

Meanwhile the Bank of Brazil maintained its rates at about 45\$000 to £1; considerably higher than the quotations since the 1930 Revolution. These events were reflected in the "kerb" exchange movements: in July the rates reached 95\$000 to £1, but slowly subsided and fell to 60\$000 to £1 by the beginning of November.

The Pacification of São Paulo.—The complete collapse of the São Paulo outbreak occurred almost as suddenly as it had begun. Hostilities ceased on the 30th September, and during the following week the insurgent leaders, military and civil, surrendered themselves to the Federal authorities; simultaneously the Navy entered the port of Santos and took possession of the town.

With remarkable promptitude the Federal troops restored order in São Paulo and even in Santos, where the unruly elements caused serious riots; commendable moderation was shown: no reprisals or general punishment was inflicted upon the people of the State, and anything that might have caused humiliation to local susceptibilities was carefully avoided.

As soon as the details of the military submission were arranged, commercial and financial questions caused by the revolution were taken up energetically by the Federal authorities, and by the end of October all the matters of first importance had been settled. Briefly the problems calling for immediate action were the following:

1. The regularization of the currency problem caused by the issue of some 340,000 contos of notes or "bonus" by the São Paulo Government;
2. The transfer to Santos of cargo consigned to that port but landed in Rio de Janeiro in consequence of the blockade;
3. The re-organisation of the coffee defence scheme and resumption of coffee exports;
4. Banking problems and in particular the reconciliation of the moratorium decrees issued by the Federal and the São Paulo Governments.

In order to give time for a thorough investigation of these difficulties, a bank holiday was declared from the 6th until the 13th October, and was eventually extended until the 15th.

The first and most important question, namely that of the insurgent currency or "bonus" notes, was disposed of by Federal Decree No. 21,959 of the 14th October, 1932, which provided for

the institution of a commission to supervise the collection of the "bonus" notes and their exchange for Federal notes. The decree further laid down a practical scheme for withdrawing these notes from circulation; the details of this plan will be found under the section entitled "Currency."

In disposing of the question of the Santos cargo, the Federal Government gave a lead by exempting the shipments from warehouse and harbour dues in Rio de Janeiro, and eventually the steamship companies agreed to re-ship the cargo to Santos on the original bills of lading without charge.

The settlement of the coffee problem presented particular complications, and required careful handling in view of the inevitable reaction upon coffee prices of any precipitate steps. A commission, consisting of the President and members of the National Coffee Council, was therefore sent to Santos in order to study the question: at the same time a re-assuring announcement was made that ample resources existed to prevent, by means of market intervention or restriction of coffee entrances, any unreasonable fall in price.

Coffee shipments were accordingly permitted on the 13th October: and early in November, the destruction of coffee stocks was resumed.

The difficulties opposed to the resumption of ordinary banking business were partly removed by the settlement of the "bonus" question. With regard to the moratorium for currency bills, this was regularized by Decree No. 21,960 of the 14th October, 1932, which extended the dates for a further 60 days, and provided for their liquidation thereafter at the rate of 25 per cent. a month.

In the case of bills in foreign currency, no announcement was made, and it was therefore generally assumed that, since the original Federal decrees on the subject applied to the whole country, and since all acts of the insurgent Government were declared to be null and void, bills held in the São Paulo banks were automatically included under the various Federal moratorium decrees.

It speaks volumes for the efficiency, moderation and impartiality of the Federal authorities that they should have laid the foundation of reconstruction within a period of barely fourteen days from the end of the Revolution. The settlement of these questions provided an effective basis for the resumption of commercial business.

October to December.—During the last three months of the year, the situation was overshadowed by the confusion resulting from the three months of civil war. The foreign trade for the nine months, shows a favourable balance of only £10,000,000 as against £14,000,000 for the corresponding period in the previous year; the budget returns, which showed a deficit of £2,000,000 for the first half of the year, continued to cause anxiety; while the

exchange situation remained unchanged, with an arbitrary rate still maintained at a point high enough to discourage a revival of the export trade. The hopes of the coffee trade for heavy exports, which were expected to follow the three months suspension of the Santos shipments, were largely disappointed: the total exports in October amounted to little more than the average monthly movement. It is now feared that well over one million bags of coffee business has been permanently lost to Brazil.

Though the year closes in depressing uncertainty, far from promising, from the point of view of the economic reconstruction of the country, it would be a great exaggeration to suggest that any ground exists for panic in ordinary commercial matters; there is no reason why firms should not continue to ship to their good customers in Brazil with the assurance that bills will be liquidated in due course. There is, however, likely to be a certain amount of delay should there be no improvement in the general situation.

NOTE.—Since the Report was written, the course of events suggests that there may be some slowing up in the rate at which remittances are made, at any rate up to June, 1933. It is understood that during January and February the balance of exports was much reduced, while, on the other hand, the exchange requirements of the Government are, for the time being, increased owing to liquidation of certain financial obligations abroad.

II.—FINANCE

Past Budgets.—The following word upon the outcome of past Brazilian budgets will perhaps assist the reader to view the present position in a truer perspective.

In 1910, with an exchange of 16d. to the milreis, the Federal revenue amounted to approximately 120,000 contos gold and 322,000 contos paper; in 1920, with an exchange at 14d., the gold revenue was almost the same, but the paper sum had increased to 511,000 contos. In 1921 the milreis fell to 8d. and the gold revenue naturally declined also; the paper income of the Government could not be immediately increased and for several years serious budgetary deficits occurred, which were partly made good by borrowing. In 1923 both gold and paper incomes began to increase rapidly in response to the steady rise in imports, and indirectly no doubt also to foreign borrowing. By 1928 the gold figure had almost reached 200,000 contos and the paper 1,300,000 contos: the totals of 1929 were approximately the same.

These were the years also of the heaviest foreign trade, and of stable exchange conditions, with the milreis at approximately 5½d.

In 1929 important customs duties were increased, leading to a decline in imports in the following year, while the collapse in coffee prices produced a similar reaction upon exports: in consequence the revenue of 1930 fell to 120,000 contos gold, and about 1,050,000 contos paper.

The 1931 Budget.—According to official returns the final result of the 1931 budget was as follows:—

	<i>Contos</i>		
	<i>Gold</i>	<i>Paper</i>	<i>Total converted to paper</i>
Revenue estimate	122,082	1,718,728	2,669,993
Revenue collected (all sources) ...	107,902	1,264,364	2,105,137
Revenue less than estimate ...	14,180	454,364	564,856
Expenditure authorised	115,363	1,552,704	2,451,615
Expenditure incurred	89,742	1,335,073	2,034,347
Expenditure less than estimate ...	25,621	217,631	417,268

The above figures include the carry over from the previous year. The net outcome of 1931 was a deficit of 293,955 contos, which is shown in the official returns as follows:—

	<i>Contos Paper</i>		
Revenue collected	1,752,665
Actual Expenditure	1,944,116
Excess of Expenditure	191,451
Pending Expenditure	90,231
Loss by Exchange	12,273
			<u>293,955</u>

The deficit was covered by gold held in the Stabilization Bureau, and an issue of Treasury bonds: the total of these two items is given as 352,471 contos.

Of the gold income approximately 71,000 contos was derived from import taxes; the extent of the reduction in revenue from this source may be judged from the fact that in 1929 it produced 177,000 contos.

The comparison of gold revenue from other sources presents comparatively few items of change: on the paper side it is noted that import taxes have produced only 46,000 contos as against 74,000 in the previous year and 118,000 contos in 1929. The consumption tax produced slightly more than in 1930, but 50,000

contos less than in 1929. The income tax, which is almost the only direct taxation of the Government, produced 93,000 contos, an increase of about 30 per cent. compared with 1930. Other items of revenue remained almost unchanged.

On the expenditure side the largest gold item applied to the Ministry of Finance, which took 79,000 contos as against 103,000 in 1930, and approximately the same sum for the two previous years. The gold payments by other departments were naturally greatly reduced: the gold expenditure by the Public Works Department fell to 2,500 contos as against 13,000 in 1930. The Ministry of Foreign Affairs reduced its gold expenditure from 6,000 contos to 3,000.

On the paper side reductions in spending occurred in almost all departments, though additional sums were, of course, appropriated for the newly formed Ministry of Education and Public Health and the Ministry of Labour, Industry and Commerce, which had been created after the 1930 Revolution.

The exact total of the 1931 expenditure by Ministries will be found in Appendix VI.

1932 Budget.—The budget for 1932 provided for the following revenue: 109,536 contos gold and 1,392,751 contos paper. Details will be found in Appendix V.

Comparing the estimates of the revenue with the outcome of the previous year, it is noted that import duties in 1932 are expected to increase by 30,000 contos gold, while the paper item is reduced to almost nothing. This corresponds to the change made in the method of collecting customs duties from the old system of 60 per cent. gold and 40 per cent. paper to a complete collection in gold subject to rebates. Even allowing for this it is to be feared that in view of the reduction in imports the estimate is not likely to be realised.

In the other items variations are inconsiderable, but in most cases provision is made for increases, the realisation of which is at best doubtful.

On the expenditure side provision is made for only 16,000 contos for the Ministry of Finance as against 79,000 in the previous year, corresponding to the reduced payments in consequence of the funding agreement of 1931. On the other hand the paper expenditure of this Ministry has increased from 271,000 contos in 1931 to 863,000 in 1932.

To the other Ministries reduced amounts of gold expenditure were allotted, except in that of the Ministry of Public Works and Transport.

In so far as it is possible to estimate, the evidence points to a very serious deficit: indeed it is now clear that a deficit must have occurred even if there had been no revolution. Remembering, however, that during the outbreak it was necessary to maintain an army of about 80,000 men and that at least £1,000,000 gold has been spent abroad in the purchase of armaments, to say nothing

of the loss of revenue from almost all sources, it is impossible to view the outcome without misgiving.

From information available up to date with regard to the progress of the collection of revenue, the following somewhat unpromising details are available :—

From January to July customs receipts in gold were about 38,000 contos as against 47,700 last year, and the paper receipts only 2,000 contos as against 41,000 in the previous year. Although these figures are not altogether complete, it is quite evident that the sum of revenue budgeted for from this source is not likely to be realised.

For the first half of the year the deficit expressed in terms of paper is given as 107,319 contos, or approximately £2,200,000.

1933 Budget.—The following are the estimates of revenue and expenditure for 1933 :—

REVENUE :—				<i>Contos</i>	
<i>Ordinary</i> —				<i>Gold</i>	<i>Paper</i>
Import Duties	...	...	...	83,076	1,600
Consumption Tax	...	...	...	—	457,400
Stamp and Document Tax	...	...	...	10	262,460
Income Tax	...	...	...	1	137,300
Lottery Tax	...	...	...	—	15,300
Various Receipts	...	...	...	1,680	8,340
Revenue from state lands, properties, etc.	...	...	...	—	11,470
Industrial Revenue	...	...	...	1,400	259,892
Totals...				86,167	1,153,762
<i>Extraordinary</i> —					
Revenue from various sources	...	...	...	1,589	348,916
Grand Totals				87,756	1,502,678
EXPENDITURE :—					
Distributed among the various					
Ministries	...	...	...	34,265	1,861,976

The Third Funding.—In last year's report in this series reference was made to the negotiations then proceeding between the Government and its bankers for the third Brazilian Funding Loan. With less delay than might have been expected in view of the complications involved, an agreement was finally reached, and its terms incorporated in Decree No. 21,113 of the 2nd March, 1932, a translation of which may be had from the Department of Overseas Trade.

It is a difficult matter to sum up in a few words the tenor of this funding arrangement, since, in accordance with the diversity, in amount and standing, of the loans dealt with, the various agreements reached were not entirely uniform. The basis of the plan consisted in the issue of two series of bonds, one redeemable in twenty and the other in forty years, both bearing interest at

5 per cent. The twenty year bonds are to be exchanged, without delay, for coupons in the currencies of the suspended issues; the forty year bonds are to be applied to the redeeming of the coupons of the French and English unsecured loans, amortization to commence on the 1st October, 1934.

During the period of the issue of the Funding Loan, the Government undertook to deposit currency equivalents in the Bank of Brazil, at the rate of U.S. \$0.12116 per milreis. The decree left the question of the amortization of the External Loans to be settled later, but provided for the deposit, in currency, of the amounts corresponding to the sums suspended.

Provision was also made for carrying into effect the decision of the Permanent Court of International Justice at the Hague with regard to the method of paying the French loans.

Currency.—Until the São Paulo outbreak, the amount of currency in circulation had been gradually falling since the end of 1929, when the total amount was 3,400,000 contos; at the end of 1930 it had reached 2,800,000 contos and thereafter continued to decline slowly to about 2,700,000 contos in July, 1932.

In considering the possible effect of these and subsequent monetary fluctuations, it is important to remember that for the past two years the effective circulation has been automatically reduced by the continuous process of increasing the bank deposits, more particularly those of public utility companies, oil companies and similar concerns, which have large sums of currency awaiting remittance abroad. The total of the deposits in the banks on the 30th June, 1930, was 5,600,000 contos; the corresponding sum a year later was 6,000,000 contos, and on the 31st March, 1932, this had increased to 6,250,000 contos. The virtual effect of these accumulations was to immobilize a considerable proportion of the currency, a deflationary process which was by no means convenient. In June, 1932, a step was taken to counteract this process by the creation of the Banking Mobilization Department (Caixa de Mobilização Bancaria), which was authorised to take from the banks, and utilize as a basis for credit, all deposits in excess of 20 per cent. in relation to sight liabilities. At the outbreak of hostilities in July this scheme had proceeded no further than the transfer of the deposits from the banks to the Bank of Brazil.

In view of this state of affairs existing at the beginning of July, and the reduction of Federal revenue owing to the isolation of São Paulo, it is not surprising that the authorities should have been forced to adopt inflationary measures to meet the sudden and heavy expenses of the military campaign against the São Paulo insurgents. The decree actually authorising an issue was signed on the 10th August, 1932, and provided for an amount of 400,000 contos. This sum was put into circulation gradually: and between the 30th July and the 31st October, the increase in currency amounted to about 303,000 contos. The decree provided that the

issue should be covered by depositing in the Bank of Brazil an equivalent sum of national Treasury obligations, bearing interest of 7 per cent. and redeemable in ten years by means of an accumulated sinking fund, from February, 1933.

During the same period currency was also issued by the São Paulo authorities. The total sum authorised was about 600,000 contos, but only about 350,000 contos were actually put into circulation. Of this sum 165,000 contos were covered by cheques drawn on the Bank of Brazil representing deposits made by the São Paulo banks in the "Caixa de Mobilização Bancaria." The remainder of the issue was dealt with by Federal Decree No. 21,959 of the 14th October, 1932, which provided that São Paulo notes or "bonus," as they were locally called, should be retired from circulation within forty five days and replaced by Federal notes. To facilitate this operation a credit of 220,000 contos was opened in the Bank of Brazil, to be covered by an issue of bearer bonds (apolicies) at 7 per cent. interest, redeemable within thirty years from the proceeds of a 10 per cent. surcharge upon all taxation levied in São Paulo, with the exception of agricultural taxes.

The São Paulo issues thus became an increase in the funded debt of the State and in no sense an increase in the national currency in circulation, reducing the total inflationary issues to approximately 400,000 contos. Whether this will produce any important effect on prices remains to be seen. It seems probable, in view of the large population of Brazil and the conservative monetary attitude of the Government, that the issue of a sum of such dimensions is not likely to produce serious consequences: particularly since, as it has been pointed out above, an exceptional proportion of the currency is at present lying idle at the banks.

Moratoria.—In the second week of October, 1931, it was found necessary, owing to the shortage in exchange, to declare a 60 days moratorium for all obligations maturing in foreign exchange until the 31st December, and the effects of this enactment continued to be felt until the beginning of March. From then until the outbreak of the São Paulo revolution collection conditions improved somewhat, though exchange contracts were usually granted by the Bank of Brazil subject to delay. In June the exchange difficulties recurred and on the 12th July, 1932, a few days after the outbreak in São Paulo, a moratorium of 15 days was decreed for bills in foreign currency maturing up to the 31st August, subject to the obligation on the part of the drawee to deposit the equivalent in milreis at the official rate of exchange in the bank holding the bills; this requirement was repeated in subsequent decrees and provision was made in every case for adjustment of exchange differences upon liquidation. On the 21st July the moratorium was extended for a further 15 days. On the 7th August a further extension was decreed for an additional 30 days.

Meanwhile on the 6th August a general moratorium for sixty days for all bills falling due between the 9th July and the 31st August was decreed by the Government in São Paulo, provision being made for liquidation at the rate of 25 per cent. per month.

A series of further moratorium decrees in São Paulo followed, but upon the cessation of hostilities a general reconciliation was promptly effected between these and the corresponding Federal decrees; it is therefore not necessary to go into the somewhat complicated details of the former.

On the 29th August, 1932, the Federal moratorium was re-enacted in a decree providing for an extension for sixty days of the due dates of all bills maturing between the 1st of September and the 31st October, subject to the usual conditions of deposit and liquidation. In this decree provision was made for liquidation at the rate of 25 per cent. per month from due date; its virtual effect was to postpone the final liquidation of a bill for six months.

An interesting article in this enactment provided that liquidation by judicial deposit should not in any event be effected without consent of the creditor.

Finally on the 28th October, following the conclusion of the revolution, a further decree was signed extending the due dates of bills in foreign currency falling between the 1st November and the 31st December for thirty days, and providing for liquidation thereafter at the rate of 25 per cent. per month. The effect of this decree is to carry over for a period of up to five months into the new year a considerable proportion of the obligations falling due during the last two months of the year, so that the collection consequences of the revolution will at best not be fully liquidated until the end of May.*

In addition to these provisions applying to obligations in foreign currency, corresponding decrees were published on the 18th of July and 18th of August extending the due dates, in roughly equivalent terms, of all bills maturing in national currency.

Exchange Restrictions.—It is not necessary to enter into the details of the various decrees and regulations which give effect to the existing restrictions upon the transaction of foreign exchange business. It is sufficient to state here briefly that the Bank of Brazil has a monopoly for the purchase of all foreign exchange accruing from the country's foreign trade: no exports may be effected until the bills corresponding to the shipment are sold to the Bank of Brazil. From the fund of exchange thus obtained the latter distributes cover as it may think fit. In practise the order of priority is roughly as follows:

* The moratorium was not extended after 31st December, 1932.

1. *Government account.*—This includes payment for official purchases, maintenance of diplomatic and consular establishments, Government debt and overdraft payments and a few minor items.
2. *Import trade.*—With certain exceptions, this applies only to current import trade transactions which are covered by bills drawn. In times of special exchange shortage, e.g., since the commencement of the Civil War, the due dates of bills have been extended by moratorium decrees subject to compulsory currency deposits.
3. *Other payments.*—This includes, roughly in the order named, the following: imports not covered by bills, remittance of profits, debenture interest, non-governmental bond interest payments, accumulated or current, remittances due to absentees (now almost entirely suspended), and similar payments.

On the whole it is generally agreed by those who are best able to judge that the administration of the Exchange Department of the Bank of Brazil has been conducted with skill and impartiality. It is also generally recognised that the restrictions are a necessary evil under the present conditions. With many million pounds of milreis awaiting remittance and a definitely limited volume of export trade, a regime of entirely free exchange would in all probability bring the milreis down to a point where imports would be largely impossible, and under such conditions the necessity of ensuring supplies of indispensable foodstuffs and raw materials would presumably dictate a regime of rigid import restrictions.

Left with a choice between the present limited but impartial distribution of exchange cover, and a definite prohibition of all but essential imports, it can hardly be doubted that even those who suffer the greatest inconvenience to-day would choose the former.

It should also not be forgotten that the present restrictions also fall heavily upon the exporter, who is obliged to sell his bills to the Bank of Brazil and to accept what is offered to him in milreis—at present a comparatively unfavourable rate from his point of view.

Although the exchange restrictions are generally admitted to be a necessary evil forced upon the country by the present emergency, it should not be lost sight of that their continuance is incompatible with the development of Brazil's overseas trade. It is also apposite to point out that while Brazil may allot exchange for imports according to regulations of her own devising, she can only monopolise the proceeds accruing from her export trade so long as her overseas customers agree to receive imports from her on such terms. In other words, the system which Brazil has established can only be continued by sufferance of her customers, for if these should, following her example, refuse to permit exports to leave their ports until the corresponding exchange had been sold to their national banks, or should demand the right to receive or control the disposal of exchange deriving from their imports from Brazil, regulations such as these in force here at present would soon require modification. The general adoption of a

principle of exchange reciprocity along these lines, would involve Brazil, which normally has a considerable export balance, in an unfavourable bargaining position.

The administration of the exchange restrictions has also brought to light the weakness which is inherent in the close association of a central bank with a commercial bank. As it was pointed out both by the Montague Mission in 1921 and by the Niemeyer Mission a year ago, the proper functions of the Bank of Brazil as a purely central bank will be imperilled so long as the bank has also a large commercial department. The administration, for example, of the exchange restrictions by virtue of special right and duties vested by law in the Bank of Brazil, cannot work smoothly so long as the feeling exists that impartial administration may conflict with the interests of the commercial department.

Brazilian Trade and Foreign Exchange Restrictions.—

In view of the existence of exchange restrictions in certain foreign countries, the Bank of Brazil has agreed to purchase bills representing the shipments of Brazilian coffee to those markets at the following rates:—

Uruguay	5\$700	Czechoslovakia	0\$335
Sweden	2\$005	Greece	0\$070
Norway	1\$970	Hungary	1\$955
Denmark	2\$030	Yugoslavia	0\$165
Austria	1\$570	Chile	0\$200

There has been a good deal of controversy during the year concerning the application of the funds accumulated in these currencies, and it has been openly suggested that they have been utilised to make possible the purchase by Brazilian importers of products from the particular countries concerned. The development of this procedure is clearly open to many objections; if pursued to the logical conclusion, it would bring about an exact balance of Brazilian trade, and, therefore, involve a loss of the existing export surplus.

Furthermore, its practical effect is to discriminate against those countries which impose no exchange obstacles to the entry of Brazilian produce, a proceeding hardly calculated to encourage Brazil's customers.

Even closer to the border line of barter is the case of the arrangement made between Brazil and Germany, by which the former imported 345,000 tons of coal; payment was made in Reichsmarks, which were utilised for the purchase of a corresponding quantity of Brazilian coffee.

It is hardly necessary to add that arrangements of this kind are extremely discouraging to the commercial public, since they constitute an unfair and arbitrary exception to the exchange restrictions. The demoralizing effect of allowing one group of importers to be paid without delay, whilst others are obliged to wait for months or even indefinitely, is too obvious to call for

comment. The consequences to the coffee interests are hardly less deplorable, whether the transaction is one of open barter or whether its appearance is altered by employing the methods of ordinary trade. Such transactions are incompatible with the maintenance of exchange restrictions, and whatever the inducement, official participation in them is bound to produce widespread dissatisfaction.

III.—LEGISLATION

Tariff Revision.—The Tariff Commissions mentioned in the remarks on tariff revision, contained in the last report in this series, have sat continuously throughout the year and have produced certain definite works.

For the most part these have taken the form of proposed schedules of classifications and rates; up to date about fifteen* complete classes have been published, and in accordance with the eminently practical Brazilian custom in such matters, public comment has been freely invited. These schedules were composed very largely from recommendations presented to the Commission by the various interests involved. At present the final recommendations are being studied, and in all probability the tariff in its final form will be issued during the coming year.

From what has been published so far it is possible to draw certain interesting conclusions. In the first place, it seems that the proposal to adopt the League of Nations' classification as a model has not been adopted: instead the new classification is based upon the existing tariff. The modifications thus far introduced are for the most part merely additions corresponding to modern nomenclature and general commercial and industrial development or progress.

It is apparent also that the existing plan of collecting duties in gold, subject to a most-favoured-nation abatement, is to be adopted; though no announcement is made, this is assumed from the general level of the rates imposed.

With regard to the question of the rates, which is, after all, the most important consideration, the conclusion emerges that the authorities have no intention of modifying the policy of extreme protection which has characterised Brazilian fiscal policy for years past. In most cases the new rates are identical with the existing duties, but where changes are introduced they are chiefly in the direction of an increase—it is true that reductions have also been made, but the increases refer in very many cases to articles the import of which is considerable, for example, wines, spirits and cotton piece goods. In the textile classes imports have

* Additional classes have since appeared.

been seriously reduced of late years, and the increase in the proposed rates can, therefore, reflect only the desire, if not the intention, of the industrial interests to obtain a wider margin of protection under which to cover a general increase in the price to the consumer.

Up to date revised additions of the following classes* have been published in the *Diario Oficial*, and the texts (in Portuguese) may be seen at the Department of Overseas Trade :—

- | | |
|-------|--|
| Class | I.—Live Animals |
| „ | II.—Hair, fur and feather, raw or prepared. |
| „ | III.—Skins and hides, raw, prepared or cured and varnished. |
| „ | IV.—Meat, fish, oleaginous substances and other animal products. |
| „ | V.—Mother-of-pearl, ivory, tortoise shell and other animal substances, raw or prepared. |
| „ | VI.—Fruits, cereals, garden produce, vegetables and their products, merchandise. |
| „ | VII.—Plants, leaves, flowers, fruits, seeds, roots, barks, forage and spices. |
| „ | VIII.—Vegetable saps or juices, alcoholic and fermented beverages and other liquids. |
| „ | XI.—Wood and Timber. |
| „ | XII.—Cane, bamboo, rushes, rattan, osiers and other wickerwork material, raw or prepared. |
| „ | XIII.—Coir, esparto, manilla, paina, straw, agave, sisal, zosters and other similar vegetable material, raw, prepared or hackled, dressed or treated in any manner; dyed or not. |
| „ | XIV.—Cotton, raw or prepared, etc. |
| „ | XV.—Wool. |
| „ | XX.—Earthenware and Glass. |
| „ | XXI.—Gold, platinum and silver. |

No indication has been published as to when these revised rates of duties will come into effect.

The subject is one which all firms interested in Brazil should constantly keep in mind, since changes are likely to be made at very short notice, though the law provides that ninety days must be allowed between the publication of the new duties in the *Diario Oficial* and the date on which they become effective.

Although it is not possible in a report of this nature to enter into the details of all the proposed changes in rates, it may perhaps be of interest to indicate some of the items in which considerable alterations have been proposed in the rate of duty :—

- Class XX.—The basis of duties on “ tiles ” has been altered from square metre to kilogramme, legal weight, and the duties have also been considerably increased. The rates for the important class of “ table and toilet earthenware not otherwise specified ” have been increased in three out of the four categories by an average of about 40 per cent. The duties on “ sanitary earthenware ” have been increased approximately 60 per cent.

* Revisions of additional classes have since appeared.

In the case of "glass" an illogical distinction has been made between "plate glass proper" and "sheet glass," the latter having a much lower duty, though it is produced and usually employed as a substitute for "plate glass."

Class VIII.—Alcoholic beverages. The duties on bottled whisky of more than 40° strength have increased from 1\$300 to 1\$800 a kilo. The duties on bottled gin have increased from 400 reis to 1\$800 a kilo.

„ XIV.—In this section there are a considerable number of changes and in some cases reductions; but in the piece goods item the basis of classification has been changed to a double system of weight per square metre, and threads per 5 m/m squares, and the result is in many important cases a considerable increase, particularly on the finer cotton piece goods.

Tariff Changes.—Early in July a complete change was decreed in the rates under Class 30, namely, "vehicles, accessories and parts"; the new schedules are worthy of careful study by British manufacturers of automotive products, bicycles, motor cycles, etc. In the case of passenger cars the basis of this schedule was changed entirely from *ad-valorem* to specific rates, based upon weight, beginning with 250 reis per kilo for cars up to 900 kilos and increasing on a sliding scale to 1\$100 per kilo for cars of over 2,200 kilos.

The duties on trucks, 'buses, etc., were arranged on a similar sliding scale, but at very much lower rates per kilo.

The duties provide rebates of 10 per cent. in the case of cars assembled, but unpainted or otherwise in an unfinished state: and 20 per cent. if unassembled; these rebates are subject to the inspection of the customs house.

There are other important changes in the duties of this class, which includes ships, launches, etc., and aircraft, as well as bicycles and motor cycles and all accessories.

A complete translation of this class is available at the Department of Overseas Trade.

The primary and very commendable purpose of the change with regard to automotive products is to encourage the use of light-weight vehicles with high efficiency low consumption motors, in order to increase the efficiency of trucking and motor passenger transport in the Republic without a corresponding increase in the import of fuel. Remembering that Brazil is not an oil fuel producing country, it is obvious that this change constitutes a practical reform.

Social and Labour Legislation.—During the past two years the Brazilian Government has given much attention to social and labour legislation. Before the establishment of the Ministry of Labour, Industry and Commerce, which was one of the first acts of the Provisional Government following the 1930 revolution, very little had been done to direct and control the development of the relations existing between the employer and his work people.

In view of the recent rapid industrialization of the country the necessity for labour and social legislation can hardly be denied. On the other hand, conditions in Brazil are most unlike those existing in other industrial countries: for example, living conditions are easier, owing to the natural fertility of the country and its temperate climate. Unemployment consequently is less likely to become serious and is, generally speaking, not necessarily accompanied by any serious distress.

Furthermore, conditions of living costs, type and volume of labour, etc., vary widely between the various districts of the Republic. The problem is therefore a special one and is not to be dealt with by copying industrial and social codes of other countries. It is hardly to be expected that legislation ideally fitted to meet these special conditions should result from the first efforts of a newly organized Ministry, and in fact many of the measures already passed have perforce been amended; at the same time the general policy and ideas of the Government on this matter have undergone a process of modification.

Without entering into the details of the various decrees passed, it may nevertheless be said that considerable progress has been made in this very important department of national life.

In the previous report in this series reference is made to the so called "Two-thirds Law."* Modifications have since been introduced and it is hoped that further changes will be made to adapt the provisions to the needs of the country without prejudice to public enterprise.

Another item of importance is the "Pensions Law," which was first enacted in October, 1931, and subsequently modified by a decree of February, 1932. These amendments were generally in the direction of greater elasticity, particularly in the matter of return of premiums paid by foreigners living in the country.

In March an important decree was enacted providing for the "48 hour week" and regulating the hours of work in commercial establishments. This decree was considerably altered by further legislation enacted in May last. The regulations came into effect in the Federal District and all state capitals on the 29th October, and according to the present programme, they will become effective in other parts of Brazil on the 31st March, 1933.

In March also a decree was passed establishing registration cards for commercial and industrial employees.

Though no decree has actually been signed, the Department of Labour is considering the practicability of a scheme to establish national health and unemployment insurance in Brazil. Legislation on this important subject in other countries has been carefully studied and probably in due course a project of law dealing with the matter will be prepared.

* This law requires all employers of labour to maintain a proportion of at least two-thirds of Brazilian-born employees on their pay-rolls.

Immigration.—The provisions of a decree of the 12th December, 1930, which laid down that immigrants entering the country must be in possession of minimum sums of from 2:000\$000 to 3:000\$000, have been extended until the end of 1932, but the sums in question have been reduced to half.

Compulsory Analysis of Foodstuffs.—A decree of January, 1931, providing for the compulsory analysis of all foodstuffs entering Brazil, became effective on the 29th of February, 1932. In practice, however, the provisions of the decree were found to cause a good deal of inconvenience and it was necessary to grant extensions during several months and finally to suspend the effect of the law indefinitely. The application of this law to alcoholic beverages—wines and spirits—seems calculated to threaten particular prejudice to the trade in alcoholic beverages. These difficulties, however, will probably be removed when the law is finally brought into effect.

Summer Time.—By a decree signed on the 1st October, 1932, summer time was brought into effect from midnight of the 3rd October, 1932, until the 31st March, 1933. It will be remembered that this daylight saving measure was adopted for the first time in 1931.

Other Legislation.—Amongst other legislation of commercial and industrial interest the following may be mentioned, translations of which may be obtained on application to the Commercial Secretariat, British Embassy, Rio de Janeiro :—

- Decree No. 21,033, of the 8th February, 1932, laying down new regulations governing professional accountants and book-keepers (amendments to Decree No. 20,158 of the 30th June, 1931).
- Decree No. 21,240, of the 4th April, 1932, providing censorship board for cinematograph films.
- Decree No. 21,311, of the 21st April, 1932, granting a reduction in import duties on nautical sporting material.
- Decree No. 21,316, of the 25th April, 1932, prohibiting current accounts in foreign currencies in banking establishments.
- Decree No. 21,364, of the 4th May, 1932, regulating working hours for industrial establishments.
- Decree No. 21,396, of the 12th May, 1932, setting up mixed commissions of conciliation and arbitration in labour disputes.
- Decree No. 21,418, of the 17th May, 1932, prohibiting taxation of inter-state and inter-municipal commerce.
- Decree No. 21,467, of the 6th June, 1932, granting certain exemptions of customs duties to enterprises engaged in rubber exploitation and manufacture.
- Decree No. 21,494, of the 8th June, 1932, granting customs favours to enterprises developing the gold mining industry.
- Decree No. 21,536, of the 15th June, 1932, regulating the formation of capital stock of corporations and permitting same to be made up in part of preferred shares of one or more classes.
- Decree No. 21,584, of the 20th June, 1932, creating a commission charged with ascertaining the total amount of the unconsolidated debt of the Union.
- Decree No. 21,585, of the 29th June, 1932, providing for a reduction in the duties on material imported for the packing industry.

- Decree No. 21,626, of the 14th July, 1932, with regard to labour accidents.
- Decree No. 21,650, of the 19th July, 1932, pursuant of previous legislation concerning the production of mixed alcohol carburants.
- Decree No. 21,736, of the 17th August, 1932, with regard to lost bills of lading.
- Decree No. 21,828, of the 14th September, 1932, approving and bringing into force new insurance regulations.
- Decree No. 21,829, of the 14th September, 1932, granting privileges to cement companies and enterprises organized in the country within five years, which employ exclusively national raw material and which obligate themselves to instal factories with a minimum annual capacity of 25,000 tons.
- Decree No. 21,875, of the 28th September, 1932, with regard to the distinctive marking of Brazilian merchandise for exportation.

Admixture of Alcohol and Petrol.—In last year's report in this series reference was made to legislation providing for the compulsory admixture of alcohol with petrol; and it was pointed out that several practical difficulties presented themselves—notably the fact that, unless expensive dehydrating plant is provided, the alcohol available in Brazil is not suitable for mixture with petrol in the proportions laid down in the decree. In spite of the fact that exemption from customs duties is granted for imports of machinery necessary to make the law effective, the alcohol producers have not been prepared to incur this investment and in consequence the original legislation was perforce altered to permit the oil distribution companies to place on the market a suitable mixture, which in practice was found to be in the proportion of 60 per cent. of alcohol to 40 per cent. of petrol. Accordingly it was necessary to wait until a considerable accumulation of alcohol supplies were available.

These complicated arrangements were finally completed and from the 17th October to the 18th November, 1932, the mixture was sold exclusively in the Federal Capital: in all about three and a half million litres of alcohol were disposed of during this month.

Since the normal annual supply of petrol in the Federal District is over 70,000,000 litres, the economy involved in utilising national alcohol is small, compared with the inconvenience involved in adapting thousands of vehicles for the use of a special fuel mixture for a period of one month. The mixture was sold at 1\$000 per litre, as against 1\$200, which is the normal price of petrol, and this reduction was only possible by exemption from Municipal taxes, involving the Treasury of the Federal District in a considerable loss of revenue which it could ill afford.

It is difficult to predict the progress of this experiment during the coming year, but that the Government intends to persist in its efforts to popularise the utilization of sugar spirit for fuel, may be gathered from Decree No. 22,152 of the 28th November, 1932, which provides for the compulsory limitation of sugar production, with the object, *inter alia*, of increasing the output of alcohol. The text of this decree may be seen at the Department of Overseas Trade.

Meanwhile, as the law stands to-day, the oil distribution companies are called upon to purchase the necessary proportion of absolute alcohol and not, as in the past, the ordinary spirit available from the sugar industry. Since dehydrating plant on a sufficient scale does not exist in Brazil, it is quite evident that little, if any, absolute alcohol will be available; no doubt arrangements will be made to overcome these difficulties during the period, i.e., six months at least, which must elapse before a sufficient accumulation of spirit becomes available to resume the experiment. Meanwhile it seems probable that sugar production restrictions will produce the undesirable result of reducing sugar exports: in which case the exchange economy obtained in the reduction of petrol imports will be more than dissipated by loss of cover from the sugar shipments.

Banking Mobilization Department.—On the 9th June, 1932, a decree No. 21,499 was published establishing, for a period of ten years, a department in the Bank of Brazil to be known as the Banking Mobilization Department (Caixa de Mobilização Bancaria). The object of this legislation, as set forth in the preamble of the decree, is as follows:—

“ Considering that the retraction of credit impedes the development of the sources of wealth of the country;

Considering that this retraction is in part a result of the prudent policy that the banks find themselves compelled to follow in view of the world crisis, whose consequences have created a general lack of confidence;

Considering that it is essential to re-establish, and normalize the operations in banking credit, and that for this it is necessary to assure the banks conditions of mobility of their assets which will permit them, in any emergency, to take care of their obligations and fulfil their ordinary commercial functions in the country's economic life, decrees, etc., etc. . . . ”

The funds of this Department are to be obtained by the compulsory deposit with the Bank of Brazil, by banks everywhere in the country, of all sums in excess of 20 per cent. of the proportion of their cash to sight liabilities. The Bank of Brazil pays 1 per cent. interest for these deposits, which are held at the free disposal of the depositing banks. From this fund the Banking Mobilization Department furnishes credit to banks upon suitable guarantees for a period not exceeding five years, at an interest of not less than 6 per cent. and not more than 10 per cent. per annum. Strict regulations are laid down as to the type of securities upon which these credits should be opened.

A complete translation of the Decree is available at the Department of Overseas Trade.

Though it is too soon to furnish any impression as to the effect which this scheme is likely to produce, the principle of the project seems to be a sound one. The plan indeed represents the first attempt toward the establishment in Brazil of collective banking

credit responsibility under the tutelage and control of a central bank.

This measure is no doubt expected also to counteract the deflationary tendency produced by the abnormally heavy bank deposits (see Chapter II under "Currency") of sums awaiting remittance abroad.

IV.—FOREIGN TRADE

Foreign Trade, 1931.—The unitary value of a ton of Brazilian exports fell from £28 18s. 0d. in 1930 to £22 4s. 0d. in 1931, and of imports from £11 0s. 0d. to £8 2s. 0d.; a more or less corresponding decline in the value of the foreign trade of 1931 was therefore anticipated, though it was expected that the compensating decline in exchange rates would have led to a considerable increase in export trade. This hope unfortunately was not fulfilled: in spite of an average decline in exchange from 9\$257 to the United States dollar to 14\$267, the 1931 export tonnage registered a fractional reduction. Import tonnage fell by about 25 per cent. and in consequence the favourable trade balance showed an increase from £12,000,000 to almost £21,000,000. During the trying months of 1931, when exchange conditions became steadily more difficult, the existence of this increasing trade balance remained the chief mainstay of the optimists. It was generally re-assuring also that during the year the movement of certain important export items showed a distinct tendency to increase: these included the all-important coffee—of which shipments were greater by quite two and a half million bags. Rice, cocoa and fruit also grew in volume. Altogether the trade returns for the year, one of extraordinary difficulty and vicissitude, were therefore generally regarded as tolerably satisfactory, at least as indicating better prospects for 1932.

Complete figures of the foreign trade of 1932 are not yet available*, but what is known is unhappily quite enough to enable the gap representing the year-end figures to be filled in and to indicate that nothing great and certainly no improvement in comparison with last year is to be expected.

Foreign Trade, 1932.—In the first nine months of 1932 the import trade continued to decline steadily: the tonnage fell to about 2,430,000 tons, i.e., approximately 150,000 tons less than in the corresponding period of the previous year. The decline in value was even greater, namely from £22,691,000 to approximately £15,537,000. The export movement was even more discouraging: from January to September the volume was only 1,208,000

* Trade statistics for 1932 have now been published and the totals are as follows:—

Imports.—3,335,927 metric tons valued at £21,744,000.

Exports.—1,632,265 metric tons valued at £36,629,000.

tons as against 1,670,000 for the same period of 1931; whilst the corresponding figures for value fell by not less than £12,500,000 to a total of £25,870,000.

The nine months favourable balance was £10,333,000 compared to £14,776,000 for 1931.

The unitary value of both imports and exports continued to fall: in the case of the former from £8 13s. 4d. to £6 8s. 6d., and in the latter from £22 5s. 0d. to £21 5s. 0d. per ton.

It must be remembered, of course, that this period includes three months during which the trade of Santos was entirely cut off: but for this the export movement would have made a far better showing, though it is difficult to believe that the level of 1931 would in any case have been reached. The figures for the last three months are not yet available, but coffee exports for October were heavier than in any previous month, although shipments from Santos were not resumed until the 13th; prices were also somewhat better. It is therefore reasonable to expect that a considerable improvement occurred during the last quarter.

Comparison of Import Trade by Countries.—During the first two quarters of 1932 the import trade from the United Kingdom, as compared with that for the corresponding period of 1931, fell in value from £2,900,000 to £2,200,000.

With the United States, which still occupies the first place, it fell from £4,000,000 to £3,200,000.

In comparing the trade loss of the two countries, it is to be remembered that during the six months period in question the United States trade included the wheat from the coffee-wheat exchange deal. Brazil normally imports about three quarters of her wheat from the Argentine and it is evident, therefore, that without this barter transaction the American trade would have suffered an additional loss during the first six months of 1932 of at least £750,000.

Most of the other chief suppliers to Brazil suffered more or less corresponding reductions in their trade: the Argentine, which was chiefly affected by the coffee-wheat barter, lost almost two thirds of her normal share.

Resumé of Export Trade.—The following brief resumé will serve to illustrate the present situation of the Brazilian export trade:—

The average annual exports of the decade 1900-1910 amounted to about £47,500,000; in the following decade the average increased to approximately £72,500,000; in the five year period up to 1925 a further increase brought the average up to £79,500,000, and up to 1930 the average increased still further to £88,000,000. The actual exports for 1931, in gold, amounted to £49,500,000, and for the first nine months of 1932 the total declined to £25,870,000.

In volume or weight, on the other hand, a steady increase has taken place, from a yearly average in the first five years of the century of 1,280,000 tons to 2,236,000 tons in 1931, a total considerably in excess of the five yearly average of the period 1926-1930. For the first nine months of 1932 the tonnage declined 25 per cent. compared with the previous year.

The percentage of distribution of Brazilian exports by commodities of recent years is shown in the following table :—

		<i>Period January to September</i>	
		%	
		1931	1932
Coffee	...	66.95	71.02
Cocoa	...	2.34	3.80
Maté	...	2.80	3.51
Frozen and chilled meat	...	3.96	3.10
Table fruits	...	2.42	2.81
Hides	...	2.87	2.03
Skins	...	2.18	1.67
Tobacco	...	2.23	1.64
Oil seed and nuts	...	2.17	1.59
Rice	...	1.87	0.94
Timber	...	0.61	0.82
Carnauba Wax	...	0.70	0.77
Bran	...	0.40	0.67
Others	...	8.50	5.63

It is not necessary to compare these figures in detail with those of previous years, since very little variation has occurred; though in general the tendency is for exports of meat products to increase slightly.

Export Trade in 1932 and Prospects for 1933.—The figures for 1932 up to date do not afford a reliable indication of the prospects for 1933, since during three months, namely, from the beginning of July to the beginning of October, the foreign trade of Santos, which is normally about half of the total of the country, was cut off. Furthermore, in the absence of figures for the last two months of the year*, it is impossible to estimate the extent of the recovery made since the cessation of the hostilities. Taking the figures for the first six months of the year, however, the volume of exports is, generally speaking, disappointing in almost every case; it will be seen from the few sentences below, devoted to the more important commodities, that in most cases reductions are recorded. It can hardly be doubted that this reduction was due in some degree to the maintenance of a relatively high exchange, and even more to the exchange restrictions, which require that every export bill should be sold to the Bank of Brazil. A low exchange, on the other hand, would undoubtedly have stimulated exports, and had it not been for the restrictions, the expedient of collecting material for exports would have afforded a means of making payment to a number of firms and

* Trade statistics for 1932 have not been published. (See footnote on page 29).

individuals who have experienced difficulties in obtaining cover for their imports or remittances on various accounts.

The following brief notes may serve to indicate to some extent the export prospects for the coming year. In each case the figures given in these brief paragraphs refer, except where otherwise stated, to the exports for comparative periods of the first half of the year :—

Coffee.—The movement declined from about 9,500,000 bags in 1931 to 7,000,000 bags in 1932. Special reference to the coffee problem will be found on page 33.

Meat, Animal Products, including Hides, Skins, Lard, Jerked Beef, etc.—Frozen meat exports declined from 58,000 tons to approximately 40,000 tons. Corresponding reductions were noted in all the items in this category.

Cocoa and Maté.—Both cocoa and herva maté exports increased slightly, and the prospects for further increases during the coming year are held in both cases to be unusually bright. In the case of maté negotiations have been satisfactorily concluded with the Argentine, which is the chief market for this product, for the modification of import restrictions.

Reference is made on page 35 to the special case of cocoa.

Fruits.—A trifling decline occurred from the high level of 1931, owing primarily to the stoppages from the São Paulo plantations and partly to the reaction from the bumper orange crop of 1931. There is every prospect of considerable increase in fruit exports in 1933.

Tobacco.—The exports of tobacco for the first nine months of the year declined by slightly more than one-third compared with the previous year. The general tendency is, however, for an increase in the tobacco crop and exports, particularly from Rio Grande do Sul, where the cultivation of this product is developing rapidly.

Rice.—Rice exports show an extraordinary reduction from 47,000 tons to 19,000 tons. It must be remembered, however, that the 1931 crop was unusually abundant: the 1932 exports remain at a considerably higher level than those of 1930 and previous years.

Bran.—The export of this commodity, which is chiefly shipped from Rio de Janeiro and Santos, shows a small increase even for the nine months period, the total being over 61,000 tons as against 54,000 in the previous year.

Sugar.—In the case of sugar it is difficult to form an estimate owing to the dependence of the movement of this commodity upon vagaries of the sugar defence organization. The sugar crop was, generally speaking, extremely good for the season 1931/32, but production was reduced owing to the increased output of alcohol in consequence of the motor alcohol law, which provided for the

purchase by the oil companies of 5 per cent. national alcohol in proportion to the gasoline imported.

The prospects which existed of an increase in the exports of sugar have been reduced by Decree No. 22,152 of the 28th November, 1932, which limits, under penalty, the production of sugar with the object of increasing the production of alcohol to be used as motor spirit. As long as this regulation exists no important development in the export of sugar is to be expected.

Cotton.—The exports of raw cotton declined extraordinarily, due partly to the reduction in the crop owing to rains at the end of 1931, but chiefly to the improvement in the milreis value in relation to the sterling—from almost 3d. at the beginning of September, 1931, to over 5d. toward the middle of 1932.

In 1931 Brazil produced about 120,000 tons of raw cotton, consumed about 85,000 tons and exported approximately 21,000: the balance being held in stocks. The official production for the 1931/32 crop was about 956,000 bales, or 80,000 more than in the previous year.

No reliable estimate for 1932/33 is yet available, but at the present exchange no great increase is to be expected.

Timber.—Timber exports declined slightly in 1932, but in virtue of arrangements which have been made between important United States firms and timber interests in the State of Paraná, there seem to be good prospects for a development in the export of southern Brazilian Cedar, for which there is a very active demand.

The Coffee Problem.—The operation of the coffee plan adopted in 1931 was continued except for an interval of three months during the revolution, when the destruction of coffee was suspended. Up to the 15th November the quantity of coffee destroyed under the plan amounted to 10,473,089 bags; during the revolution this process of eliminating surplus stocks was interrupted.

Without entering into any detailed account of the elaborate mass of statistics which surrounds the coffee problem, the position seems to be briefly as follows:—

The surplus stocks in the interior of São Paulo on 1st June, 1932, amounted to about 22 million bags: it may be roughly calculated that there will be a surplus from the 1932/33 crop of 5,000,000; from this total must be deducted 9,500,000 bags pledged to the bankers, which will still be in stock on the 1st July, 1933. The retained stocks on that date will, therefore, be about 17,500,000. These figures are based upon an assumed Brazilian crop for 1932/33 of 19,000,000 bags and world requirement of Brazilian coffee of about 14,000,000 bags.

The problem facing the National Coffee Council, therefore, is how to deal with this surplus. According to the coffee destruction programme, an amount equivalent to the above mentioned

bankers' stocks may be removed, but only at the cost of about United States \$50,000,000 worth of coffee, involving heavy taxes on present exports. The extent of the sacrifice which coffee is already paying may be judged from the fact that of the F. O. B. cost of a bag of coffee in Santos amounting to 88\$890, not less than 76\$940 or 86.5 per cent. is taken in taxes. The present high rate of exchange involves an additional burden upon the planters, since it reduces the milreis return from export of the crop. As it has been pointed out in another chapter of this report, a strict management of exchange enables the Bank of Brazil to cope with its problems, but the fact remains that it lays upon the coffee interests a double sacrifice—firstly to finance the coffee destruction scheme, and secondly to balance the international payments position. Those who believe that the problem of the coffee stocks is beyond the power of the country to provide for and that the position is bound to get out of hand in prospect of a larger crop in 1933/34, advocate various schemes, notably a tax upon every tree in order to encourage planters to concentrate only upon quality and to eliminate those who are unable to do so. Others recommend a final abandonment of all control, so that at least Brazil's competitors will be forced to abandon production.

It is not within the purpose of this report to discuss the merits of these suggestions; the National Coffee Council has always shown itself well able to cope with its task and it is to be expected that as the situation develops, steps will be taken to meet its exigencies.

Brazil can produce and transport coffee to the chief consuming markets cheaper than any other country. Many planters can produce coffee at a profit at a lower level of price even than that ruling to-day, notwithstanding taxes and the relatively high exchange. If the control on coffee should break down, the major part of this tax would presumably be removed, and though prices might fall in consequence to a disastrous level, the consequences would fall most heavily upon other producing countries, which have in the past to a large extent been sheltered by the Brazilian defence policy; thus, in such an event, Brazil would undoubtedly recapture her share in the world's market. With all that can be urged against the coffee plan, it should not be forgotten that the Coffee Institute is primarily a federation of planters: in essence its organization may be compared with a co-operative marketing scheme on a vast scale in that its purpose is to ensure that the chief profits of the production shall reach the planter. Consequently there has been built up a body of planters whose resistance to unfavourable market conditions is much greater than is generally supposed, particularly in a country like Brazil, where, if the worst happens, the workers and the planters can support themselves in comparative comfort from the incidental production of their estates: vegetables and live stock, etc.

This important aspect of the matter should never be forgotten, since it shows that planters are able to incur still greater sacrifices and that with open trading the majority of Brazil's competitors would be the first to suffer.

An additional and important item of coffee legislation became law on the 22nd November, 1932, when Decree No. 22,121 was published, prohibiting the planting of coffee trees for a period of three years, under penalty of heavy fines. Provisions of a similar nature had previously been in effect, but these were subject to considerable exemptions, notably in the case of trees going out of production by reason of age or abandonment of plantations, and in respect of planting up to a considerable limit in the State of Paraná.

These exemptions are now removed and the prohibition of planting has to all intents and purposes become absolute; thus the basis for a control and subsequent reduction of coffee crops is provided and though this is not likely to bring relief for several years, it will undoubtedly enable the production to be adjusted according to the demand in subsequent coffee defence schemes.

Cocoa.—Whilst the volume of almost every export product decreased during the first half year of 1932, a considerable improvement occurred in cocoa shipments. This product is almost exclusively shipped from the State of Bahia. The normal annual export is between 60,000 and 70,000 tons: in 1931 the total reached almost 76,000 tons and for the first nine months of 1932, 59,000 tons. Owing to the fall in the price of cocoa the movement produced considerably less foreign exchange than in previous years.

The value in 1931 fell to £18 8s. 0d. per ton as against £30 10s. 0d. per ton in 1930, and £60 7s. 0d. in 1927.

Nevertheless the development of this valuable crop is increasing and the conditions of the trade are steadily improving in consequence of the recently established classification and inspection services.

Brazilian Orange Crop of 1932 and Prospects for 1933.—

In 1931 slightly over 2,000,000 cases of oranges were exported from Brazil—more than twice the quantity of any previous year. The figures for 1932 are not yet available, but it is generally estimated that the total export was about the same as in the previous year, though the crop was somewhat less.

Generally speaking, the planters seem to have made money during the past season, the prices which they received from the shippers being more or less profitable. The shippers, on the other hand, complain that they lost money, partly due to the high price paid to the planter, and partly to the fact that, owing to the poor condition of the fruit caused by fungus and by stem end disease, the quality of the shipments in the London market

deteriorated and prices fell to an unprofitable level. Some recovery took place toward the end of the season, but in many cases the losses were not made good.

The chief cause of the dissatisfaction of the shippers, however, is exchange restrictions, which provide that export bills must be sold to the Bank of Brazil at the unremunerative official rates.

According to the shippers the outcome of the 1933 season depends primarily upon whether the trade will be allowed a free hand in disposing of the exchange at more favourable conditions. The association of shippers has accordingly recently presented a petition to the authorities pointing out that unless the exchange difficulties are removed, the development of this important source of national wealth is likely to be arrested.

In other respects the prospects are distinctly promising, since it is expected that 1,000,000 boxes will be available for export from São Paulo and 2,000,000 boxes from Rio de Janeiro.

The eradication of disease is being dealt with by compulsory examination of fruit for export and by measures providing for disinfection of the plantations.

Imports.—The import tonnage for the first nine months of the year declined to about 2,430,000 metric tons, i.e., approximately 150,000 tons less than during the corresponding period of the previous year, or little more than half of the volume of imports during the same period in 1929.

In value of gold pounds the decrease from 1931 amounted to £7,000,000, the 1932 nine months total being approximately one quarter of the value during the corresponding period of 1929. An analysis of the detailed figures for the first half of the year shows a reduction in every import item with the exception of the following: iron and steel; wood pulp for paper manufacture, which increased beyond the total of any previous year; earthenware, porcelain, glass and crystal, in which a slight reaction occurred; chemicals; cod-fish and wheat. In the case of the last mentioned the increase was more than offset by the reduction in the imports of wheat flour.

The causes operating to reduce imports are so numerous that surprise has been expressed that the actual decline in imports is not greater: possibly the two most important discouraging factors are the exchange restrictions and the various moratorium provisions. The effect of these trade obstacles has been referred to elsewhere; it is sufficient to remark here that during the past year there has been no period of free exchange; the moratorium existing in 1931 was still in effect until almost the end of February, whilst an additional and more drastic series of moratorium laws came into effect early in July and was prolonged until the end of the year. The improvement in the milreis exchange in relation to sterling, which was continuous throughout the year, served to counteract the influence of the

moratorium to some small extent, but was not sufficient to overcome the consequences of the reduced purchasing power and impaired confidence.

Coal.—In view of the difficulties referred to above, foreign coal has been dispensed with wherever possible: even in many cases in which it had hitherto been regarded as indispensable. The importation in the first half of 1932 was about half of that of 1930. National coal, which is definitely an inferior article, has been partly substituted, the Brazilian mining companies being greatly assisted in their sales by the effect of the coal decree, which makes it compulsory on importers to purchase native coal equal to 10 per cent. of their imports.

The railways have been obliged to increase, as far as possible, the use of fire-wood for fuel and to a considerable extent oil fuel has been substituted in industrial establishments.

Bunkering business during the year has fallen to almost nothing, chiefly owing to the fact that the foreign lines visiting Brazil have gradually reduced the sailings of old vessels and are depending more and more upon the newer ships, many of which, owing to their speed and economy, are independent of bunkering abroad.

United Kingdom interests suffered considerably in the supply of coal on Government account, owing to arrangements made for the supply of German coal. Several important orders amounting in all to 345,000 tons, went to Germany on terms which practically amounted to an exchange of coal for coffee; of this 345,000 tons, 225,000 tons were for delivery in 1932, and the balance in 1933. The prospects of an improvement during the coming year depend upon the extent of the general recovery which may take place in Brazil, but at best the outlook is not very bright.

Cement.—In the case of cement, imports are gradually declining owing to the steady development of the national cement industry. During the year an additional factory has been laid down in the State of Rio de Janeiro by the Companhia Nacional de Cimento Portland, and will commence production early in 1933. Furthermore, the Government has recently signed a law encouraging the exploitation of cement deposits in Brazil.

In the first half of 1932 the imports amounted to about 60,000 tons as against 220,000 tons in the corresponding period of 1930.

Iron and Steel.—The imports of both raw and manufactured articles remain far below the level of 1930, though more or less unchanged from 1931.

Automotive and Other Vehicles.—During the first half of the year the import of cars was less than 1,500, i.e. more than 2,000 below the total of the first half of 1931. It must be remembered, however, that during this period conditions were extremely unfavourable owing to the doubt which existed until July as to the ultimate decision of the Government with regard to the changes

in duties ; it seems probable that during the last months of the year there will be a considerable increase, but at best the totals for the year will be hardly one-fifth of the average imports of the five year period. The conclusion to be drawn is that ordinary replacements of cars, trucks, etc., going out of use have not been made during the last three years, and that unless the transport resources of the country are to be seriously impaired, imports on an increased scale must shortly be resumed.

Reference is made under the section dealing with the change in motor car duties to the opportunity existing for United Kingdom manufacturers ; it is sufficient to remark here that the prospects are brighter than they have ever been before.

In the supply of aircraft, which belongs to this category, United Kingdom supplies have been predominant in the market. The superiority and price value of United Kingdom machines seems to have been permanently established.

Oils and Fuel.—In the case of fuel oils the imports have been well maintained during the first half of the year, the level being slightly below that of the previous year, but considerably higher than the five year average.

In kerozene and petrol, however, there was a notable decline. This business is largely in the hands of a few important firms, branches of the international oil groups, and these have suffered even more than other importers owing to the shortage of exchange. Naturally, therefore, they had little inducement to replenish stocks. Unless exchange conditions improve, it seems likely that the great difficulties which these firms have encountered will dictate the necessity of rationing petrol supplies, at least for passenger cars.

Machinery.—In the machinery section no improvement seems to have taken place ; the level of imports is very considerably lower than that of the five year average.

Paper and Paper Manufactures.—In this category there has been comparatively little change from 1931 ; the chief import in this category is newsprint, the market of which have been well maintained, whilst almost all other types of paper has been greatly reduced. A good deal of this business has been transferred to the national industry, which is undergoing a considerable development, as may be seen from the notable increase which has taken place in the import of wood pulp for the paper manufacture. The purchases of this raw material during the first half of 1932 were considerably in excess of those recorded in any previous year.

An up-to-date report on the Brazilian paper industry and market is available at the Department of Overseas Trade.

Earthenware, Porcelain, Glass and Crystal.—Imports were considerably below the level of the five year period, largely owing

to the reduced construction and the increasing dependence of the market upon national supplies.

Chemicals and Drugs.—The imports of chemical products and drugs were relatively well maintained in comparison with the two previous years; the level is still well below that of the five year average.

Foodstuffs.—In this category the general level of imports is lower, except in the case of wheat, of which there was an abnormal movement, owing to the wheat-coffee barter deal with the United States, which had the effect of transferring a considerable proportion of the Argentine share in this business to United States suppliers.

The imports of flour were correspondingly reduced and were far below those recorded in any other recent year.

The imports of beverages and drinks have been decreasing steadily during the last five years and in 1932 reached a lower level than ever thitherto recorded. In the case of wines and spirits this is partly due to the abnormal circumstances connected with the enactment of the Compulsory Food Analysis Law, the administration of which threatened to prohibit the imports of certain well established beverages. The difficulty seems likely to be adjusted, but the possibility of a prohibition caused a majority of the dealers to reduce their stocks to a minimum.

Textiles.—In the textile section, which is the most important from the point of view of United Kingdom interests, the normal movement has been greatly reduced except in the case of raw jute, the purchases of which have been on a scale considerably above those of the five yearly average.

Raw silk imports have also increased, but this is a comparatively small item.

A substantial decline has also occurred in the imports of raw wool, which were considerably less than in the previous year.

Cotton and woollen piece goods, which in years previous to 1930 constituted at least 20 per cent. of Brazil's imports from the United Kingdom, have since that year considerably declined. An impression of the reduction may be gathered from the fact that in the year 1929 the imports of dyed cotton piece goods amounted to over £1,800,000 as against barely £25,000 in the six months period of 1932. The total imports of all the cotton and wool manufactures similarly declined from £4,265,000 value in 1929, to £503,000 value in 1931, and again to £143,000 in the first half of 1932. These reductions have been effected in every department and branch of the cotton and wool industries, including yarn and thread, piece goods of all kinds, hosiery, wearing apparel, etc. This is primarily the consequence of the deliberate policy of the Brazilian Government in increasing the protection given to the national industries. Whatever advantage the national industries may derive from this protection, there can be no doubt as to the effect upon the Brazilian public as a whole.

The consumer pays considerably more for his textiles, and in most cases receives a definitely inferior article.

In spite of the fact, however, that the process of eliminating British textiles from the market is now evidently almost completed, the national textile industries are still advocating increased duties as a basis for raising the price to the public of the national materials, which, upon anything like equal terms, are competitive neither in quality nor price with the corresponding types of British, Continental or American products.

In this important branch of our commerce it is feared that small prospects of any improvement exist.

The Present Obstacles to Import Trade from the United Kingdom.—In spite of the advantage derived from the devalorisation of sterling, United Kingdom trade has made little, if any, relative progress in Brazil during the past year. There are several obvious reasons for this disappointing result of the year's work. In relation to United States trade, for example, it has already been pointed out that the figures of Brazilian imports from that country include an extraordinary item representing the value of wheat shipped in exchange for coffee. If this sum—possibly equivalent to one million sterling (gold)—were deducted from the United States figures, the relative situation of that country's trade would appear in a very different light.

German trade has likewise received the benefit of 345,000 tons of coal in virtue of a transaction which practically amounted to barter.

While the foregoing explanations are of interest as illustrating the increasing influence of artificial forces in international trade, they are not to be lightly dismissed as factors without bearing upon future developments, for, in spite of the evident disadvantages of barter schemes, it would be rash indeed to assume that the foreign trade of Brazil will be conducted according to the principles of "laissez faire" in 1933.

Apart from these handicaps, United Kingdom trade with Brazil has suffered by reason of the increased protection given to competitive Brazilian industries, notably in the case of the textiles trade, which in the past was the mainstay of our exports to Brazil, and which incidentally through the agency of the old established Manchester and Liverpool shipping houses, provided an active distribution medium for a wide variety of other products, particularly hardware and metals.

Apart from the effect of these special trade arrangements entered into by virtue of considerations of high policy which it is not within the scope of this report to discuss, there remains the

more immediate and pressing question of the repercussion of the exchange restrictions, including the moratorium and the present situation of Brazil in general, upon United Kingdom export trade. Judging from the complaints which are frequently made to the Commercial Secretary by reputable and old-established Brazilian firms of importers or agents, that United Kingdom manufacturers have declined to ship except upon impossible terms—usually cash against documents in London—there is evidently a good deal of misunderstanding on this subject and it may therefore be helpful to set forth the facts plainly.

The position at present is that any form of foreign currency payment for goods before shipment is impossible, since the Bank of Brazil will not, in ordinary commercial cases, allot exchange except to meet maturing bills and then only upon documentary proof of importation: therefore to ask for a credit or payment in London is tantamount to a refusal to ship. In the case of an order from a first-class risk, and especially one from an old customer, such a step is a serious matter and one not to be taken on the strength of a vague foreboding or without full justification. When an order is received from a firm whose good intentions are not questioned, refusal to ship can only imply the existence of a doubt that the Bank of Brazil, which has the monopoly of exchange distribution, will grant an exchange contract, and live up to that contract. To firms entertaining such doubt it may be pointed out that the Bank of Brazil, throughout two years of extraordinary vicissitude and difficulty, adhered to the policy of giving import trade bills priority—and in pursuit of this determination has maintained the milreis exchange rates at a level which hardly recommends itself to the exporters of the country. Assuming therefore the determination of the Bank of Brazil to provide cover for import bills, there remains the question of its capacity to give effect to this policy.

The answer is to be found in the foreign trade returns, which show that for 1932 there is likely to be a favourable trade balance of about £14,000,000 gold; in other words, when all the import trade of the year has been paid for, there will remain over and above this sum to meet other obligations. An impression of the nature of these obligations will be found in the section on Exchange Restrictions; in this connection, however, it is sufficient to note the conclusion referred to above, namely that there is normally more than sufficient cover from the export trade to meet import requirements, and there is, therefore, no reason to doubt the capacity of the Bank to provide exchange against maturing import bills. As far as indications of the outcome for 1933 are available, there is every reason to expect that the favourable trade balance will not be less.†

† See, however, Note on page 13.

It is probable that the existence of the moratorium* caused many firms to suspend their shipments to Brazil, and it naturally will be asked why, with the active trade balance referred to above, a moratorium should have been necessary. The moratorium at the end of 1931 hardly needs any explanation, since its causes were associated with the departure of the United Kingdom from the gold standard; the moratorium of July, 1932, was the direct result of the outbreak in São Paulo. Faced with the struggle for existence, the Government may be excused for desiring to preserve its exchange resources.

From the practical point of view of an overseas shipper the existence of the moratorium was not entirely disadvantageous, since the moratorium law provided for a deposit, in currency, during the period of delay in liquidating the bill. Such a deposit was a definite guarantee of ultimate payment. Furthermore firms who fear the delay involved in the present procedure may provide against this danger by drawing bills on short terms instead of granting the usual 120 days credit. The result would thus be approximately as though the credit had been granted, except that the drawer has the guarantee of a milreis deposit. If these explanations are accepted, it is difficult to see upon what reason the refusal to ship can rest unless it is the apprehension that the drawee will attempt to evade his obligation by having recourse to the judicial deposit in the absence of exchange cover. The fear of this has been apparently widely prevalent in the United Kingdom during the last eighteen months, and it may therefore be plainly stated that the writer, who has been in close touch with the situation, has never heard of an authenticated case and has excellent reasons for believing that nothing of the kind is likely to take place; indeed the latest moratorium decree definitely laid down that the alternative of making a judicial deposit is contingent upon the drawer's agreement.

The object of the above remarks is to place the facts in simple language before the prospective exporter to Brazil, who is strongly advised to investigate for himself the accuracy of these conclusions, a matter which presents little difficulty. An impartial and thorough investigation will not, it is thought, lead to the impression that there is any undue risk in fulfilling orders from first-class firms or in quoting to the Central Purchasing Commission. The existence of exchange restrictions and moratorium does not necessarily increase the trading risk: indeed it would be more reasonable to argue that during the operation of the milreis deposit provision the risk was in fact reduced. That confidence in the Brazilian market should have been impaired by the events of the last eighteen months is not surprising, but having regard to the importance of Brazil as a future market, to say noth-

* The moratorium was not extended after 31st December, 1932.

ing of the opportunities existing to-day, it is clearly desirable that caution should be tempered with reason.

Central Purchasing Commission of the Federal Government.—The Central Purchasing Commission has now been in existence for almost two years, and its procedure has developed into a definite routine, the application of which to purchases has undoubtedly brought about a considerable reform. The separation of the buying control from the individual ministries, however, has not been a popular move, and many of the departments adversely affected would be only too glad to resume control of the purchasing: as might be expected, therefore, the Commission is by no means without its critics.

During the last few months the Commission has been responsible for the purchase of important quantities of railway material, including rails, work-shop equipment, construction machinery, etc., and those who have the best reason for wishing the Commission well, have been somewhat disappointed to observe that the procedure adopted in the case of imported material is not always calculated to encourage the direct participation of a large number of foreign manufacturers to quote. If it is admitted that the collection and examination of a reasonable number of tenders from various countries is a basis of economic buying, and this can hardly be doubted, it is obvious that the terms of the tenders must conform to this principle in every essential factor: above all it is necessary that in all cases where material is to be had from abroad a lapse of at least two months, or three in the case of highly technical or complicated tenders, should be allowed between the publication of the tender and the date for the receipt. If this requirement is satisfied, other difficulties can usually be overcome; but where, as unfortunately in the case of many tenders issued during the last year, the time has been limited to less than the interval required for the double journey, even by airmail, the participation of a reasonable number of suppliers is automatically excluded and even amongst the firms having representatives in Brazil, in the preparation of tenders maximum economy becomes a difficult matter owing to the impossibility of careful consultation with the manufacturers themselves. If the time requirement is complied with, it would become a simple matter to demonstrate, by reference to the quotations received in any particular case, that the Commission is discharging its primary function of obtaining the best at the lowest cost; and would provide a ready answer to any charge of partiality.

Rio de Janeiro International Samples Fair.—The fifth in the series of these Fairs was opened on the 4th June, 1932, and closed on the 3rd July, 1932. The space occupied was 4,705 square metres as against 3,795 square metres in 1931, and 3,444 square metres in 1930. The number of exhibitors this year was

383, i.e. 100 more than in any previous year: 23 British firms exhibited as against five in the previous year and seven in 1930.

The Fair is organised by the Prefecture of the Federal Capital and is not in any sense an enterprise organised for profit. The event has made considerable progress during the five years of its existence, and now constitutes an excellent opportunity for United Kingdom firms to advertise their products in Brazil.

The dates fixed are generally from the beginning of June to the beginning of July, the arrangements made being generally satisfactory, the cost of spaces comparatively cheap and the Fair invariably well attended.

The Fair has the full support of the Federal Government; as may be judged from the fact that in February last the Government issued a decree providing that firms who fail to exhibit at the Samples Fair will not be permitted to quote for Government tenders. It is probable that this somewhat drastic form of support will be modified, but it may be taken for granted that all other factors being equal, preference in Government business will be given to firms which maintain exhibits at the Samples Fair.

Imported exhibits are usually granted exemption from duties with the option of re-exporting within sixty days or paying the duties if the exhibits are sold at the Fair. The Commercial Secretary has no hesitation whatever in recommending British firms to participate in this annual exhibition. In 1933 the Fair will probably take place at the end of July.

V.—PUBLIC WORKS AND COMMUNICATIONS

Public Works.—Owing to the exchange restrictions and the necessity for strict economy in Government expenditure, the initiation of new works and the extension of existing transport lines was hardly to be expected during the past year; indeed it is feared that, with certain exceptions most of the railways and roads have hardly been maintained according to the minimum necessary to provide for ordinary deterioration. Imports of material and equipment have been greatly reduced: even in 1931 these were hardly 50 per cent. of the purchases of the previous year and scarcely more than one fifth of the imports of 1929. The figures for 1932 show that the process of decline is still in progress. Proper maintenance, however, is a necessity and sooner or later the repairs and replacements, which are now being postponed, will command attention unless vital services are to be suspended or operating costs increased. It is difficult indeed to believe that ordinary service of the numerous roads and railways which have been used for military purposes and, in many cases, partly destroyed in the recent fighting, can be resumed until extensive

repairs have been undertaken, new track laid and bridges rebuilt, not to mention the resumption of ordinary workshop repair and maintenance schedules.

The Brazilian Government is alive to these necessities and purchases of material on a considerable scale through the Central Purchasing Commission have begun. Since, however, this department may not place orders until the funds are available for payment, a number of the tenders opened have perforce been cancelled. Enough has been bought to indicate that enterprising manufacturers of public works and engineering equipment would be well advised to establish an effective selling connection in this market.

Appropriations.—In July an extraordinary credit of 38,000 contos was opened in favour of the Ministry of Communications and Public Works, for expenses in connection with railway and road construction, irrigation works, colonization services, famine relief, etc.

Railways.—Appendix No. XII to this report gives an up-to-date list of the railways in Brazil, showing the extension in each case and indicating the present operating authorities. The list makes no reference to the ownership, since a number of the systems are made up or include various branches and lines either leased or operated under concessions, or included in the main group under various terms and contracts: from the commercial standpoint in most cases the operating authority is of chief interest.

The items of chief interest concerning the railways are the following:—

Central of Brazil.—The call for tenders* for the electrification of a section of the railway has been postponed until the end of the year; the conditions of the tender were originally published in the *Diario Oficial* of the 23rd of October, 1931 (Decree No. 20,537 of the 20th October, 1931).

During the year also offers were invited for a concession to operate the restaurant and sleeping car services of the line, and a decree was published containing the conditions proposed by the Provisional Government. These conditions were subsequently modified and, though the matter has been postponed, it seems likely that a definite arrangement will probably be reached during the coming year.

In April a credit of 18,500 contos was opened to be distributed partly for the purchase of new rails for the Rio de Janeiro—São Paulo section (10,000 contos), partly for the re-equipment

* None of the tenders submitted was accepted. A further call for tenders may be anticipated in the future.

of workshops and stores (4,000 contos), and partly for the continuation and completion of various branches. Owing to the political disturbance which occurred shortly after this credit was opened, the work has also been temporarily postponed.

North Western Railway.—A credit of 5,500 contos was opened by a decree published in May last for expenses of construction and repair work on this line.

Santa Catharina Railway. — A credit of 2,000 contos was opened in the Ministry of Communications and Public Works for works and improvements on this line, by a decree published on the 18th October, 1932.

Roads and Highways in Brazil. — The extension of roads existing in the Republic, according to returns in 1931, is as follows :—

Concrete, asphalt concrete and macadam highways 358 miles;
gravel roads 2,638 miles; improved earth roads 10,098 miles, and unimproved earth roads 57,476 miles; total 70,780 miles.

In the last two categories much of this roadway is not open to traffic during the wet season.

Until the end of 1931 road construction under the Federal Government was financed from a road fund, and until this system is re-established it is improbable that the various Federal road projects will be advanced; these consist of the following :—

Continuation of the Rio de Janeiro-Petropolis highway as far as the boundary of the State of Minas Geraes;

From Petropolis to Therezopolis and an extension northwards into the State of Espirito Santo;

The extension of a branch of the Rio de Janeiro-São Paulo road from Arreias through Caxambú and Cambuquira into the State of Minas Geraes.

A number of Brazilian states have imposed special taxation for the purpose of extending their roads, and though very little is being done at present, it is probable that when conditions improve the construction will be resumed, particularly in the southern states, many of which have plans to co-ordinate their road systems with the adjoining States.

Civil Aviation and Aircraft.—The development of civil airlines in Brazil has continued throughout the year, the quantity of freight and mails and the number of passengers carried having generally increased; the figures for 1931 are as follows :—

Companies	Average extension of lines	Planes	Passengers	Transport Carried		
				Mail Gross Wgt. Kilos	Baggage Kilos	Cargo Kilos
VARIG (Empresa de Viacão Aerea RioGrandense)	524	5	168	186,408	661	612
CONDOR Syndicato Condor Ltda.) ...	4,715	13	2,837	12,381,670	24,938	9,155
PANAIR (Panair do Brasil S.A.) ...	6,485	13	2,097	10,884,000	21,019	12,149
AÉROPOSTALE (Compagnie Générale Aéro-postale) ...	4,650	37	—	24,455,678	—	—
Totals ...	16,374	68	5,102	47,907,756	46,618	21,916

The total figures for the first six months of 1932 are as follows :—

VARIG ...	899	3	351	153	2,367	1,382
CONDOR ...	9,260	19	2,277	12,454	22,832	6,661
PANAIR ...	12,970	17	1,694	11,125	22,393	10,412
AÉROPOSTALE	9,300	50	—	10,369	—	48,329
Totals ...	32,429	89	4,322	34,101	47,592	66,784

The air routes at present in operation in the Republic are briefly as follows :—

EMPRESA VIAÇÃO AEREA RIO GRANDENSE :

Porto Alegre—Livramento
Porto Alegre—Uruguayana

SYNDICATO CONDOR LTDA :

Rio de Janeiro—Porto Alegre
Rio de Janeiro—Natal
Campo Grande—Cuyabá

PANAIR DO BRASIL S.A.

Belém—Buenos Aires

COMPAGNIE GÉNÉRALE AÉROPOSTALE :

Natal—Buenos Aires

A notable advance in the development of civil aviation in Brazil was effected when an agreement was recently reached between the Panair, Condor and Aéropostale, under the terms of which all

three companies may sell tickets and receive correspondence carried by the others. In consequence of this agreement booking of freight or passengers may be made at any one of the agencies of the three companies for any route to leave by the first available plane, even though this may not belong to that company. In other words: a general exchange of passengers and freight has been arranged.

During the year an important stage of development in the civil aviation has been reached in the establishment of a regular schedule of transatlantic passenger and mail services between Friedrichshafen and Pernambuco. The first of these flights was made by the Graf Zeppelin; the airship left Friedrichshafen at 12.30 a.m. on the 21st March, carrying a crew of forty-four, nine passengers and 280 lbs. of mail; she arrived in Pernambuco at 3 p.m. on the 23rd March and left on the 26th March, and reached her home port at 4.30 p.m. on the 29th March.

On the second flight early in April the airship did the outward voyage in the record time of 61 hours.

It is not without significance in connection with the prospects of the development of civil aviation in the new world that Brazil should be the first country to enjoy the benefit of the transatlantic air service.

Anti-Drought Works.—The serious drought from which many of the northern states suffer recurred with intensified force during the past year, and it was found necessary to increase the scale of the relief works authorised by various decrees in 1931. In May, the Central Government authorised an extraordinary credit of 20,000 contos for water storage and railway construction, etc. In July, a further credit of 38,000 contos was authorised, to be disbursed in instalments extending over July, August, September and October.

The responsibility for all these works is placed in the hands of the Federal Inspectorate of Anti-Drought Works, whose Director is responsible to the Ministry of Communications and Public Works.

VI.—MISCELLANEOUS

Colonisation. —The process of colonising the vacant lands in Brazil, though its progress has been diminished since the outbreak of the Great War, has never entirely ceased: and of late years an impetus has been imparted to the movement by arrangements reached with the Federal and various state governments for the allotment of vacant lands to special groups of colonists, notably to Japanese.

Considering colonisation solely as the systematic settlement of newcomers in groups, and leaving out of account the casual immigration of southern Europeans—many of whom return to

their homes after a few years—it seems obvious that the best prospects for development exist in southern Brazil, in the States of Santa Catharina, Paraná and Rio Grande do Sul. These three States are almost ideally situated to encourage colonists; in the first place their climate is generally favourable, without extremes of heat or cold; it is quite suitable for the white races and very far removed from the popular notion of the tropics. In consequence of the mild climate the requirements of clothing and shelter are greatly reduced, whilst the natural fertility of the country provides an abundance of cheap food upon which a colonist may subsist until his property begins to produce. In the uplands of Paraná, for example, where a London colonisation company—namely, the Paraná Plantations, Limited—is developing an almost entirely new district, it is calculated that from the virgin forest the colonist may clear his land and produce a crop of vegetables sufficient for his needs within a period of nine months.

More or less similar conditions exist over large areas in the land between São Paulo and the South and South-West frontiers of Brazil. Much of this territory is fertile and, though it varies in price considerably, large areas of very cheap land are available. In the case of the Paraná Plantations property, transport is not lacking, but there are other districts which must await the provision of roads or railways before extensive colonisation can take place; the existing truck lines provide a suitable basis for transport development. It is furthermore to be observed that throughout southern Brazil the colonist tradition exists; indeed Rio Grande do Sul and Santa Catharina have been built up almost entirely by organised settlements. In the former State to-day there are as many as 175 colonies, all of them still more or less distinct, although the dates of their establishment vary over a period of 100 years. The majority of these settlements are Italian, German, Polish, Russian, Austrian or Spanish, but a considerable number were initiated and are still peopled by Brazilians from other parts of the Republic.

A simple reference to these facts may seem to be out of place in a report of this nature: but, in view of present conditions in many of the industrial and overcrowded parts of the world, faced as they are with chronic unemployment and a shrinkage in the market for their goods, and remembering also that many countries, including the United States of America, which have hitherto afforded an outlet for surplus population, have now to all intents and purposes closed their doors to immigration, the existence in Brazil of accessible, fertile and cheap lands eminently suited to the settlement by all manner of races, suggests the possibility of a colonist movement during the forthcoming years of important dimensions.

Already it is known that certain European governments are taking an active interest in Brazilian lands; several have sent immigration and agricultural experts to investigate the conditions and methods of colonisation and in one case at least an extensive

programme, involving the transfer of many thousands of families, has been virtually adopted. The existence of an important United Kingdom enterprise in the field, which has already after only eighteen months or two years' active work, opened up districts and established small towns in a territory which was virgin forest in the beginning of 1930, lends interest to this movement.

The beginning of such a movement is clearly of considerable interest to those manufacturers and shipping companies who desire to take advantage of a development which in a few years may well reach important proportions.

Public Health.—Following the revolution of 1930 the Federal Public Health Organisation was greatly reduced by the closing of its principal branches. These establishments had performed a wide range of public health services in the interior where the necessity is most pronounced; their suspension was, however, considered desirable at the time as a measure of economy.

Events in the meantime have dictated the necessity of re-opening these provincial stations, and a decree has now appeared levying an additional tax on documents, calculated to produce about half a million pounds a year, to meet the cost of this useful and necessary work.

Yellow fever, which constitutes a peculiar danger to foreigners since the effects of this disease are worst in the case of those who are not thoroughly acclimatised, has now been driven out of the ports entirely, and exists only in certain parts of the interior, chiefly in the northern states. An outbreak actually took place during the year in the State of Espirito Santo, but the spread of the contagion was checked and the danger now seems to be passed. Cases are still reported in the district of the borders of Piauhy, Ceará, Pernambuco and in Parahyba.

Since 1928 no cases have occurred in the Federal District and the neighbouring states, where preventative measures are rigorously maintained.

Cases of bubonic plague, smallpox and typhoid fever, from the outbreak of which, generally speaking, most is to be feared—have not anywhere exceeded the normal appearance.

Generally speaking the standard of public health service in Brazil is high amongst South American countries, and progress in sanitation and infectious diseases prevention is continued vigorously. In the case of measures against yellow fever the work is directed by the Rockefeller Foundation, which in Brazil, as in other South American countries, is the spear head of the attack upon all causes and sources of health hazard.

Generally speaking the disease showing the highest mortality co-efficient in Brazil, is tuberculosis, to which the colonised people and mulattos are peculiarly susceptible. A practical effort to deal with this problem is made by the public health authorities, particularly by seeking to improve the standard of the nursing profession. In view of the traditional prejudice which exists in

Brazil on the subject of employment for women of the upper classes, this effort presents extraordinary difficulties; but by the establishment of training colleges, and the training of a corps of nurses abroad, considerable progress is being made in this important department of medicine.

An impression of the basic health conditions in Brazil may be had from the following figures:—

Federal Capital

Causes of death: Transmittable diseases—coefficient
in 100,000 of inhabitants—1931.

Typhoid and paratyphoid	...	...	6.36
Malaria	...	...	17.52
Measles	...	...	27.05
Whooping-cough	...	...	17.23
Diphtheria...	...	...	6.24
Grippe	...	...	43.07
Dysentery	...	...	12.02
Leprosy	...	...	3.47
Cerebro-Spinal Meningitis	...	...	0.69
Tuberculosis	...	...	278.00
Infant mortality	...	...	189.83 per 1,000

Death-Rate per 1,000.

<i>City</i>	<i>State</i>			
Rio de Janeiro	—	...	...	14.67
São Luiz	Maranhão	...	...	19.60
Aracajú	Sergipe	...	...	21.81
Juiz de Fóra	Minas Geraes	...	...	18.29
São João d'El Rey	"	...	...	17.98
Rio Grande	Rio Grande do Sul	...	...	19.37
Belém	Pará	...	...	24.15
Fortaleza	Ceará	...	...	31.38
João Pessoa	Parahyba	...	...	31.02
Recife	Pernambuco	...	...	25.46
Maceió	Alagoas	...	...	24.32
Bello Horizonte	Minas Geraes	...	...	16.27
Porto Alegre	Rio Grande do Sul	...	...	16.33
Victoria	Espirito Santo	...	...	25.51
State of Espirito Santo	...	...	...	10.74
Manaos	Amazonas	...	...	25.44
São Paulo*	São Paulo	...	...	14.76 (1928)

APPENDIX I

EXTERNAL DEBT OF THE FEDERAL GOVERNMENT OUTSTANDING ON 1st
OCTOBER, 1932

Year Issued	Object	Amount	Rate	In circulation 1.10.32	Service
	<i>Issued in London :</i>	<i>£ sterling</i>	<i>%</i>	<i>£ sterling</i>	<i>£ sterling</i>
1883	Federal Railways and Rio de Janeiro water supply ...	4,599,600	4.5	1,888,400	Temporarily suspended
1888	Federal Railways ...	6,297,300	4.5	3,169,900	do.
1889	Conversion of 1865, 1871, 1875 and 1886 loans ...	19,837,000	4.0	15,873,000	do.
1895	Oeste de Minas Railway ...	7,442,000	5.0	6,117,800	do.
1898	First funding loan ...	8,613,717	5.0	6,757,800	477,473
1901	Purchase of various railway companies ...	16,619,320	4.0	8,972,760	Temporarily suspended
1903	Rio Port Works ...	8,500,000	5.0	6,775,600	do.
1908	Rio Waterworks and Federal Railways ...	4,000,000	4.0	250,300	do.
1910	Lloyd Brasileiro ...	1,000,000	4.0	344,300	do.
1910	Conversion of Oeste de Minas Railway shares etc. ...	10,000,000	4.0	9,165,100	do.
1911	Rio Port Works ...	4,500,000	4.0	2,871,700	do.
1911	Ceará Railway ...	2,400,000	4.0	2,281,050	do.
1913	Various Port Works... ..	11,000,000	5.0	10,262,260	do.
1914	Second funding loan ...	14,502,397	5.0	14,034,480	804,889
1927	Consolidation of floating debt	8,750,000	6.5	8,372,300	Temporarily suspended
1931	Third funding loan	?	5.0	3,149,160	158,245
	Total			£100,285,910	£1,440,607
	<i>Issued in Paris :</i>	<i>Frcs. paper</i>		<i>Frcs. paper</i>	<i>Frcs. paper</i>
1908/9	Itapura-Corumbá Railway	100,000,000	5.0	96,181,500	Temporarily suspended
1931	Third funding loan	?	5.0	7,400,000	370,000
	Overdue coupons				8,439,842
	Total			103,581,500	8,809,842
	<i>Issued in New York :</i>	<i>Dollars</i>		<i>Dollars</i>	<i>Dollars</i>
1909	Port of Pernambuco	40,000,000	5.0	38,723,000	Temporarily suspended
1910	Goyaz Railway	100,000,000	4.0	93,836,500	do.
1911	Bahia Railways	60,000,000	4.0	57,539,000	do.
1916	Goyaz Railway	25,000,000	5.0	24,253,000	do.
1922	Victoria-Minas Railway ...	14,850,000	5.0	14,636,140	do.
1931	Third funding loan	?	5.0	4,316,120	216,885
	Total			233,303,760	216,885
	<i>Issued in New York :</i>	<i>Dollars</i>		<i>Dollars</i>	<i>Dollars</i>
1921	Treasury Bonds	50,000,000	8.0	31,352,500	Temporarily suspended
1922	Electrification of Central Railway of Brazil	25,000,000	7.0	17,503,000	do.
1926	Consolidation of floating debt	60,000,000	6.5	55,695,000	do.
1927	do.	41,500,000	6.5	39,709,000	do.
1931	Third funding loan	?	5.0	5,493,360	276,041
	Total			149,752,860	276,041

APPENDIX II

INTERNAL DEBT OF THE FEDERAL GOVERNMENT AT 1ST OCTOBER, 1932.

<i>Date</i>	<i>Common Stock</i>	<i>Rate</i>	<i>In Circulation</i>	<i>Service</i>
1827	Old non-uniform apolices ...	5%	3,394:400\$	169:720\$
1912	Converted uniform apolices ...	5%	529,373:600\$	26,468:680\$
909/26	Registered apolices of various issues	5%	982,568:900\$	49,128:445\$
917/26	Bearer apolices idem ...	5%	632,058:000\$	31,602:900\$
1903	Bearer port works apolices ...	5%	17,300:000\$	865:000\$
1903	Registered general apolices (old)	4%	119:600\$	4:784\$
1909	Registered Bolivian Treaty apolices	3%	1,629:000\$	48:870\$
	Total common stock ...		2,166,443:500\$	108,288:399\$
	<i>Special Issues</i>			
1921	Treasury bonds—bearer... ..	7%	57,260:000\$	4,008:200\$
1930	idem. idem.	7%	162,304:500\$	11,361:315\$
1925	Railway bonds idem. ...	7%	135,701:000\$	9,499:070\$
1928	Road bonds (bearer and registered)	5%	68,000:000\$	3,400:000\$
	Totals		2,589,709:000\$	136,556:984\$
	Purchased by redemption fund...		79,056:100\$	
	Total in common circulation ...		2,510,652:900\$	

APPENDIX III

BRAZILIAN MUNICIPAL FOREIGN LOANS OUTSTANDING AT
30TH DECEMBER, 1930.

State and Year	Rate %	Amount Issued	Outstanding at 30th December, 1930			
			£ sterling	Francs	Dollars	
<i>Federal District of Rio de Janeiro :</i>						
1912	4.5	£	2,500,000	1,773,420		
1921	6.0	U.S. \$	12,000,000		7,680,000	
1928	6.5	U.S. \$	30,000,000		30,000,000	
1928	6.0	U.S. \$	1,770,000		1,770,000	
<i>State of Sao Paulo :</i>						
City of São Paulo						
1908	6.0	£	750,000	400,310		
1919	6.0	U.S. \$	8,500,000		5,870,000	
1922	8.0	U.S. \$	4,000,000		3,312,500	
1927	6.5	U.S. \$	5,900,000		5,644,000	
Santos City						
1927	7.0	£	2,260,000	2,182,920		
<i>State of Rio Grande do Sul :</i>						
City of Porto Alegre						
1909	5.0	£	600,000	327,500		
1922	8.0	U.S. \$	3,500,000		3,340,000	
1926	7.5	U.S. \$	4,000,000		3,900,000	
1928	7.0	U.S. \$	2,250,000		2,223,000	
City of Pelotas						
1911	5.0	£	600,000	447,320		
Towns of Cachoeira, Pelotas, Uruguayana, Santanna, Caxias, Bagé, Rio Grande an S. Leopoldo						
1927	7.0	U.S. \$	4,000,000		3,933,363	
<i>State of Pará :</i>						
City of Belém						
1905	5.0	£	1,000,000	921,040		
1906	5.0	£	600,000	570,400		
1912	5.0	£	600,000	590,860		
1915	5.0	£	885,000	885,000		
1919	6.0	£	272,661	272,661		
<i>State of Bahia :</i>						
City of São Salvador						
1905	5.0	Fcs.	25,000,000		23,440,000	
1912	5.0	Fcs.	27,500,000		27,436,400	
1912	5.0	£	500,000	498,844		
1914	6.0	£	1,521,000	1,521,000		
1916	5.0	£	840,000	840,000		
<i>State of Rio de Janeiro :</i>						
City of Nictheroy						
1928	7.0	£	800,000	787,100		
<i>State of Amazonas :</i>						
City of Manaus						
1906	5.5	£	350,000	269,800		
<i>State of Pernambuco :</i>						
City of Recife						
1910	5.0	£	400,000	278,700		
Totals				12,566,875	50,876,400	67,672,863

APPENDIX IV

FOREIGN AND INTERNAL LOANS OF THE STATES OF BRAZIL OUTSTANDING
ON 30TH DECEMBER, 1930.

State and Year	Rate %	Issued Amount	Amount outstanding 30/12/30			Internal debt in contos of reis
			£ sterling	Francs	Dollars	
Alagoas :						
1906	5.0	£ 280,000	257,740			558:
Overdue interest			56,700			
1906/9	5.0	Fcs. 15,000,000		13,638,500		
Overdue interest				10,125,000		
Amazonas :						
1906	5.0	Fcs. 84,000,000		80,236,500		47,052:
1915	5.0	Fcs. 20,129,500		20,059,125		
1916	6.0	Fcs. 3,958,000		3,000,000		
Overdue Interest				60,323,049		
Bahia :						
1888	5.0	Fcs. 20,000,000		6,514,500		118,475:
1904	5.0	£ 1,062,360	974,920			
1910	5.0	Fcs. 45,000,000		41,679,000		
1913	5.0	£ 1,000,000	975,980			
1915	5.0	£ 787,334	644,280			
1918	6.0	£ 335,000	97,959			
1928	5.0	£ 338,500	335,711			
Ceará :						
1910	5.0	Fcs. 15,000,000		12,438,500		1,330:
1922	8.0	U.S.\$ 2,000,000			1,980,000	
Overdue interest				3,417,424	168,286	
Espirito Santo :						
1908	5.0	Fcs. 30,000,000		1,750,500		9,020:
1919	5.0	Fcs. 24,960,000		698,080		
1927	8.0	U.S.\$ 1,750,000			790,000	
1928	8.0	U.S.\$ 750,000			380,000	
Overdue interest					38,700	
Goyaz :						
			nil			nil
Maranhã :						
1910	5.0	Fcs. 20,000,000		16,862,500		2,546:
1928	7.0	U.S.\$ 1,750,000			1,727,912	
Overdue interest				1,694,681		
Matto Grosso :						
			nil			3,780:
Minas Geraes :						
						144,850:
1913	5.0	£ 120,000	76,963			
1928	6.5	£ 1,750,000	1,708,200			
1928	6.5	U.S.\$ 8,500,000			8,190,000	
1929	6.5	U.S.\$ 8,000,000			7,861,000	
Para :						
1901	5.0	£ 1,450,000	1,270,000			5,821:
1907	5.0	£ 650,000	568,960			
1915	5.0	£ 1,070,000	1,036,679			
Overdue interest			1,143,679			
Carried forward			9,147,771	272,437,359	21,135,898	333,432:

APPENDIX IV (continued)

State and Year	Rate %	Issued Amount		Amount outstanding 30/12/30			Internal debt in contos of reis
				£ sterling	Francs	Dollars	
Brought forward				9,147,771	272,437,359	21,135,898	333,432:
<i>Parahyba :</i>				nil			nil
<i>Parana :</i>							23,084:
1928	7.0	£	1,000,000	965,300			
1928	7.0	U.S. \$	4,860,000			4,702,000	
<i>Pernambuco :</i>							30,823:
1905	5.0	£	1,000,000	513,640			
1909	5.0	Fcs.	37,500,000		26,385,000		
1927	7.0	U.S. \$	6,000,000			5,150,500	
<i>Piauhy :</i>				nil			92:
<i>Rio de Janeiro :</i>							53,452:
1927	5.5	£	1,926,500	1,743,389			
1927	7.0	£	1,891,000	1,891,000			
1929	6.5	U.S. \$	6,000,000			6,000,000	
<i>Rio Grande do Norte :</i>							2,652:
1910	5.0	Fcs.	8,750,000		6,675,000		
Overdue interest					400,625		
<i>Rio Grande do Sul :</i>							6,817:
1921	8.0	U.S. \$	10,000,000			6,300,000	
1926	7.0	U.S. \$	10,000,000			9,778,000	
1928	6.0	U.S. \$	23,000,000			23,000,000	
<i>Santa Catharina :</i>							15,323:
1909	5.0	£	250,000	68,226			
1922	8.0	U.S. \$	5,000,000			4,704,800	
Overdue interest					6,707	452,560	
<i>Sao Paulo :</i>							402,321:
1904	5.0	£	1,000,000	223,580			
1905	5.0	£	3,800,000	2,180,000			
1907	5.0	£	2,000,000	1,623,534			
1921	8.0	£	2,000,000	1,797,500			
1921	8.0	(Florins—Holland)					
		Fl.	18,000,000		Fl 8,900,000		
1921	8.0	U.S. \$	10,000,000			4,950,000	
1925	8.0	U.S. \$	15,000,000			15,000,000	
1926	7.0	U.S. \$	7,500,000			7,155,000	
1926	7.0	£	2,500,000	2,385,700			
1928	6.0	U.S. \$	15,000,000			14,856,500	
1928	6.0	£	3,500,000	3,439,300			
1930	7.0	U.S. \$	35,000,000			33,250,000	
1930	7.0	£	12,167,600	12,167,600			
(Note.—These last two loans are for the Coffee Defence Scheme).							
<i>Sergipe :</i>				nil			12,396:
<i>Dutch Florins</i>							
Totals outstanding			8,900,000	36,946,161	229,937,205	155,775,712	
Overdue interest				1,207,086	75,960,779	659,546	
				Fl.8,900,000	38,153,247	305,897,984	156,435,258
Total floating debt of the individual States on 30th December 1930:							880,392: 1,106,072:

(Note.—There is some doubt as to whether the francs loans are to be considered gold or paper francs. A compromise has been made by some States while others are still discussing the question).

APPENDIX V

BUDGET ESTIMATES FOR 1932.

REVENUE.

	Contos		Sterling Paper at 4d. Gold at 27d.
	Gold	Paper	
<i>Ordinary—From Taxes :</i>			
Customs Duties—Dock Dues and Additional Charges ...	104,839	1,930	£11,826,570
Consumption Tax ...	—	443,165	7,386,100
Stamp Taxes ...	20	259,500	4,327,250
Income Tax ...	1	109,800	1,830,010
Lotteries and other Taxes ...	1,700	14,333	430,150
Taxes and Duties ...	106,560	828,728	£25,800,080
<i>From Patrimony :</i>			
State Lands ...	—	11,680	194,670
<i>From Industries :</i>			
Railways, Posts, Telegraphs, etc. ...	1,400	273,133	4,709,450
Total Ordinary Revenue ...	107,960	1,113,541	£30,704,200
Extraordinary Revenue ...	1,576	279,210	£4,830,800
Totals ...	109,536	1,392,751	£35,535,000

EXPENDITURE.

<i>Ministries :</i>			
Justice ...	—	81,500	1,358,300
Foreign Affairs ...	3,579	10,903	584,300
Marine ...	150	148,387	2,490,100
War ...	100	265,000	4,427,900
Agriculture ...	41	38,300	642,900
Transport ...	9,489	400,643	7,744,800
Education and Health ...	4,091	70,000	1,626,900
Labour ...	209	16,431	297,300
Finance ...	16,746	863,121	16,269,300
Totals ...	34,405	1,894,285	£35,441,800
Favourable Balance estimated after conversion into paper: 5,595 contos ...			93,200
			£35,535,000

APPENDIX VI

1931 BUDGET—EXPENDITURE.

	<i>Contos</i>	
	<i>Gold</i>	<i>Paper</i>
<i>Ministries :</i>		
Justice	—	74,698
Foreign Affairs	3,051	9,293
Marine	86	120,614
War	39	275,102
Agriculture	53	32,505
Transport	2,695	374,874
Education	3,872	74,661
Labour	147	11,402
Finance	79,798	271,707
	<hr/>	
Paying Agents	89,741	1,244,856
	2	90,218
	<hr/>	
	89,743	1,335,074
	<hr/>	

APPENDIX VII

BRAZILIAN IMPORTS (a).

Principal articles classified, showing Great Britain's position in relation to other important suppliers of each article in the years 1929, 1930 and 1931 (b)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
CLASS I.						
COTTON, WOOL, LINEN, JUTE, SILK (raw yarns and textiles)						
COTTON PIECE GOODS—Bleached						
<i>Total Imports</i> ...	439	147	46	246	84	25
Great Britain ...	338	86	26	182	47	11
Switzerland ...	24	21	10	22	19	7
France ...	37	18	5	17	7	2
Germany ...	11	7	2	7	5	1
COTTON PIECE GOODS— Unbleached						
<i>Total Imports</i> ...	94	16	5	31	5	2
Great Britain ...	39	7	4	12	3	1
Germany ...	50	7	1	16	1	$\frac{1}{2}$
COTTON PIECE GOODS—Printed						
<i>Total Imports</i> ...	430	192	73	330	145	58
Great Britain ...	259	72	16	197	51	9
France ...	74	40	20	53	31	17
Germany ...	8	10	10	8	11	10
Switzerland ...	23	10	8	24	14	9
COTTON PIECE GOODS—Dyed						
<i>Total Imports</i> ...	3,535	794	222	1,820	390	109
Great Britain ...	2,679	513	133	1,299	224	52
France ...	248	52	27	140	30	15
Switzerland ...	88	51	17	96	47	14
Germany ...	63	35	12	55	30	9

(a)—Arranged as follows:—Great Britain first, and other countries in 1931 order.

(b)—1929 values convert 41 \$000—£1.

1930 " " 44 \$000—£1.

1931 " " 67 \$000—£1.

APPENDIX VII (continued)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
COTTON PIECE GOODS—						
Unenumerated						
<i>Total Imports</i> ...	443	190	102	256	97	45
Great Britain ...	190	63	25	102	31	11
France ...	49	27	13	38	16	10
Germany ...	50	26	15	30	16	6
COTTON MANUFACTURES—						
Unspecified						
<i>Total Imports</i> ...	428	241	88	242	128	36
Great Britain ...	175	102	20	127	66	9
Germany ...	84	56	27	40	26	8
France ...	48	32	12	34	16	8
United States ...	96	42	27	27	16	7
RAW JUTE						
<i>Total Imports</i> ...	19,118	12,499	16,139	733	437	392
Great Britain ...	155	22	317	6	2	8
India ...	18,699	12,412	15,721	720	432	374
WOOL YARN						
<i>Total Imports</i> ...	1,385	959	794	870	463	333
Great Britain ...	313	155	118	190	70	40
France ...	507	384	271	322	183	112
Germany ...	231	199	181	145	103	80
WOOLLEN PIECE-GOODS						
<i>Total Imports</i> ...	712	330	132	868	374	140
Great Britain ...	419	200	82	549	249	84
France ...	179	61	28	187	55	27
LINEN PIECE-GOODS						
<i>Total Imports</i> ...	985	719	360	591	382	160
Great Britain ...	531	373	178	339	209	78
France ...	215	173	74	121	94	34
Belgium ...	168	105	48	90	54	20
CLASS II.						
IRON, STEEL & MANUFACTURES						
IRON BARS & RODS						
<i>Total Imports</i> ...	61,480	22,470	7,156	522	194	62
Great Britain ...	8,686	1,928	919	72	22	9
Belgium ...	34,983	14,376	3,282	273	103	24
Germany ...	6,005	3,356	1,893	68	37	18

APPENDIX VII (continued)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
IRON PLATES AND SHEETS						
<i>Total Imports</i> ...	30,337	17,860	14,874	430	245	171
Great Britain ...	6,748	3,264	3,700	111	55	56
Belgium ...	3,495	7,741	6,430	129	71	51
United States ...	6,347	3,718	2,435	134	78	40
Germany ...	2,960	2,237	2,205	47	29	23
IRON, CAST, PIG, PUDDLES AND FILINGS						
<i>Total Imports</i> ...	13,699	3,719	695	92	27	7
Great Britain ...	4,812	1,642	310	28	10	2
Germany ...	782	346	170	9	4	2
Belgium ...	5,171	1,691	95	31	10	1
STEEL BARS & RODS						
<i>Total Imports</i> ...	8,870	3,782	1,647	200	82	35
Great Britain ...	3,697	1,997	843	65	39	18
Germany ...	1,246	782	364	35	21	8
Belgium ...	1,979	501	194	27	7	2
STEEL PLATES						
<i>Total Imports</i> ...	2,019	2,030	1,602	33	27	16
Great Britain ...	772	991	361	12	14	6
Belgium ...	276	597	1,157	3	6	7
United States ...	788	177	69	14	4	2
STRUCTURAL IRON AND STEEL						
<i>Total Imports</i> ...	37,433	12,158	2,621	455	184	27
Great Britain ...	1,408	1,944	276	14	32	4
Belgium ...	19,743	5,121	1,467	175	45	8
United States ...	9,227	3,306	199	17	85	4
RAILS, FISHPLATES, Etc.						
<i>Total Imports</i> ...	82,427	54,177	20,086	951	621	222
Great Britain ...	29,135	27,079	1,514	310	305	34
Belgium ...	23,117	16,735	10,996	221	159	98
United States ...	22,061	8,065	6,485	302	113	84
TELEGRAPH AND TELEPHONE POSTS, AND PARTS FOR BRIDGES & FENCES						
<i>Total Imports</i> ...	10,863	11,455	2,081	287	301	48
Great Britain ...	3,680	3,599	706	98	105	18
Belgium ...	1,976	2,083	855	49	47	12
Germany ...	1,341	3,297	126	27	71	8
United States ...	2,967	1,471	182	92	54	7

APPENDIX VII (continued)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
TUBES, PIPES AND JOINTINGS						
<i>Total Imports</i> ...	54,963	22,491	9,419	1,016	501	217
Great Britain ...	9,614	6,264	2,847	191	148	54
United States ...	6,497	4,349	2,218	191	118	50
Belgium ...	23,896	7,281	2,190	278	109	45
Germany ...	7,631	2,210	1,069	190	62	29
BARBED WIRE						
<i>Total Imports</i> ...	38,958	21,538	10,702	563	278	115
Great Britain ...	2,612	541	307	40	8	3
United States ...	11,726	7,225	3,641	168	91	36
Belgium ...	11,645	6,457	3,574	166	83	36
Germany ...	9,391	5,140	2,133	134	66	22
WIRE (not including barbed)						
<i>Total Imports</i> ...	38,818	20,551	17,241	522	250	177
Great Britain ...	5,743	1,815	1,422	86	29	18
Germany ...	12,746	9,584	8,774	181	113	84
Belgium ...	12,286	4,160	4,247	150	50	42
Holland ...	5,512	3,582	1,983	59	33	16
United States ...	2,145	1,212	688	33	18	10
GALVANISED CORRUGATED SHEETS						
<i>Total Imports</i> ...	18,294	8,324	3,459	379	166	59
Great Britain ...	8,737	3,894	1,912	181	75	31
United States ...	8,426	3,682	1,238	176	78	21
TINPLATE						
<i>Total Imports</i> ...	25,690	24,166	23,293	574	531	401
Great Britain ...	20,960	20,040	17,216	464	430	287
United States ...	4,587	3,682	4,375	102	85	77
TOOLS & UTENSILS (including machine tools)						
<i>Total Imports</i> ...	3,068	1,417	610	578	258	107
Great Britain ...	455	211	88	80	36	14
Germany ...	1,306	650	267	221	113	42
United States ...	1,003	344	207	213	77	38
CUTLERY						
<i>Total Imports</i> ...	578	302	98	290	143	49
Great Britain ...	15	14	2	9	4	1
Germany ...	462	227	79	189	92	28
United States ...	36	14	6	49	31	13
France ...	49	37	10	29	11	3

APPENDIX VII (continued)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
CLASS III.						
TRANSPORT MATERIAL AND GENERAL MACHINERY						
LOCOMOTIVES ...						
<i>Total Imports</i> ...	6,267	6,822	3,033	536	321	158
Great Britain ...	1,641	3,110	705	157	156	41
Germany ...	1,286	613	1,269	104	38	78
United States ...	1,972	665	125	224	86	20
RAILWAY CARS AND WAGGONS						
<i>Total Imports</i> ...	18,576	5,324	4,495	870	222	258
Great Britain ...	2,296	2,240	2,379	134	136	81
United States ...	11,234	298	1,234	638	8	142
Belgium ...	4,094	2,565	883	90	65	22
AXLES, WHEELS, ETC., FOR RAILWAY STOCK						
<i>Total Imports</i> ...	12,390	5,835	2,601	327	164	67
Great Britain ...	4,465	2,160	1,222	118	84	36
Belgium ...	3,637	1,032	899	59	18	12
United States ...	2,241	1,137	89	84	33	10
Germany ...	1,569	403	150	47	7	2
MOTOR CARS						
		(No. of Cars)				
<i>Total Imports</i> ...	29,399	1,688	2,876	3,212	276	261
Great Britain ...	22	19	9	15	4	3
United States ...	28,992	1,363	2,711	3,102	226	205
Italy ...	193	245	119	28	27	13
France ...	151	47	13	37	12	3
MOTOR TRUCKS						
		(No. of Trucks)				
<i>Total Imports</i> ...	24,529	258	1,553	2,369	72	143
Great Britain ...	128	28	21	36	11	7
United States ...	24,271	185	1,500	2,280	47	116
Italy ...	50	13	28	7	2	6
Germany ...	44	16	3	9	4	2
SPINNING & WEAVING MACHINERY (excluding looms)						
<i>Total Imports</i> ...	2,736	1,151	1,113	277	131	108
Great Britain ...	1,651	630	675	149	65	57
Germany ...	700	208	135	43	22	17

APPENDIX VII (continued)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
AGRICULTURAL MACHINERY (unspecified)						
<i>Total Imports</i> ...	818	358	118	63	33	10
Great Britain ...	37	20	49	3	1	2
United States ...	406	215	23	30	18	3
Germany ...	312	60	35	21	5	3
PRINTING MACHINES & ATTACHMENTS						
<i>Total Imports</i> ...	1,115	839	47	303	207	25
Great Britain ...	13	14	2	7	8	1
United States ...	211	11	15	137	80	15
Germany ...	662	630	19	120	104	5
OTHER INDUSTRIAL MACHINERY						
<i>Total Imports</i> ...	14,024	7,232	1,855	1,187	663	178
Great Britain ...	3,131	1,556	361	267	133	31
Germany ...	2,363	801	580	287	113	71
United States ...	1,791	2,559	245	205	232	21
France ...	1,924	318	245	122	22	17
GENERAL MACHINERY & MECHANICAL APPLIANCES (unspecified)						
<i>Total Imports</i> ...	23,104	11,750	4,240	2,908	1,557	594
Great Britain ...	3,875	2,280	883	400	262	93
United States ...	6,798	3,522	1,091	1,038	597	237
Germany ...	8,200	3,493	1,457	951	411	151
CRANES						
<i>Total Imports</i> ...	3,412	1,437	386	277	90	26
Great Britain ...	2,059	873	188	134	47	13
Germany ...	326	301	17	18	20	1
BOILERS						
<i>Total Imports</i> ...	2,424	1,758	439	132	128	21
Great Britain ...	1,240	685	189	69	36	9
Germany ...	196	66	84	10	8	4
CLASS IV.						
COPPER COPPER PLATES OR SHEETS						
<i>Total Imports</i> ...	2,373	1,334	650	238	119	42
Great Britain ...	1,067	685	325	105	59	20
Germany ...	859	482	188	87	43	13

APPENDIX VII (continued)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
COPPER (cast, Moulded, Fillings, etc.)						
<i>Total Imports</i> ...	6,341	2,847	1,600	559	196	82
Great Britain ...	436	300	296	36	23	17
United States ...	5,631	2,352	1,177	490	158	57
ELECTRIC CABLES & WIRES						
<i>Total Imports</i> ...	6,482	4,634	1,170	548	346	72
Great Britain ...	3,775	2,500	465	277	170	23
United States ...	996	409	124	118	50	15
Germany ...	503	411	197	38	20	9
CLASS V.						
CHEMICAL PRODUCTS						
CAUSTIC SODA						
<i>Total Imports</i> ...	16,705	17,683	21,174	290	331	329
Great Britain ...	12,454	12,938	11,709	219	249	193
United States ...	4,033	4,003	5,424	65	67	78
Germany ...	97	635	2,122	2	10	32
WHITE ZINC PAINTS						
<i>Total Imports</i> ...	4,995	3,709	3,054	155	106	80
Great Britain ...	633	449	477	20	13	12
Belgium ...	2,744	2,274	1,240	85	64	32
WATER PAINTS AND PAINTS PREPARED, unenumerated						
<i>Total Imports</i> ...	2,586	1,402	745	227	138	68
Great Britain ...	727	547	297	44	34	16
United States ...	1,195	421	279	127	56	31
Germany ...	265	165	59	21	16	5
CHEMICAL FERTILISERS						
<i>Total Imports</i> ...	24,241	8,403	6,515	224	76	56
Great Britain ...	1,942	1,227	1,097	22	11	9
Germany ...	15,314	4,534	4,148	154	41	37
Holland ...	3,671	872	858	14	4	5
CHEMICAL PRODUCTS (unspecified)						
<i>Total Imports</i> ...	8,107	6,585	6,742	665	535	421
Great Britain ...	2,461	1,210	1,595	106	85	71
France ...	790	486	355	174	124	87
Germany ...	2,361	1,575	1,312	149	104	68
United States ...	772	628	478	87	68	47

APPENDIX VII (continued)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
CLASS VI.						
ELECTRICAL MATERIAL AND APPARATUS						
APPARATUS AND APPLIANCES FOR ELECTRIC LIGHT						
<i>Total Imports</i> ...	7,573	4,358	1,991	1,697	1,188	441
Great Britain ...	906	565	294	190	144	52
United States ...	3,533	2,053	959	794	507	215
Germany ...	1,786	739	389	270	145	57
Belgium ...	443	404	41	183	208	20
ELECTRIC DYNAMOS & GENERATORS						
<i>Total Imports</i> ...	1,925	768	225	281	151	49
Great Britain ...	91	90	11	18	17	2
United States ...	934	284	107	150	72	29
Germany ...	641	222	61	72	35	8
ELECTRIC MOTORS						
<i>Total Imports</i> ...	2,177	1,027	324	332	176	56
Great Britain ...	269	189	45	43	33	8
United States ...	657	372	103	116	73	21
Germany ...	507	119	48	71	20	9
TRANSFORMERS						
<i>Total Imports</i> ...	3,337	2,317	332	382	274	46
Great Britain ...	471	454	67	54	44	7
United States ...	2,093	1,428	117	245	176	18
Germany ...	499	198	32	52	21	3
CLASS VII.						
FUELS, OILS AND CEMENT						
COAL						
<i>Total Imports</i> ...	2,067,347	1,745,826	1,133,795	3,136	2,731	1,458
Great Britain ...	1,799,771	1,362,352	656,031	2,693	2,111	836
United States ...	185,080	196,159	197,077	300	306	276
Holland ...	Nil	169,396	231,648	Nil	261	270
CEMENT						
<i>Total Imports</i> ...	535,276	384,503	114,332	1,539	1,081	290
Great Britain ...	64,927	45,507	23,522	189	124	55
Germany ...	121,575	73,185	23,210	375	220	62
Belgium ...	125,024	85,265	23,405	340	230	49
Sweden ...	56,725	55,968	22,840	115	143	49
Denmark ...	111,860	83,908	9,451	290	225	19

APPENDIX VII (continued)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
LUBRICATING OILS						
<i>Total Imports</i> ...	45,364	24,561	22,902	1,011	626	412
Great Britain ...	1,546	1,108	869	47	30	21
United States ...	40,946	21,727	19,417	903	562	349
Mexico ...	2,510	1,450	1,882	40	22	28
GASOLINE						
<i>Total Imports</i> ...	293,626	279,495	214,301	3,614	3,177	1,454
United States ...	173,061	128,216	97,972	2,468	1,853	834
Peru ...	71,175	72,338	56,024	554	617	245
Mexico ...	47,204	59,045	30,621	504	548	201
KEROSENE						
<i>Total Imports</i> ...	117,256	90,465	98,537	1,425	1,063	929
United States ...	82,811	65,466	67,649	1,057	815	683
Mexico ...	18,125	19,053	15,069	215	209	141
CLASS VIII.						
FOODSTUFFS						
WHEAT						
<i>Total Imports</i> ...	746,197	648,240	795,893	7,645	6,069	4,181
Argentina ...	729,668	595,017	677,276	7,471	5,577	3,574
United States ...	3,231	27,410	118,615	32	223	661
WHEAT FLOUR						
<i>Total Imports</i> ...	162,878	152,279	61,307	2,447	2,109	593
United States ...	68,021	74,850	35,350	1,128	1,087	339
Argentina ...	81,929	57,154	25,254	1,119	756	199
DRIED CODFISH						
<i>Total Imports</i> ...	37,780	35,392	22,399	1,931	1,585	738
Great Britain ...	11,838	10,373	7,694	595	498	292
Newfoundland ...	17,108	15,418	11,002	897	640	279
Norway ...	5,295	6,418	2,739	254	295	80
CLASS IX.						
ENAMELLED IRON MANUFACTURES						
<i>Total Imports</i> ...	1,165	483	112	153	61	14
Great Britain ...	42	13	6	5	2	1
Germany ...	939	356	73	123	44	7
WINDOW GLASS						
<i>Total Imports</i> ...	11,811	5,893	4,386	219	121	72
Great Britain ...	1,724	1,062	484	39	24	12
Belgium ...	7,728	2,946	2,728	123	52	39
Germany ...	1,712	1,321	1,087	41	31	19

APPENDIX VII (continued)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
PRINTING PAPER						
<i>Total Imports</i> ...	5,394	3,943	2,233	152	118	49
Great Britain ...	1,336	1,069	377	44	37	10
Germany ...	1,641	632	463	50	19	10
Sweden ...	915	443	270	13	7	4
NEWS PRINTING PAPER						
<i>Total Imports</i> ...	41,909	38,561	26,105	641	559	314
Great Britain ...	575	527	101	10	11	2
Germany ...	4,793	5,567	8,025	95	93	96
Finland ...	4,946	6,254	7,489	69	87	82
Norway ...	15,181	15,820	6,095	216	213	67
RUBBER TYRES AND INNER TUBES (including solid tyres)						
<i>Total Imports</i> ...	5,611	3,288	2,849	1,003	563	367
Great Britain ...	540	426	362	101	80	48
United States ...	3,419	2,302	1,908	588	386	230
Canada ...	793	181	121	144	30	15
France ...	197	84	59	42	17	9
MANUFACTURES OF SKINS & LEATHER, unspecified						
<i>Total Imports</i> ...	78	48	38	104	55	39
Great Britain ...	46	27	23	70	33	25
Holland ...	7	4	7	8	4	5
SKINS AND HIDES, Tanned or otherwise prepared						
<i>Total Imports</i> ...	587	361	266	765	447	247
Great Britain ...	29	16	11	40	23	15
Germany ...	162	97	86	256	166	96
United States ...	191	91	59	252	117	55
France ...	68	61	26	89	75	35
Argentina ...	60	61	59	50	37	22
GRAMOPHONES, GRAMOPHONE RECORDS AND ACCESSORIES						
<i>Total Imports</i> ...	977	286	112	372	108	38
Great Britain ...	114	45	14	40	18	5
United States ...	646	148	55	258	57	20
Germany ...	176	80	36	61	31	10

APPENDIX VII (continued)

	WEIGHT (Met. Tons)			VALUE (in £1,000)		
	1929	1930	1931	1929	1930	1931
PHOTOGRAPH APPARATUS, PLATES, PAPER, FILMS AND ACCESSORIES						
<i>Total Imports</i> ...	428	349	214	191	152	80
Great Britain ...	14	11	7	5	3	2
Germany ...	216	195	108	98	74	35
United States ...	73	60	34	61	47	24
CINEMATOGRAPH FILMS						
<i>Total Imports</i> ...	42	29	23	91	63	48
United States ...	37	25	19	77	51	39
France ...	2	1	2	4	3	3
Germany ...	3	3	2	7	7	2
WIRELESS APPARATUS & ACCESSORIES						
<i>Total Imports</i> ...	242	210	233	124	123	103
Great Britain ...	2	32	9	3	23	7
United States ...	182	139	184	78	64	82
Germany ...	54	28	31	39	20	8
SEWING MACHINES						
<i>Total Imports</i> ...	4,355	2,631	838	799	492	163
Great Britain ...	45	29	11	10	7	6
United States ...	2,735	1,546	446	478	268	78
Germany ...	1,484	1,050	372	289	208	72
TYPEWRITING MACHINES AND ACCESSORIES						
<i>Total Imports</i> ...	332	111	27	247	80	24
Great Britain ...	2	2	2	2	1	1
United States ...	271	64	15	207	59	14
Germany ...	38	43	10	23	19	7
CALCULATING MACHINES						
<i>Total Imports</i> ...	233	114	27	203	97	25
United States ...	216	77	18	179	68	15
Germany ...	15	37	9	18	25	7
STOVES						
<i>Total Imports</i> ...	855	659	164	92	66	17
Great Britain ...	69	84	10	6	8	1
Germany ...	339	253	104	32	24	8
United States ...	312	290	45	40	32	7

APPENDIX VIII

BRAZILIAN IMPORTS BY CLASSES OF COMMODITIES.

(January to June—six months).

	Quantity		Value in £1,000	
	1931	1932	1931	1932
Live animals (head)	630	1,352	11	8
Briquettes, coal and coke (tons)	696,618	666,135	982	634
Cement "	74,893	60,999	197	109
Iron and Steel "	12,142	16,116	146	153
Jute "	13,762	12,628	427	258
Wool "	701	430	260	115
Wood pulp for manufacture of paper "	12,186	26,941	132	195
Skins and Hides "	198	142	169	72
Silk "	243	328	330	328
Other raw materials "	46,475	51,259	1,531	1,175
Cotton (piece goods) "	290	200	159	64
Cotton (other manufactures) "	113	89	52	33
Motor cars (no.)	3,848	1,444	343	142
Other vehicles (tons)	5,226	955	290	74
Rubber manufactures "	1,985	1,329	302	148
Copper and alloys "	1,116	539	111	48
Iron and steel "	53,148	49,518	1,050	686
Gasoline "	131,648	76,033	935	395
Kerosene "	54,182	21,088	550	158
Wool manufactures "	153	89	132	46
Linen "	196	202	99	66
Earthenware, porcelain glass and crystal "	3,757	4,674	174	119
Machinery, apparatus, utensils and tools "	11,356	10,635	1,762	1,168
Fuel Oil "	200,595	199,086	453	340
Paper and manufactures thereof "	18,461	18,235	452	305
Chemical products, drugs & pharmaceutical specialities "	19,637	21,110	651	508
Other manufactured goods "	22,296	20,736	971	679
Olive Oil "	1,036	3,257	75	170
Codfish "	12,784	15,240	472	352
Potatoes "	4,632	3,978	33	18
Beverages "	4,482	2,943	207	123
Wheat flour "	40,647	2,314	412	19
Fruits and nuts "	3,797	2,943	195	93
Salt, rock and white "	12,733	6,929	28	13
Wheat "	370,463	402,795	1,970	1,944
Fodder "	42	23	*	*
Other foodstuffs "	5,961	6,251	322	199
Grand Total	1,844,374	1,708,809	16,385	10,957

* Less than £1,000.

APPENDIX IX

BRAZILIAN EXPORTS

Principal Markets (Brazilian Official Sterling values) £1,000's.

<i>Country</i>	<i>1913</i>	<i>1930</i>	<i>1931</i>	<i>1st half 1932</i>
United States	21,103	26,523	21,613	9,705
France	7,992	6,048	4,589	1,659
Germany	9,159	5,992	4,573	1,597
United Kingdom	8,623	5,457	3,561	1,441
Argentina	3,104	4,488	2,942	979
Holland	4,785	3,334	2,731	811
Italy	837	2,862	1,947	794
Uruguay	1,513	3,324	1,865	635
Belgium	1,666	2,083	1,457	415
Sweden	657	1,303	1,115	350
Denmark	151	781	625	163

APPENDIX X

BRAZILIAN EXPORTS BY CLASSES OF COMMODITIES IN THE
YEARS 1930 AND 1931.

	Quantity		Value in £1,000	
	1930	1931	1930	1931
Lard (tons)	447	296	30	10
Preserved Meat "	6,598	4,374	396	168
Frozen and chilled meat "	112,150	74,023	3,832	1,569
Hides "	50,172	49,807	1,848	1,315
Wool "	7,362	6,991	1,020	595
Skins "	5,919	6,503	1,356	1,022
Tallow "	2,374	222	66	5
Jerked Beef "	3,646	1,054	214	37
Other animal products "	27,935	42,783	697	610
Manganese (ore) "	192,122	95,550	330	94
Precious stones "	—	—	89	45
Other mineral products "	23,381	31,828	587	718
Cotton (raw) "	30,416	20,779	1,920	826
Rice "	38,341	90,384	559	787
Sugar "	84,456	11,096	577	62
Rubber "	14,138	12,657	764	373
Cocoa (raw)... .. "	66,862	75,863	2,040	1,396
Coffee (1,000 sacks)	15,288	17,851	41,179	34,104
Carnauba wax (tons)	6,714	7,471	529	357
Bran, all kinds "	83,862	79,926	334	210
Manioc meal "	3,998	4,038	38	24
Fruits and nuts (edible) "	139,751	197,132	978	1,177
Oil producing seeds "	81,783	76,323	1,289	944
Tobacco "	37,799	37,124	1,676	933
Maté (Brazilian tea) "	84,846	76,760	2,139	1,348
Timber "	115,549	101,618	510	299
Maize "	4,713	312	29	1
Vegetable oils "	1,210	186	57	8
Other vegetable products... .. "	129,864	59,828	663	508
Grand Totals ...	2,273,688	2,235,988	65,746	49,545

(The 1931 figures are subject to correction).

APPENDIX XI

BRAZILIAN EXPORTS BY CLASSES OF COMMODITIES

(January to October—ten months).

	Quantity		Value in £1,000	
	1931	1932	1931	1932
Lard (tons)	250	19	9	1
Preserved meat "	2,847	2,748	113	116
Frozen and chilled meat "	72,950	43,417	1,548	811
Hides "	43,510	28,221	1,171	615
Wool "	5,720	1,164	529	62
Skins "	5,588	3,854	888	512
Tallow "	222	99	5	2
Jerked beef... .. "	1,004	243	36	8
Other animal products "	40,160	24,288	576	297
Manganese (ore) "	72,750	20,885	72	17
Precious stones "	—	—	41	14
Other mineral products "	27,400	9,568	657	494
Cotton (raw) "	17,879	515	716	25
Rice "	83,035	27,445	735	257
Sugar "	4,702	16,672	29	137
Rubber "	10,872	4,548	327	115
Cocoa (raw)... .. "	50,065	78,157	955	1,328
Coffee (1,000 sacks)	14,785	10,172	28,041	20,993
Carnauba wax (tons)	5,917	5,365	292	240
Bran, all kinds "	63,455	66,192	172	189
Manioc meal "	2,999	4,102	18	28
Fruits and nuts (edible) "	162,259	151,693	981	906
Oil producing seeds "	64,299	39,116	862	419
Tobacco "	34,851	21,021	884	473
Maté (Brazilian tea) "	62,171	65,511	1,130	1,024
Timber "	80,969	78,035	246	237
Maize "	312	67	1	*
Vegetable oils "	162	228	7	7
Other vegetable products "	49,201	61,969	408	290
• Grand Totals	1,852,649	1,365,463	41,449	29,617

* Less than £1,000.

APPENDIX XII

RAILWAYS OF BRAZIL.

No.	Name.	Extension in Metres.
F — 1	E. F. Madeira-Mamoré	366,485
S — 2	E. F. do Tocantins (Pará)	82,430
S — 3	E. F. Braganca (Pará)	291,870
F — 4	E. F. São Luiz a Terezina	450,652
F — 5	E. F. Central do Piauí	151,094
F — 6	Rede de Viação Cearense	1,251,154
F — 7	E. F. Mossoró	121,173
F — 8	E. F. Central do Rio Grande do Norte ...	191,391
F — 9	E. F. Petrolina a Terezina	164,300
C — 10	The Great Western of Brazil Railway Co., Ltd.	1,696,847
C — 11	Cia. Ferroviaria Este Brasileiro	2,315,815
C — 12	E. F. Nazaré e ramal de Amargosa	286,513
C — 13	E. F. Santa Amaro	88,350
C — 14	E. F. Ilhéos a Conquista	101,750
C — 15	E. F. Vitoria a Minas	545,982
C — 16	E. F. Itapemirim	52,740
C — 17	E. F. do Litoral	13,605
C — 18	E. F. São Mateus	63,000
C — 19	E. F. Benevente a Alfredo Chaves	35,710
C — 20	E. F. Corcovado	3,813
F — 21	E. F. Terezopolis	37,347
S — 22	E. F. Maricá (Rio de Janeiro)	130,472
C — 23	Leopoldina Railway Co. Ltd.	3,086,388
C — 24	E. F. Rezende a Bocaina	22,810
F — 25	E. F. Central do Brasil	3,061,988
F — 26	E. F. Oéste de Minas	2,245,264
S — 27	Rêde Sul Mineira (Minas Geraes)	1,323,921
C — 28	E. F. Morro Velho	8,000
S — 29	E. F. Paracatú (Minas Geraes)	209,412
F — 30	E. F. Goiaz	384,651
C — 31	Cia. Mogiana de Estrada de Ferro	1,966,016
C — 32	São Paulo Railway Co. Ltd.	247,312
C — 33	Companhia Paulista de Estradas de Ferro	1,466,492
S — 34	Estrada de Ferro Sorocabana (São Paulo)	2,065,579
F — 35	E. F. Noroéste do Brasil	1,334,377
C — 36	E. F. Dourado	273,368
F — 37	E. F. São Paulo-Goiaz	148,882
C — 38	Cia. E. F. Morro Agudo	40,000
C — 39	E. F. São Paulo-Minas	180,320
C — 40	E. F. São Paulo-Paraná	124,330
C — 41	Cia. E. F. Barra Bonita	18,100
C — 42	E. F. Itatibense	20,120
S — 43	E. F. Norte de São Paulo (Araraquara)	
	São Paulo	280,712
C — 44	Ramal Ferroo Compineiro	39,553
C — 45	Tranway de Cantareira	30,335
C — 46	E. F. Campos de Jordão	46,580
C — 47	Cia. de Melhoramentos de Monte Alto ...	31,350
C — 48	E. F. Jaboticabal	27,200
C — 49	E. F. Pérús-Pirpóra	16,000
C — 50	E. F. Fazenda Dumont	23,442
	<i>Carried Forward</i>	27,164,995

APPENDIX XII. (continued)

No.	Name	Extension in Metres		
	<i>Brought Forward</i>	...	...	27,164,995
F — 51	E. F. São Paulo-Rio Grande	...	...	2,016,555
F — 52	E. F. Norte do Paraná	...	...	43,300
C — 53	E. F. D. Tereza Cristina e ramaes	...	...	243,758
S — 54	E. F. Santa Catarina (Santa Catarina)	...	...	89,600
C — 55	E. F. Mate Larangeira	...	...	68,000
S — 56	Viação Ferrea do Rio Grande do Sul (R. G. Sul)	...	...	2,709,094
F — 57	E. F. Quaraim a São Borja	...	...	299,467
S — 58	E. F. Porto Alegre a Tristeza (Rio Gr. do Sul)	...	...	16,900
C — 59	E. F. de Jacuf	...	...	57,414
S — 60	E. F. Palmares a Conceição do Arroio (R. Gr. Sul)	...	...	55,220
	Total	...	...	<u>32,764,303</u>

Note.—Operating authorities:—

F=Federal Government.

S=State Government.

C=Concessionaire.

ANNEX

REPORTS ON CONSULAR DISTRICTS

I.—SÃO PAULO

By Arthur Abbott, C.B.E., H.M. Consul General, São Paulo.

Any report on the economic conditions prevailing in São Paulo, during 1931 and 1932, would be incomplete without reference to the Revolution in favour of an early return to the Constitutional Government which broke out at the beginning of July and lasted three months, when the resistance of the Rebel forces collapsed, and terms of peace were asked for. During the whole of this period, the port of Santos was blockaded as were the other ports in the State, with the sole exception of São Sebastião, which is North of Santos, and about one third of the distance to Rio de Janeiro. The Island of São Sebastião, which is separated from the mainland by a narrow strait was the Federal Naval base during the Revolution, but due to the negotiations between H.M. Chargé d'Affaires and the Federal Government, steamers of the Blue Star Line were permitted to call at São Sebastião once a week, and lift hundreds of thousands of bunches of bananas which were shipped from there by the Companhia Brasileira de Fructas, largely from their plantation at Caraguatuba. Unfortunately, this port is practically unapproachable by land as there is only a mule track over a difficult mountain pass, which precludes the possibility of regular transport, although there is a fair motor road from the city of São Paulo to the crest. The activity of the Blue Star Line in this respect has drawn renewed attention to the possibilities of the littoral zone of this part of the coast which, it is claimed, has been sadly neglected in the past, but offers splendid opportunities for increasing the cultivation of bananas, oranges, etc., particularly as there should be ample sailings to lift whatever cargo offers. Plans have now been suggested to build a motor road, which would not exceed about 50 kilometres, down the pass to the port of São Sebastião. Over ten years ago, a railway project was also mooted, but this now seems to have been abandoned in favour of the simpler form of transport by road.

Population.—During the last two years, many thousands of Brazilians have settled in this State, mostly farm hands from the North where a continued drought had driven multitudes from their former homes. They nearly all follow their old pursuits, and are welcome to farmers and planters. This addition somewhat offset the lack of recent immigration, due to various restrictions. A wholesome return of labour from the large cities of this State to rural surroundings and occupations has also taken place. At present the State's population is approximately 7,200,000; that of the Capital of São Paulo about 1,050,000; Santos 130,000. Thus the proportion in favour of agricultural labour has experienced a commendable change.

Industries.—According to recent statistics compiled by the National Department of Labour there are some 800 industrial operatives in Brazil—this total excluding agricultural labourers—of which a total of about 200,000 are occupied in the various industries in the State of São Paulo.

The fact that almost the entire industry of the State was for many months producing the means for military and economic home defence, the figures of which were naturally kept secret, did not prevent its immediate return to

peaceful purposes. There is a strong tendency to modernise existing machinery, and provide for a new stock of raw material, much of which had become exhausted. There is a noted characteristic and dominating will to push things ahead in the endeavour to form new combines with a view to opening factories for the manufacture of the finished article. One example is the latest undertaking of the General Electric Company who are now manufacturing in their local plant small household electric appliances. It is claimed by interested parties that the realisation of such projects as the opening up of factories under new combines for the manufacture of the finished article will not hurt foreign trade, as a large personnel from abroad will find steady employment here, and the new plants would work in co-operation with those of the same nature abroad. Amongst other instances of this tendency there are:—(1) The new factory for the manufacture of yeast belonging to the Fleischman Yeast concern, which forms part of the American group known as the "Standard brands" (this includes the Royal Baking Powder Co.). (2) The recent equipment of a most modern plant to manufacture radio sets of 4, 5 and 7 valves, and to furnish and install transmission stations from 5 to 50 kws.

The falling-off of imported foodstuffs is a further sign of the tendency for industrial independence. Formerly this was a leading article of importation. Almost all sorts of canned goods are now produced locally. In 1928, imported alimentary products still reached the figures of 1,141,773 tons at a value of £19,163,000. This dropped to 201,380 tons in 1931 valued at £7,086,000, a decrease of 63 per cent.

Agriculture.—As with industry, it is difficult to obtain correct statistics, if any. However, this State achieved wonderful results during the months it was entirely cut off from the rest of Brazil supplying as it did all prime necessities and even alimentary luxuries. Here, too, a remarkable striving must be noted to modernise agricultural operation, thus giving a further opportunity to foreign manufacturers for machinery and implements, adapted to prevailing conditions.

Coffee.—This main and staple article of Brazil's export and her principal fortune, though São Paulo's chief product, is too intimately connected with the Republic at large to merit special attention under the heading of São Paulo alone. The National Coffee Council with the Provisional Government, strongly influence this policy, guided by the knowledge that the revenue derived from coffee exportation is synonymous with maintaining national existence and welfare. In spite of the relatively high level of living of São Paulo, as compared with the remaining coffee raising States of Brazil, São Paulo keeps well within production and shipping cost, as is demonstrated by the following figures, published by the Sociedade Rural Brasileira giving the expenses and taxes on a bag of Brazilian coffee placed in New York:—

[TABLE]

	<i>Santos</i>	<i>Minas</i>	<i>Rio</i>	<i>Esp. Santo</i>
Expenses from plantation to railway station	1 \$000	1 \$000	1 \$000	1 \$000
Freight to port of shipment	8 \$000	8 \$000	7 \$600	7 \$000
Expenses from railway station at ports to steamer	2 \$000	2 \$000	2 \$000	2 \$000
Depreciation on the bags	\$600	\$600	\$600	\$600
Stamps	\$400	\$400	\$400	\$400
Brokerage	\$350	\$350	\$350	\$350
15s. export tax	55 \$000	55 \$000	55 \$000	55 \$000
Ad valorem tax	11 \$340	5 \$358	5 \$729	8 \$928
3 francs tax	—	1 \$641	—	—
5 francs tax	2 \$700	—	—	—
1 \$ gold transport tax	7 \$400	4 \$507	6 \$700	5 \$000
Municipal taxes	\$100	—	—	—
	88 \$890	78 \$916	79 \$379	80 \$278
Marine freight 40cts. per bag	5 \$200	5 \$200	5 \$200	5 \$200
Delivery to New York Produce Exchange	4 \$000	4 \$000	4 \$000	4 \$000
	98 \$090	88 \$116	88 \$579	89 \$478
Equivalent in dollars per bag	\$7.57	\$6.80	\$6.87	\$6.91
Cost per pound in New York	5c75	5c15	5c20	5c23
Percentage of taxes to total expenses ...	86.5%	84.8%	85.6%	86.2%

Calculations at exchange of 12 \$960 to dollar.

Whatever the coffee policy of Brazil as a political entity may be, the coffee planters and all dominating interests of São Paulo will always pay undivided attention to improvement of quality; and, with the near return to constitutional conditions they will be able, possessing the predominating influence within the Brazilian family, to make this policy yield profit to all concerned with the coffee business.

Orange Trade.—As is the case regarding bananas, official figures have only just been issued respecting orange export, due, no doubt, to the long political disturbances. Notwithstanding, exports of Paulista oranges via the port of Santos during the 1932 season, were approximately 680,000 cases. The prices obtained in the London market ranged from 7s. to 25s. per case, while the average price for all consignments is said to be about 14/6d. a case. If, therefore, the average cost of placing and selling a case of oranges from the State of São Paulo in London be put at 11/6d., the 1932 season for the Paulista crop can be considered satisfactory from the point of view of profit. The total exports of oranges for the first six months of the current year were, however, 50 per cent. less than the value given for exports in the same period of 1931, whilst the value of exports of bananas remained practically the same. There were also losses during the early part of the season, owing to the shipment of oranges which had been picked prematurely. The railway strike likewise had a disadvantageous effect. In spite of these deficiencies, however, it is understood that very few exporters did not come out on the right side. The fact that large capital investments and the employment of expert raisers are involved with a firm endeavour to make the Paulista orange export trade a thorough success, is the best guarantee for making the product from this State a welcome feature in the London market.

Finances of the State of São Paulo.—According to figures issued by the military Governor, the Consolidated and Floating Debt of this State is as follows:—

						<i>Contos</i>
External Funded Debt	...	...	...	...	...	2,087,525
Internal Funded Debt	...	...	...	...	...	597,215
Floating Debt	...	...	...	...	...	588,664
						<hr/>
Total	...	...	...	...	...	3,273,404
						<hr/>

This total does not include the loan of 220,000 contos recently arranged to provide for the redemption of so called " Bonus " notes issued during the revolution. Nor does it include the cost of military requisitions and other expenses incurred during the months of July-September. But this total includes the sum of 987,439 contos representing the outstanding portion of the £20,000,000 the service of which is attended to by the Coffee Council. The State budget for this year provided for a revenue of 400,000 contos, of which more than half is for the service of the Debt.

Finance of the City of São Paulo.—The best proof of the sound progress of this State is shown by its economic pacemaker, the Capital, provided, however, that times be normal. The ordinary revenue of the city, for the months of January-July, totalled 26,904 contos, while the ordinary expenditure was only 15,045 contos. During this period, 5,410 contos of floating debt were liquidated, and 2,911 contos were deposited with the Banks on account of service with regard to the foreign debt.

New Impetus to Finance and Business.—The military Governor of the State of São Paulo has given wide publicity to the firm intention of aiding São Paulo by every means possible to develop her economic possibilities to the utmost. Among other measures stand out the resolution to finish the construction of the important Mayrink-Santos railway; the organising of a powerful credit institute for small planters and agriculturists; and the payment of 26,000 contos owed to São Paulo by the National Coffee Council. That sum will be used to rediscount agricultural titles through the Banco do Brazil, or another Bank, providing those titles are good.

Cotton.—The last crop of São Paulo is calculated at 18,000 tons, but there is little, if any, chance of exportation as the price demanded is 12d. against Liverpool quotation of 6d. for similar quality. Speculation drove prices for Pernambuco cotton unreasonably high—15d. to 16d.—consequently Paulista mills, after buying about 10,000 tons from the Northern States, refuse to acquire more, and are considering the possibility of importing yarns. The crop picked here this year is of excellent quality; that of next year is estimated to reach 26,000 tons.

Imports through the Port of Santos, January-July, 1931/1932.—

						1931	1932
Value in Milreis	...	...	...	...	...	403,164,401 \$	339,575,537 \$
Equivalent in £	...	...	...	...	...	6,740,923	4,562,038

In order fully to realise the slump of imports, it must be remembered that prior to 1929, the monthly average import at the port of Santos attained the value of £3,000,000.

The following is a list of the chief items of import:—

	<i>Contos</i>	
	1931	1932
Cotton in bales and sundry manufactured goods ...	16,598	9,940
Steel and iron bars and manufactures	28,470	21,920
Industrial machinery	9,025	8,048
Other machinery and implements	29,992	21,069
Raw and manufactured silk	18,337	21,054
Chemical products, drugs, etc.	16,930	15,966
Passenger motor cars	12,592	4,664
Raw jute and hemp	14,007	13,644
Coal	10,698	10,057
Petrol	25,599	14,312
Wheat grain	46,745	56,508
Diverse foodstuffs... ..	19,109	19,602

IMPORTATION BY COUNTRIES OF ORIGIN.

Jan.-July, 1931/32.

Great Britain	76,055	59,364
United States	101,381	101,877
Argentina	59,237	22,906
Germany	34,961	25,773
Italy	29,835	29,951
France	18,370	17,579
Belgium	11,717	10,684
Portugal	5,087	5,384
Other Countries	66,521	66,058
Total	403,164	339,576

Exports through the Port of Santos, January-July, 1931/1932.—

	1931	1932
Value in Milreis	941,409,770\$	802,211,359\$
Equivalent in £	15,048,630	10,988,433

The corresponding figures of 1928 and 1929, were approximately £4,400,000 per month, against £1,780,000 average per month for the first seven months of the current year.

The following is a list of the chief items of export:—

	<i>Contos</i>	
Cotton in bales	225	—
Hides	10,381	3,077
Oil producing plants	358	354
Coffee	829,795	728,948
Chilled and frozen meat	42,454	29,615
Oranges	21,739	12,648
Bananas	12,468	11,465
Cotton seed residue	395	—

There were 6,158,232 bags of coffee exported from Santos in the first 7 months of 1931, against 4,455,284 for the same period of 1932.

EXPORT BY COUNTRIES. Jan.-July, 1931/1932.

United States	497,789	494,744
Great Britain	60,025	49,383
France	95,767	46,526
Germany	75,608	74,389
Holland	71,452	46,054
Sweden	31,887	19,484
Belgium	30,697	17,506
Italy	27,917	19,787
Argentine	20,060	14,217
Denmark	16,443	8,786
Spain	2,411	3,650
Norway	2,242	2,210
Other Countries	9,112	5,475
Total	941,410	802,211

It will be noted from the above that Great Britain comes fifth in exports from Brazil, whilst she holds second place in imports to Brazil. In both cases, however (Imports and Exports) figures for Great Britain have shown a decline, this being more evident in the figures for imports to Brazil (Santos) from Great Britain. This may be attributable to the very heavy drop in imports of steel and iron in bars as also in machinery and tools, which represents some fifteen thousand contos together for the first seven months of the current year. The drop in the imports of machinery is due to new restrictions made by the Government, which made importation in this connection impossible.

SANTOS SHIPPING

<i>Entries</i>	<i>No. of vessels</i>		<i>Tonnage</i>	
	1931	1932	1931	1932
Brazilian	905	714	1,325,753	1,118,979
British	254	231	1,565,178	1,411,088
German	135	94	785,889	557,973
United States	122	110	546,114	491,094
Italian	81	67	597,691	483,491
French... ..	77	48	394,420	248,180
Norwegian	67	53	190,467	151,544
Swedish	52	38	94,873	74,512
Dutch	50	34	214,202	134,485
Japanese	23	23	106,034	123,684
Danish... ..	17	14	54,428	44,876
Spanish	14	18	72,220	124,697
Diverse Countries	41	43	122,510	136,653
Totals	1,838	1,487	6,069,779	5,101,256

II.—RIO GRANDE DO SUL

In the dispute between the Central Government and the State of São Paulo, which led to an armed outbreak during the months of July, August and September, the State of Rio Grande do Sul sided with the Federal Government, and consequently suffered no serious loss in its export trade. The monopolisation of the railway system of the State for the conveyance of troops to the São

Paulo frontiers occasioned much inconvenience in the interior, but was partly compensated for by the increased market for Rio Grande foodstuffs, particularly vegetables, which took place owing to the suspension, in the markets of Rio de Janeiro and the north, of supplies from São Paulo.

The export trade of the State was, on the whole, satisfactory. A comparison of the figures for the first seven months of the year with the corresponding period of 1931, shows an increase in the export of several important items, including dried meat or "xarque," wine, beans, hay or "alfafa," and hides, but a considerable decrease in several other items, chiefly rice and tobacco.

The absence of more detailed figures for the second period of the year, particularly the coastal trade figures, prevents the comparison from being carried further; but it is generally reported that this State has suffered much less than other districts of the Republic from the intense depression of 1932.

Owing perhaps to the fact that passenger boats from Europe do not call at the ports of this State, its markets are apt to be neglected in seeking an outlet for British merchandise in Brazil. This is a great mistake, for the State is steadily growing in importance from almost every point of view. Its economic life rests upon a well balanced foundation of diversified export resources, including animal products, which are of primary importance as a source of public wealth and constitute approximately half of the total exports; the remainder is divided between the following: rice, timber, herva maté and tobacco.

An additional security against the danger of setback is the fact that about half of the export commerce of the State consists of coastal trade; that is to say, supplies to other states of Brazil, particularly the industrial districts of the north, which are partly dependent upon Rio Grande do Sul for foodstuffs, particularly for dried meat or "xarque," for which there is a very large demand in all the markets of the Republic.

Furthermore, the State is still attracting immigrants, most of whom are readily assimilated into existing colonies, and it is expected that this tendency will develop in view of the cheap lands awaiting settlement, and the connection existing between the foreign inhabitants of the State, who are in a considerable proportion, particularly Italians and Germans, and their home countries. The cost of living is low and the demand for labour is usually active. Though the State has a number of industries, these are mostly associated with its agriculture; there is less tendency to build up artificial industries than in any other parts of Brazil.

The State has also a relatively good transport system, consisting of 3,138 kilometres of railways, which are administered entirely under one organisation known as the Viação Ferrea do Rio Grande do Sul.

Foreign Trade. Exports.—In the first half of 1932 the figures give the total export trade abroad as 72,000 tons, valued at £900,000. The bulk of this was shipped to the Argentine and Uruguay, which are contiguous territories. Of the seaborne trade, the United Kingdom takes by far the largest amount, and is indeed, the State's best overseas customer. The chief item of export is frozen meat. Next in order of importance is rice.

Imports.—For the first half of 1932, the imports amounted to 75,000 tons, valued at £600,000. Approximately one-third of the total imports came from the United States; those from the United Kingdom amounted to £100,000 value, and from Germany slightly more.

Of the total imports, slightly more than half consisted of manufactured articles and the remainder raw materials, fuel or foodstuffs. Of raw materials the articles of chief interest are cement, for which there is normally a good demand, and iron and steel. Amongst manufactured articles it is noticed that the import of textiles is almost insignificant: the supply has been almost entirely from the national industry. The largest individual item of import is

tinplates and sheets, the import value of which was more than double that of any other item. Next in order of importance is machinery, followed by a large number of items chiefly belonging to hardware, metals and technical equipment.

It is not proposed to give the figures of imports in detail, since there must be a considerable quantity of imported material sold in Rio Grande do Sul which is shipped from other parts of Brazil: the figures therefore do not give an exact picture of the total imports. It is quite obvious, however, that with sufficient attention to the market United Kingdom firms could readily increase their business in Rio Grande do Sul. It is recommended that those firms which have not already investigated the market should do so. Many of the firms represented in the Argentine or Uruguay, although not having an establishment in Brazil, could readily serve this market, since it may be conveniently reached from Montevideo or Buenos Aires, either by air, train or steamer.

Public Finances.—In 1931, the State revenue amounted to 194,000 contos: the outcome of the year was a surplus of 4,800 contos. The estimates for 1932 amounted to 198,000 contos, against an estimated expenditure of 193,705 contos. No information is available as to the outcome.

The total external debt of the State amounts to almost \$40,000,000, with an annual service charge of about \$3,000,000. The internal debt at the end of 1931 was about 6,800 contos and the floating debt on the same date about 38,500 contos. Since October, 1931, the service of the foreign debt has been suspended, owing primarily to the difficulty of obtaining exchange cover for the instalments. Provision was made in the 1930 budget for the external debt payments at the exchange of 6d. to the milreis.

III.—BAHIA

By A. H. Marlow, His Majesty's Consul, Bahia.

The Consular district of Bahia includes the States of Bahia and Sergipe, the former of about four million inhabitants and the latter of about half a million. The only town of any real importance is Bahia, the capital of the State of the same name, with a population of 345,000, although there are several towns of about 50,000 inhabitants, notably Ilhéos, a cocoa export port some ten hours steamer journey South of Bahia. The district is sparsely populated, there being only twenty inhabitants to the square mile in the State of Bahia.

It should be borne in mind that although Bahia is a large city there are only probably about 5,000 residents with European standards of living and purchasing power, the rest being negroes and mixed peoples of various degrees of colour whose standards are low and whose necessities are few. From the point of view of the United Kingdom exporter, the Bahia market must be small and it is essentially a cheap one.

The political troubles in Brazil during the last two years culminating in the São Paulo insurrection of this year have affected confidence and consequently caused a set-back to the development of trade.

The district is essentially agricultural, the chief products being cocoa, tobacco, coffee, piassava (a fibre used for making hard brushes), castor seed and carnauba wax. Certain quantities of livestock, cattle, goats and sheep, are also raised, and there is a fair exportation of hides and skins principally to the United States, Germany and Italy while the production of black diamonds for boring and grinding purposes is of some importance.

Over 95 per cent. of the cocoa exported from Brazil is produced and exported from the State of Bahia, Brazil taking second place as the world's supplier of cocoa, the Gold Coast being first and Nigeria third. Similarly about 90 per cent. of Brazil's tobacco exports go from Bahia.

Local Industries.—These cannot be said to be of much importance as they are overshadowed by the industrial areas of São Paulo and Rio de Janeiro whence a large variety of manufactured articles are imported.

There are, however, important tobacco factories and a large number of small mills and factories producing textiles of cheap quality, sugar, bottled drinks, shoes, cheap pottery and glassware.

Imports. Coastwise importation.—Normally the exports from Bahia largely exceed the imports from foreign countries, but coastwise importation balances matters. It should be remembered, however, that a certain proportion of coastwise imports are in fact foreign imports received via Rio de Janeiro.

Comments on imports.—The principal commodities are machines and tools largely from U.S.A., Germany, United Kingdom, dried codfish from Newfoundland and Scandinavia, manufactures of iron and steel from Germany, Belgium, U.S.A. and United Kingdom, grain from Argentina, kerosene oil from Mexico and U.S.A., flour from U.S.A., and cement from Belgium, United Kingdom and Scandinavia.

The total for 1931 (54,092,349\$) is smaller than for 1930 (80,228:354\$) and it will undoubtedly be less still for 1932 (January-July 22,963:347\$).

The position of Great Britain compared with the United States and Germany, the three chief suppliers of goods for Bahia in 1932, presents an interesting study.

Imports from	<i>Paper Milreis in Contos of Reis</i>			
	1930	1931	Jan.-July, 1931	Jan.-July, 1932
United States	25,556	18,745	12,759	5,729
Great Britain	12,033	6,234	3,848	5,243
Germany	7,088	4,609	3,088	1,873

Exports.—Cocoa is easily the most important local product, followed in order of importance by tobacco and coffee. Rather more than half of the cocoa produced is shipped to the United States; the United Kingdom is almost negligible as a market for Bahia products.

Shipping.—

No. of ships entering the port of Bahia.

	1930	1931
British	145	92
Brazilian	2,453	2,473
German	122	140
Dutch... ..	90	66
United States	66	56
Swedish	46	39
Italian	39	35
French	39	25
Belgian	20	20
Norwegian	24	20
Danish	12	17
Portuguese	4	7
Argentine	1	—
Greek	—	1

3,176 2,991

The 3,176 vessels entering this port during 1930 were of the following categories:—723 in the foreign trade, and 2,333 on coastal trade, the latter being small steamers and sailing barges. Of the 2,991 vessels entering in 1931, 499 came from foreign ports, 1,262 from other States of Brazil, and 1,230 from the south of the State of Bahia (mostly very small ships).

Harbour and Public Works.—The harbour of Bahia is situated not far from the entrance to San Salvador bay, one of the largest natural harbours in the world. The channel is buoyed and there is always enough depth of water to accommodate any vessel.

Prior to 1913, the quay consisted of a wall along the waterfront at which small vessels of not over seven feet draught could tie up and discharge their produce from the interior or cargo brought from ocean going vessels at anchor in the bay. In 1907, the Cia. Cessionaria Docas da Bahia was formed principally with French capital to build a modern port with proper facilities for loading and discharging and warehousing. This company reclaimed a strip of land about 330 yards wide by 1,650 yards upon which a cement quay and warehouses were built, and although the work is not yet quite completed there is berthing space of 1,360 yards available along the Eastern wall. The minimum depth of water is 22 feet, and ten steamers can be accommodated alongside. A certain number of cranes are available, but there is great room for improvement of equipment. About 200 tons of general cargo can be discharged per day from a steamer lying alongside the quays.

There are plans to continue the eastern quay to join the northern quay where it is proposed to deepen the harbour to 33 feet. This northern quay where there is a two ton steam crane is at present only rarely used for discharging coal and rolling stock for the French Railway, and during bad weather and when there are north eastern winds, it is not very safe due to the heavy swell.

Bunkering facilities are available, Messrs. Wilson Sons and Co., Ltd., and Messrs. Cory Bros. and Co., Ltd., carrying stocks of coal, and the Caloric Company (U.S.A.) having a fuel oil tank serving the eastern quay by a pipe line.

The Dock Company is believed to be closely connected with the local French Railway Co., as they are both financed by the Lafont group of Paris.

The French Railway.—Companhia Ferro-viaria Este Brasileiro, was formerly British as it was built and run by an English company until about 1905 when the concession terminated. The main line is from Bahia to Joazeiro on the São Francisco River (a distance of 460 miles) and there are two main branch lines, one from Alagoinhas to Aracajú, State of Sergipe (200 miles) and the other from Bomfim to Jacobina (110 miles). The Bahia Joazeiro line cannot be a profitable undertaking as the country through which it runs is mostly a dry tableland, but it may be part of an ambitious scheme whereby Bahia and finally Rio de Janeiro will be linked up with Therezinha in the State of Piauhý. Freight rates are high and the volume of passenger and goods traffic is small. The total mileage of track including branch lines and the Estrada de Ferro Central do Bahia under the same control is about 1,000 miles.

Water.—The water supply of the city of Bahia is administered by the State Public Health Department. The service is not adequate for the present needs of the population, but considerable work has been undertaken to improve it. With the recent completion of the reservoir and filtering station at the Rio do Cobre a great improvement has been made, and now only a few districts are not amply supplied. A new reservoir is being constructed at Pitanga about 25 kilometres distant from Bahia. When it is completed it is anticipated that the water supply will be sufficient to meet the estimated increase of population for the next 15 to 20 years. The work on the Pitanga reservoir is not being carried out expeditiously due to lack of Government funds.

Sewage.—The arrangements for the disposal of sewage in Bahia are very primitive. There are two main drains about three feet in diameter that discharge into the sea quite near the shore. The Public Health Department is now compelling all houses with lavatories to put in proper and approved cess-pools.

When the city waterworks are completed, it is understood that the sewage disposal system of Bahia will be installed on modern lines.

Gas.—Prior to 1915, gas was available, but due to the high price and difficulty of obtaining coal during the war, the Municipality discontinued the manufacture of gas and the city remains without a service of gas.

Shipping communications.—Communications in Bahia is still very difficult and expensive. Besides the railways already mentioned, there is a steamer service on the São Francisco River linking up Pirapora in the State of Minas Geraes with Joazeiro, States of Bahia. Navigation is difficult on this river due to the many rapids and sand banks. The steamers are badly in need of repairs, as owing to lack of funds they have been neglected. Sailing schedules cannot be strictly adhered to, but in spite of the precarious condition of the fleet full cargoes are obtainable and passenger accommodation is difficult to secure.

The Companhia de Navegação Bahiana operate a line of four coastal boats between Bahia and the ports in the South of the State of Bahia. These steamers are kept more or less in repair as the company has a floating dock, a machine shop and a foundry. The same company also runs ships between Bahia and the three larger ports situated in the bay of Bahia, namely, Cachoeira, Nazareth and Santo Amaro. The sailing time to any of these ports is approximately five to six hours. Little cargo is obtainable from these ports by the steamer company as sailing barges, of which there are a great number in Bahia, keenly compete for any available freight. The Navegação Bahiana is controlled by a local company formed by the leading merchants of the city and small dividends are paid. Since the line was leased from the Government, and put on a commercial basis, it has become more regular, but it cannot be considered entirely satisfactory.

Roads.—In the State of Bahia, roads are poor and road transport is still expensive. However, the Government is giving attention to the urgent need of the State for better roads, and extensions, although small, have been made. The roads are all of the earth type, excepting six kilometres of concrete road in the Santo Amaro district. Road repairs are carried out in a doubtful manner and during the rainy season transport difficulties are greatly increased. In spite of such difficulties the motor truck is gradually but surely displacing the pack mule. An ambitious programme of road construction has been drawn up, but funds are only available for the most urgent repair work.

Aeroplane services.—Bahia is served by three air lines namely, Syndicato "Condor," a Brazilian company operating lines in Brazil; Aéropostale, a French company operating between Europe and the River Plate; Panair, an American company operating between the U.S.A. and the River Plate. The French and American companies carry mails to and from France and U.S.A. respectively once a week. The Brazilian company also has a weekly service between Brazilian ports.

Finance.—The finances of the State and City of Bahia are in an unsatisfactory condition, and at present no payments by the State are being made in respect of foreign loan services.

The external debt of the State of Bahia is now £3,028,848 13s. 0d., and French francs 48,192,500 made up as follows:—

Borrowings from France.

	Francs
1888	6,513,500
1910	41,679,000
	48,192,500

Borrowings from England.

	£	s.	d.
1904	974,920	0	0
1913	975,980	0	0
1915 Funding	644,280	0	0
1918 Treasury bills	97,957	10	0
1928 Funding	335,711	3	0
	<hr/>		
	£3,028,848	13	0

The internal debt of the State of Bahia is about 132,880 contos of reis and the floating debt about 44,540.

British Interests.—British commercial interests are not so important as they were some years ago when the principal railway and tramway companies were English enterprises. To-day there are in Bahia branches of two English banks, representatives of English Shipping companies, shippers of cocoa and other local produce, agents of London insurance companies, an English flour mill, a machine shop owned by an English company, a branch of the Western Telegraph Co. and sundry commission agents. At Ilheós, a few hours journey South of Bahia, is the State of Bahia South Western Railway Company, an English company owning under concession from the State a railway line 80 miles long from Ilheós towards Conquista.

Ilheós.—Ilheós is an important cocoa shipping port, but as it is dangerous to ships drawing 15 feet or more of water to enter, British ships do not venture there, leaving the market free for the Lloyd Brasileiro and the Swedish Brazil Plate Line.

During 1931, 765,321 bags of cocoa, 6,796 hides, 7,535 bundles of piassava and 96 bales of tobacco were exported, and during the first six months of 1932 these totals were 370,249 bags of cocoa, 2,585 hides, 2,416 bundles of piassava and 47 bales of tobacco.

During 1931, the State of Bahia South Western Railway Company carried 146,751 passengers and 55,000 tons of goods, and during the first six months of 1932, 78,522 passengers and 27,000 tons of goods.

IV.—PERNAMBUCO

By W. R. Mackness, His Majesty's Consul, Pernambuco Consular District, States of Pernambuco, Alagôas, Ceará, Paraíba and Rio Grande do Norte.

Area.—	Square miles
State of Pernambuco	38,322
Other States	106,518
Total Area	144,840
Population.—	
State of Pernambuco	2,916,023
Other States	4,752,069
Total Population	7,668,092

External Indebtedness of the State of Pernambuco.—The service of foreign debt was temporarily suspended during the whole of 1931 and in 1932 to the date of the preparation of this report. The foreign debt is as follows:—

Caisse Générale de Reports de Dépôts, ¹ Brussels	...	...	£	491,720
Banque Privée Lyon Marseilles, Paris	...	...	French Frs.	26,385,000
White, Weld & Company, New York	...	...	U.S. \$	5,340,500

The annual "Message" of the State Government for 1931 has not been issued.

Commercial Situation.—All branches of commerce continue to feel the effect of the world-wide depression but relatively few failures have occurred, one being, however, of some importance. Dealers in luxury articles, such as motorcars, gramophones, etc., have been particularly hit by the reduced purchasing power of the district. An increase in the price of cotton and prospects of fair prices for the forthcoming sugar crop suggest an improvement in conditions, but growers of these two articles will not benefit much until they have liquidated their debts which have been outstanding until better times arrive.

The Vice-Consul at Maceió reports that there has been a general shrinkage of business, especially with regard to foreign trade. A number of failures have taken place in the State of Alagôas and a number of firms have closed down.

The Vice-Consul at Ceará reports that the commercial situation in 1931 was as bad as the previous year, and insufficient rains considerably reduced the yield of crops.

Port Works.—No new work has been put in hand but maintenance has not been neglected. Work on the completion of the refrigerator warehouse has been resumed and if operations are continued, this should be ready for the reception of perishable goods before long.

Imports.—The total weight and value of imports in Pernambuco from foreign countries during 1930 and 1931 were as follows:—

		Gross weight in Kilos.	Value in Milreis.
1930	...	176,519,566	94,420,140 \$
1931	...	192,275,329	78,825,531 \$

The Vice-Consul at Maceió reports that the imports there have been the lowest for many years and that those from the United Kingdom were insignificant as regards extent and value.

Pernambuco Sugar Crop, 1931-1932.—The crop yielded 248,400 metric tons of sugar as against 190,000 tons the previous year and there was a carry-over from the latter of 3,600 tons. Exports accounted for 5,046 tons to the United Kingdom and 574 tons to River Plate ports, the balance being consumed or consumable in the country. Owing to the general world depression in every industry and class of business, prices were on the low level. The Provisional Government decreed a measure for the protection of the sugar industry which was sponsored by the Bank of Brazil and is being carried into effect and managed by the same institution. The Sugar Defence scheme differs from all of the preceding schemes which have been tried hitherto in that it covers all sugar producing States and, furthermore, when circumstances warrant, the Bank enters into the market and pays cash. To enable it to do this a levy of Rs. 3\$000 per bag of sugar is payable by all factory owners on arrival of their sugar at the various markets, and the fund realised from this levy provides for the purchasing operations referred to above and for any losses arising out of forced sales abroad which are made when the stocks in this country are seen to be excessive. Prices per bag of 60 kilos of white crystal sugar, from which the 3\$000 levy is first deducted, are set at

30\$000 minimum and 35\$000 maximum and so long as the Bank of Brazil can satisfactorily finance the scheme, these prices leave a fair margin of profit for the manufacturer.

The Vice-Consul at Maceió reports that the extent of the 1931-32 sugar crop in his district was about 30 per cent. less than that for 1930-31 but notwithstanding a reduced yield, prices advanced hardly at all. In fact, prices resulted in very little margin, if any, for the planters. 1,130,500 bags were sent to different parts of the Republic as against 1,619,714 bags from the previous crop.

Motor-Alcohol.—Motor-alcohol has received a great deal of attention from the authorities and every effort is being made to put this branch of the sugar industry on a sound footing, the chief stumbling block being the lack of sufficient modern distilleries capable of turning out alcohol of over 42 degrees which is anhydrate and thus available for mixing with gasoline. While the Government is willing to help by reducing or even waiving import duties on up-to-date distillery plants the lack of capital or credit confronts the majority of sugar factory owners in this district. The Inland Revenue authorities of the State of Pernambuco state that during the sugar crop 1931-32, the production of motor spirit, having an alcohol basis, amounted to 10,098,700 litres, of which some 9,000,000 litres were consumed in the State and the remainder sent to other parts of the Republic. This authority adds that the monthly consumption of motor-alcohol in the State is about 996,000 litres while that of imported gasoline amounts to approximately 350,000 litres monthly, the percentage being 72 per cent. of national spirit and 28 per cent. imported gasoline.

Cotton Crop, 1931-1932.—Shipments from August 1st, 1931, to May 31st, 1932, totalled 8,570,369 kilos, as follows:—

<i>To Brazilian Ports :</i>						<i>Kilos</i>
Santos	...	...	...	...	...	2,948,163
Rio de Janeiro	...	...	...	...	...	1,977,345
Bahia	...	...	...	...	...	429,853
Itajahy	...	...	...	...	...	291,560
Rio Grande	...	...	...	...	...	187,388
Villa Nova	...	...	...	...	...	115,660
Maceió	...	...	...	...	...	104,812
Pelotas	...	...	...	...	...	8,187
 <i>To Foreign Ports :</i>						
Liverpool	...	...	...	...	...	1,702,077
Leixões (Portugal)	...	...	...	...	...	435,301
Antwerp	...	...	...	...	...	315,846
Manchester	...	...	...	...	...	54,177

The crop started early and by August, 1931, entries into Pernambuco were considerable. The crop promised to be large and of exceptional quality but rains continued very late into the crop season, spoiling quality and reducing the extent of the crop quite considerably. In expectation of a large crop and in view of a poor demand from the south of the Republic, owing to depression in the textile trade, large sales to Liverpool were made in advance of the crop. Late rains, however, delayed picking and reduced quality with the result that sales had to be cancelled owing to the impossibility of supplying the quality sold. This resulted in considerable financial loss. The bulk of the crop was consumed in the south of the Republic and locally. In the early months of the crop the milreis fell to nearly 3d. and this facilitated business with Europe but subsequent improvement in the milreis to about 5d. quite precluded such business while cotton on the Liverpool market was at below 4d. Stocks at time of reporting are low and it is difficult to forecast prospects for the 1932-33 crop at present. Drought has been prolonged and

only quite recently has there been rain in the Matta (short staple) zone enabling planting to commence. This indicates a late crop, perhaps not starting until October. In the Sertão (medium staple) zone little rain has fallen and then mostly on the fringe. Prices of 1931-32 crop were as follows:—

August	35 \$000	Liverpool	3.7od.	per lb.	Exchange	3 $\frac{5}{16}$ d.
December	45 \$000	"	4.9od.	"	"	4 $\frac{3}{8}$ d.
February	40 \$000	"	5.4od.	"	"	4 $\frac{1}{2}$ d.
May	35 \$000	"	4.3od.	"	"	5d.

The Vice-Consul at Maceió reports that the crop for 1931/32 was entirely used in the State of Alagôas. Prices there declined considerably at the beginning of the year but improved towards the end with the result that planters should have done well.

Cotton Seed.—The 1931-32 crop in Pernambuco amounted approximately to 360,000 bags of which some 121,000 bags were shipped to São Paulo and the remainder, approximately 240,000 bags, were consumed locally, including about 100,000 bags by a British owned crushing plant in the interior.

The Vice-Consul at Maceió reports that the 1931-32 crop was good and prices remunerative, but direct exports overseas through the port of Maceió diminished owing to a large quantity being sent direct from the interior of the State of Alagôas to Pernambuco where higher prices were realised at the commencement of the crop. Some 5,000 bags ex 1931/32 crop are being held for better prices.

Castor Oil Seed.—From September 1st, 1931, to May 31st, 1932, 164,251 sacks, of sixty kilos each, entered the city of Recife. During the same period shipments were as follows:—

						<i>Sacks of 60 kilos</i>
United States	...	...	...	...	...	137,492
Belgium	...	...	...	...	...	10,179
United Kingdom	...	...	...	...	...	6,332
Germany	...	...	...	...	...	1
Total shipments						154,004

Coffee.—Total entries in Recife, capital of the State of Pernambuco, from September 1st, 1930, to May 31st, 1932, were as follows:—

						<i>Sacks of 60 kilos each</i>
Grown in the State	...	...	...	...	...	34,265
Grown in other States	...	...	...	...	...	40,574
Total						74,839

Quantities were shipped from the port as follows:—

						<i>Sacks of 60 kilos each</i>
Other ports in Brazil	...	...	...	...	...	4,026
France	...	...	...	...	...	19,412
Spain	...	...	...	...	...	13,021
Belgium	...	...	...	...	...	3,048
Italy	...	...	...	...	...	1,526
United States	...	...	...	...	...	500
Total shipments						41,533
Consumed in the State and in stock in Recife, May 31st, 1932						33,306
						74,839

Hides and Skins.—*Hides.*—The export of hides in 1930 was almost negligible. This was due to the following causes:—

- (a) low prices prevailing abroad, particularly in Hamburg.
- (b) heavy export duties payable on shipment.
- (c) demand by an increasing number of local tanneries.

It is claimed in the trade at the time of reporting that prices in Europe are so low that c.i.f. values barely cover cost of freight, insurance and export duties.

Skins.—There was a marked decline in the price of goat and sheep skins in consuming countries during 1931. These are roughly calculated as follows, United States of America, 75 per cent.; France and Germany, 20 per cent.; South Brazil (Santos), 5 per cent. Local tanneries, however, are quite unable to consume the entire entries into Pernambuco. At the beginning of 1931, prices of goat skins ranged round about 75 cents per pound c.i.f. American port and at the end of the year at about 45 cents on the same basis. Sheep skins at the beginning of 1931 fetched approximately 67 cents per piece c.i.f. American port and at the close of the year, 40 cents. At the time of reporting, prices for goat and sheep skins are even lower and buyers show little interest in prices from 28 to 30 cents for either skin. The following are the approximate quantities exported from the port of Recife to United States of America and Europe during 1931:—

		<i>Skins</i>
Goat skins		1,750,000
Sheep skins		550,000

About 20 per cent. of these quantities were received from the neighbouring States of Alagôas, Parahyba and Rio Grande do Norte.

The Vice-Consul at Maceió reports that the principal exporting house is closing its office in Maceió owing to reduced entries, and the bulk of the skins from the State of Alagôas will in future be sent to Pernambuco.

Motor Vehicles in Recife, Capital of the State of Pernambuco.—

At the time of reporting, the country of origin of motor vehicles licensed by the Municipality of Recife are as follows:—

PRIVATE MOTOR CARS

United States	1902
Italy	56
France	23
Great Britain	10
Total	1,991

MOTOR LORRIES (including 13 motor Omnibuses on lorry chassis)

United States	712
Germany	13
France	11
Italy	8
Great Britain	6
Other European Countries	3
Unknown Origin	6
Total	759

Total motor vehicles in use in the city of Recife, 2,750, of which 16 are of British origin.

V.—PARÁ

By F. G. Coultas, His Majesty's Consul, Para Consular District.

Not unlike a huge green leaf in shape, the forested basin of the Amazon sprawls across the equatorial zone of South America, its serrated edges extending northwards to the Guianas and Venezuela, on the west over Colombia, Ecuador and Perú and on the south over Bolivia and the Brazilian States of Matto Grosso and Goyaz. For the second 2,000 miles of its course, the Amazon, its giant midrib, runs westwards through the Brazilian states of Amazonas and Pará to debouch on the Atlantic coast in a delta 150 miles wide.

From the north-west the rivers Içá, Yapurá and Negro and from south-west and south, like huge lateral veins, the Jurua and Purús, the Madeira and the Tapajós, the Xingú and the Tocantins, all over 1,000 and some over 2,000 miles in length, besides a host of smaller tributaries, join the Amazon or its delta, forming a network of navigable waterways unsurpassed in the world.

The Consular district of Pará, besides the states of Pará, Amazonas and the federal territory of the Acre, includes the two smaller states of Maranhao and Piahy on the north-east coast, but though it exceeds 1,500,000 square miles in area, it is populated only to a density of rather less than three persons to every square mile. This density, however, varies considerably, being well under one person to the square mile in the state of Amazonas and in the Acre Territory, rising to about three to the square mile in the state of Pará, while as high as nine persons to the same area in the states of Maranhao and Piahy.

The total population of the Consular district is estimated to-day at about 4,200,000 of which over 500,000 are concentrated in the municipalities of the capitals of the states mentioned.

The municipality of Belém, the capital of the state of Pará, is said to contain about 280,000 people, while those of Manaos, S. Luiz and Therezina, the capital of the states of Amazonas, Maranhao and Piahy, have a population of between 60,000 and 80,000 each.

The rest of the population is scattered in small townships and villages along the principal waterways of these states and is engaged almost exclusively in the extraction of natural products from the forest. In certain areas, where the land is suitable, notably in parts of Piahy and Maranhao, on the island of Marajó in the Amazon delta and on the upper Rio Branco, the cattle industry flourishes, though comparatively little has been done as yet to improve or preserve the herds.

Agriculture is still in its infancy, but is receiving more attention, particularly in the states of Amazonas and Pará, owing to the catastrophic fall in the value of rubber during the last few years, which is forcing the population to turn to other means of livelihood.

75 per cent. of the inhabitants are of African, Indian or mixed origin, the first, descendants of the slaves that worked the agricultural estates, prior to their emancipation in 1888, being the most numerous.

The daily wage of the unskilled labourer in the towns does not exceed Rs.4\$000 or 2s. a day and in the country district, he receives much less, when he is not actually paid in kind.

Artisans earn more than double this sum, but generally speaking wages are low and the purchasing power of the population correspondingly restricted as compared with similar grades in Europe.

The remaining 25 per cent. of the population is largely of Portuguese origin, the Brazilian born descendants of the original colonists, or Portuguese born immigrants. The latter predominate in the wholesale and retail trades, while the former still largely confine their activities to politics, administration and the professions.

Under the protection of the continuously rising tariff walls which shut out the competition not only of foreign countries but also in many cases that of the other member states of the Brazilian Union, and assisted too by the fact that they are at present from 12 to 16 days by sea from the principal southern centres of national industry, the northern states are now developing a variety of small local manufactures.

At the present time these activities provide relatively stable employment for a fair number of the city populations as they are of course not directly affected like the primary industries by the blight that has fallen on international trade.

It is nevertheless true, however, that this region only enjoys a real prosperity when it is finding a lucrative outlet abroad for its natural products, though the abnormal economic and political conditions ruling throughout Brazil during the past twelve months have to some extent provided compensations in the form of increased internal trade for the difficulties and losses at present so often encountered by competitors in the international market for primary products.

Communications.—The low density of population in the states comprising this Consular district has hitherto given little encouragement to the development of railways or even roads. The total length of railroad does not exceed 1,000 kilometres in all, of which 374 km. are in the state of Pará, 450 km. in the state of Maranhao and 164 in that of Piauh. They are officially placed in the third or lowest category of Brazilian railroads and neither their actual efficiency nor potential utility is particularly high in spite of the efforts of succeeding administrations to improve matters.

Roads are still in their infancy, but the modern motor truck has given a considerable impetus recently to the construction of rough dirt tracks connecting up inland areas of production with the coastal or river ports. Reliance has, therefore, still to be placed on sea and river transport for the movement of the bulk of merchandise and fortunately there are no centres of any commercial importance that cannot be reached at some time of the year by this means.

Passenger and cargo services on the inland waterways of the district are provided by various public and private companies, of which the Amazon River Steam Navigation Company (1911) Ltd. is the most important.

The majority of these companies receive subsidies from the Federal or State government, without which traffic with many remote districts could not be maintained on a commercial basis.

Communication between ports in this district and European and North American ports is provided at fairly frequent intervals by the vessels of the following companies (a) The Booth Steamship Company; (b) Messrs. Lamport and Holt; (c) The Norddeutscher Lloyd, and (d) American Republics Line. In addition several Brazilian shipping companies, to which the coastal cargo traffic is reserved, link up this zone with the southern ports of Brazil and with the Argentine.

Since the entry of Japanese immigrants into this region the Osaka Shosen Kaisha has provided occasional sailings from Pará to Japan by way of the Panamá Canal and frequent calls are made on their northward voyages to the Pacific by the vessels of the Westfal-Larsen and Pacific-Argentine-Brazil Lines.

The smaller vessels of the Booth Line which used to penetrate, during the period of high water, as far as Iquitos, some 2,200 miles inland by river from Pará, no longer call there owing to lack of cargo, but the vessels of all the first three companies named, touch at Manaos over 1,000 miles from the mouth of the Amazon.

Shipping companies continue to suffer from the shrinkage in international trade and certain services are being curtailed in consequence.

The total net tonnage of vessels of all nationalities that entered in the foreign trade of the principal ports in this Consular district during the year 1931 just exceeded 700,000 tons, as indicated on the followed statement.

STATEMENT SHOWING THE NET TONNAGE OF THE VESSELS OF ALL NATIONALITIES THAT ENTERED IN THE FOREIGN TRADE OF THE PRINCIPAL PORTS IN THE CONSULAR DISTRICT OF PARÁ DURING THE YEAR 1931

Nationality	ENTERED			
	Belém (Pará)	Manaos (Amazonas)	S. Luiz (M'nham)	*Tutoya (P'hyba)
British	187,091	83,068	92,320	71,883
Brazilian	23,010	39,608	3,523	—
American	84,828	—	24,395	15,247
German	14,565	9,786	11,649	6,964
Norwegian	13,205	—	1,317	1,317
Swedish	772	—	1,008	—
Spanish	3,083	—	—	—
Greek	2,844	—	—	—
Japanese	16,057	—	—	—
Totals 1931	345,455	132,462	134,212	95,411
Totals 1930	292,530	183,402	174,992	129,342

* Port of entry for the state of Piauí.

The difference between the movement in 1931 and 1930 was less than 10 per cent., but the present year's statistics will undoubtedly reflect the increasing stagnation of trade. Of the total tonnage of exports to foreign countries through the port of Pará during the first six months of 1931, British vessels carried 40 per cent. and during the same period in 1932 close on 70 per cent.

Passenger and postal communication between North and South America has been extraordinarily facilitated by the Pan-American Airways System with its weekly services of hydroplanes northward to Miami and southward as far as Buenos Aires, which have reduced travelling times between Pará and New York and Pará and Rio de Janeiro by over 75 per cent.

Natural Resources and Exports.—During the year 1931 and the first few months of 1932 conditions governing the export of goods from this district were not unfavourable thanks to the still relatively low value of Brazilian currency in spite of the very considerable improvement effected as a result of the official control of exchange. A continuance of the artificial valorization of the milreis beyond a certain point was obviously bound to prove a menace to profitable business in many lines of production, and during the second and third quarters of this year (1932), the situation has in fact become increasingly difficult for exporters.

Some alleviation has, however, been found in an increase in Brazilian interstate commerce as a result of the strangulation of foreign imports due to exchange restriction, the severe drought in the North-eastern states of Brazil, and the special demands created by the isolation of the state of S. Paulo for approximately three months of the present year.

Exports from this Consular district to foreign countries during the year 1931, amounted to 111,000 metric tons as compared with 178,000 metric tons for 1930, the principal items being Brazil kernels, timber, babassu and rubber. Exports from Pará and Maranhão fell off in 1931 as compared with 1930, while exports from the states of Amazonas and Piauí shewed some improvement. The rather spectacular fall in exports from Pará was due to a decrease in the export of one article only, namely sleepers, which have ceased for the time being to play the important part in the trade of this port that they did

for a short time. Greater care in the selection of the sleepers has, however, led to an export of over 13,000 tons to Spain during the first three quarters of 1932, as compared with about 7,000 tons during the same period last year.

The only other important foreign customer for the timber shipped from Pará, is Portugal, which took approximately 6,000 tons between January and September this year or about 1,000 tons more than during the same months in 1931.

With the exception of exports from Maranhao, shipments of produce to foreign countries from the states in this district for the first half of this year (1932), all shew a decrease as compared with the first six months of 1931, the most marked drop having occurred in the case of Piauí, due partly to decreasing sales of babassú and tucum kernels, but principally to the slump in the demand for carnaúba wax.

Although exports from Maranhao were at first more satisfactory this year than last, they have since shared the fate of Piauí's principal products.

The elimination of wild rubber as a factor of economic importance in the life of the Amazon basin continues rapidly.

In the year 1929, exports from Pará totalled 8,300 tons and from Amazonas about 12,500 tons and the price for best quality crude rubber was in the neighbourhood of Rs :2\$700 the kilogramme. For the first nine months of the present year (1932), exports from Pará have barely reached 1,200 tons, and relatively the position in the state of Amazonas is little better, while the price has now dropped to Rs :1\$250.

The one product that proved to be the salvation of these two states in 1931, was the Brazil Nut, and so far as Amazonas is concerned the same may be said of 1932, for this state has enjoyed two exceptional crops of the nut in succession.

One of the outstanding features of the situation during the last two years has, indeed, been the expansion in the local Brazil nut shelling industry. In 1929 and 1930, exports of shelled nuts slightly exceeded 600 tons, of which the bulk came from Pará. In 1931, shipments to all destinations only just fell short of 3,000 tons of which about 2,600 tons were prepared in Belém-Pará and nearly 400 tons in Manaus-Amazonas.

In the state of Pará the usual reduced crop of Brazil nuts followed the bumper harvest of 1931, and it is to the exceptionally heavy exports of mandioca flour to South Brazilian ports and principally to Ceará, in which area prolonged drought has severely limited the local production of foodstuffs, that is chiefly due her escape from what seemed likely to prove a more than usually barren year, though timber and rice have also added their quota.

Finance.—The relationship between the state of trade and the financial condition of citizens and governments is close enough in all countries, but particularly so where the tax on exports plays an important rôle, as it does in most states of the Federal Union. It is simpler, therefore, to examine the financial condition of the communities in this area after the general state of the export trade has been considered.

The year 1931 and the early months of 1932, have for the reasons already discussed proved just bearable economically. The actual receipts of the State of Pará in 1931, at a little over 20,000 contos exceeded the estimate by about 4,000 contos, but expenditure in excess of the budget was allowed to swallow the bulk of the surplus. The estimated receipts for the current year are 19,000, but if this figure is realized it will be due to the more or less fortuitous expansion of the mandioca flour exports, which have sold at exceptionally high prices, and yielded a handsome return to the tax gatherer, as well as to the community.

In the neighbouring State of Amazonas the year's working shewed a serious deficit in 1930 and in 1931 a further though much smaller deficit was again incurred. During the current year, the state has received some assistance from the Federal Government, but the financial situation is probably

more serious in Amazonas than in any other state in the district, owing to its former dependence on rubber exports.

The position in Maranhao is somewhat obscure as the administration appears to have had a substantial balance available at the end of 1931. It is generally agreed, on the other hand, that liabilities to foreign bond holders and to the local public utility company would more than account for the surplus.

The State of Piauhly probably still enjoys a more favourable financial position than that of the other states mentioned, as she possesses no foreign debt. Holders of the State and Municipal Bonds issued in Pará, Amazonas and Maranhao had in most cases to forego dividends in 1931 as for so many years past, though interest on the Maranhao American loan was paid up to the end of October, 1931, and a sum of just over 573 contos of reis was devoted last year by the Government of Pará to the service of its foreign debts.

Little if any amelioration can, however, be hoped for in this respect until nominal liabilities are brought into correspondence with actual capacity to pay on the basis of a federal guarantee.

So far as Pará is concerned, a larger Brazil nut crop may be expected next year, but if the milreis retains its present value, and world market prices for the products of the region do not improve, it is difficult to view the future with any degree of optimism, owing to the absence of any exportable commodity or preferably group of commodities, capable of assuming within a reasonably short period the position that rubber occupied for so long in the economic life of the Amazon valley.

Greater attention, it is true, is now being paid to the possibilities of the export of the more valuable types of timber, while rice, cotton, cocoa, skins and various other commodities all shew promise, though development is often halting and irregular.

Thus, though progress seems slow, it is probably more desirable that the Amazon valley should seek economic stability in the future on a broader basis of production, than has been the case in the past.

In this connection it may be mentioned that the present Government of Pará has arranged financial assistance for the development of the cattle raising industry, and is endeavouring to popularize silk-worm breeding, fruit production and the cultivation of a fibre producing plant known locally as "uacima," which is probably identical with *Urena Lobata* L. Malvaceas. If made available in sufficient quantities and homogeneous in quality, this fibre possesses characteristics that might easily lead to its substitution for the considerable quantities of jute imported to meet the heavy requirements of the export trade of the country. This and similar plants are known to grow exuberantly and in a wild state in many parts of the Amazon valley, and a variety has for some time been successfully cultivated and utilized in the state of S. Paulo under the of "aramina."

In the search for new sources of wealth in this zone, too much importance cannot be attached to the work being carried out by the Japanese Colonization Company at its experimental stations at Thomé-Assú, Castanhal and Monte Alegre, in this state, and also by the Ford Company at Boa Vista. General work on both these undertakings is progressing steadily, but the immigration of Japanese colonists, owing to unfavourable economic conditions in Japan, has not this year reached the level anticipated.

The total area of fully cleared land on the Ford estates on the river Tapajós, amounts at present (November, 1932), to close on 6,000 acres, while approximately 4,400 acres have been planted with rubber from seeds and seedlings, plants from the seed totalling over 600,000 and from seedlings rather less than 270,000.

Considerable exports of timber of many varieties to the U.S.A. have also been made from the estates this year. Valuable support, moreover, has been lent to the local market during the past year by the expenditure of these companies.

Local Industries and Imports.—Under the alternating pressure of high tariffs, a depreciated currency or a controlled exchange, the average Brazilian consumer is compelled to rely more and more on locally or at least nationally manufactured goods, and each year the products offered give steadily improving value in a variety of lines.

Local industry is generally confined in this Consular district to the preparation for the market of a few staple tropical products and to the simpler manufactures.

Thus Brazil nut shelling, rice-milling, saw-milling, oilseed pressing, cotton ginning, tanning and rubber washing are all carried on as well as the manufacture of foot-wear, confectionery, beverages, the coarser cotton textiles, jute goods, cordage, simple rubber goods, soap, cigarettes and perfumery, nails and furniture.

The manufacture of cotton textiles and jute goods is most prominent in the State of Maranhao, though there is at least one cotton mill in operation in Piahy.

A well equipped jute mill has also for many years been in production in Pará and the owners are shortly to manufacture cotton textiles, and are preparing to utilize a variety of the local fibre "uacima," to which reference has been made, as a substitute for jute to the extent of a minimum of 20 per cent.

Some years ago a small factory engaged in rubber washing took up the manufacture of motor car tyres and inner tubes. Inexperience led at first to bankruptcy, but the same firm and two others besides, are at last beginning to make real progress with the production of these articles and particularly with inner tubes, which find a ready sale locally in competition with the imported article.

Total imports at Belém-Pará from foreign countries, which in 1929 amounted to over 82,000 tons, fell to nearly 77,000 tons in 1930, and to about 51,000 tons in 1931. Details of the principal classes of goods imported that year from the United Kingdom, the United States of America and Germany, are given in the following statement:—

[TABLE]

Statement shewing the gross weight in metric tons of the principal groups of commodities which entered the port of Belém, Pará, from Foreign Countries during the year 1931, together with the total weight of such imports at each of the principal ports in the Consular District of Pará.

Group	Countries of Origin			
	United Kingdom (Tons)	U.S.A. (Tons)	Germany (Tons)	All Countries (Tons)
Food, Drink Tobacco ...	167	3,593	52	4,260
Coal	8,894	7,632	—	16,526
Non-metalliferous products other	6	55	—	82
Resins	—	89	—	89
Coke, etc.	65	—	—	65
Earthenware, porcelain, glass, abrasives, etc. ...	467	116	1,736	2,922
Iron and Steel Manufactures	458	628	159	1,523
Cutlery, Hardware, Imple- ments, Instruments ...	33	35	58	151
Electrical goods and apparatus	150	7	2	159
Machinery	62	47	20	140
Timber Manufactures ...	—	—	—	2
Yarns and Textiles ...	959	6	3	1,241
Apparel	—	—	—	1
Chemicals, Drugs, Dyes and Colours	533	150	73	878
Oils, etc., manufactured ...	35	3,488	12	21,418
Paper and Cardboard ...	—	12	260	326
Vehicles and Accessories ...	2	42	—	52
Rubber Manufactures ...	—	1	1	2
Miscellaneous	8	1,336*	20	1,368
Totals: Belém-Pará	11,839	17,237	2,396	51,205
Manaos-Amazonas ...	630	4,824	712	7,219
S. Luiz-Maranhão ...	1,095	3,685	958	7,209
Parnahyba-Piauihy ...	387	1,870	413	3,163
Grand Total for Consular District	13,951	27,616	4,479	68,796

* Includes 1,323 tons of miscellaneous merchandise for Ford Estates.

Though total entries from abroad for the first nine months of 1932 have dropped to nearly 33,000 tons as compared with just over 42,000 tons for the same period in 1931, total imports from the United Kingdom rose from nearly 11,000 to nearly 15,000 tons, while entries from the United States fell from 11,750 to 2,655 tons.

The increase in German imports over the same period, from 1,200 to nearly 2,500 tons, was almost entirely accounted for by an increase of just over 1,200 tons in the sales of cement.

Nearly 3,300 tons of the total British increase were due to improved coal imports, and the fall in United States shipments to heavy reductions in the entries of coal, gasolene, kerosene and flour, resulting so far as the last item is concerned, from the temporary effect of the coffee-wheat exchange carried out by the Brazilian Government.

In spite of the large part played by coal in the increase of British imports this year, it is encouraging to record that nearly all the principal British commodities that find a market here shew a promising advance, and that the same tendency is now revealed by the entries at the other principal ports in this Consular district.

Provided, therefore, that there is some relaxation of the present severe exchange restrictions, the immediate prospects for British trade in this district under the double influence of a valorized Brazilian currency and a depreciated pound sterling, are not unfavourable.

REPORTS by H.M. Trade Commissioners, Commercial, Diplomatic and Consular Officers on commercial and financial conditions in the following countries, issued, or in course of preparation, by the Department of Overseas Trade.

A.—During the year 1931.

Argentina	3s. 6d. (3s. 8d.)	Egypt	4s. 0d. (4s. 2d.)
Australia	3s. 6d. (3s. 10d.)	Finland	2s. 0d. (2s. 2d.)
Bolivia	1s. 0d. (1s. 1d.)	Italy	4s. 0d. (4s. 3d.)
British East Africa	2s. 9d. (2s. 11d.)	Mexico	1s. 6d. (1s. 7d.)
British Malaya ...	2s. 0d. (2s. 2d.)	Newfoundland ...	2s. 0d. (2s. 2d.)
British West Indies	2s. 6d. (2s. 8d.)	New Zealand ...	2s. 0d. (2s. 2d.)
Canary Islands ...	1s. 9d. (1s. 11d.)	Palestine	1s. 6d. (1s. 7d.)
Chile	3s. 0d. (3s. 2d.)	Peru	2s. 6d. (2s. 8d.)
Czechoslovakia ...	1s. 6d. (1s. 7d.)	Poland	1s. 6d. (1s. 8d.)
Denmark	2s. 0d. (2s. 2d.)	Roumania	2s. 6d. (2s. 8d.)
Dominican Republic		South Africa ...	2s. 0d. (2s. 2d.)
and Hayti	1s. 9d. (1s. 10d.)		

B.—During the year 1932.

No. 516 Angola ...	1s. 6d. (1s. 7d.)	No. 513 Lithuania	1s. 0d. (1s. 1d.)
„ 505 Argentina	4s. 0d. (4s. 2d.)	„ 504 Morocco	2s. 0d. (2s. 2d.)
„ 509 Belgium	3s. 6d. (3s. 8d.)	„ 512 Netherlands	3s. 6d. (3s. 8d.)
„ 506 Brazil ...	2s. 6d. (2s. 8d.)	„ 501 Netherlands	
„ 526 B.E. Africa	2s. 9d. (2s. 11d.)	E. Indies	3s. 6d. (3s. 8d.)
„ 510 British W.		„ 527 New	
Indies	3s. 0d. (3s. 2d.)	Zealand	3s. 0d. (3s. 2d.)
„ 517 Bulgaria	2s. 6d. (2s. 8d.)	„ 514 Norway	2s. 3d. (2s. 5d.)
„ 508 Canada ...	4s. 6d. (4s. 10d.)	„ 511 Poland ...	2s. 0d. (2s. 1d.)
„ 533 Chile ...	1s. 6d. (1s. 8d.)	„ 528 Portugal	3s. 0d. (3s. 2d.)
„ 518 Cuba ...	1s. 0d. (1s. 1d.)	„ 525 Roumania	2s. 6d. (2s. 8d.)
„ 515 Estonia ...	9d. (10d.)	„ 502 Salvador	1s. 0d. (1s. 1d.)
„ 507 Ethiopia	1s. 0d. (1s. 1d.)	„ 531 Southern	
„ 500 Germany		Rhodesia	1s. 6d. (1s. 7d.)
(January)	4s. 0d. (4s. 4d.)	„ 523 Sweden	2s. 0d. (2s. 1d.)
„ 529 Germany		„ 522 Switzerland	1s. 6d. (1s. 7d.)
(November)	4s. 6d. (4s. 9d.)	„ 524 Syria ...	1s. 6d. (1s. 7d.)
„ 503 India ...	3s. 6d. (3s. 10d.)	„ 519 Turkey ...	1s. 6d. (1s. 7d.)
„ 532 Italy ...	2s. 6d. (2s. 8d.)	„ 530 Venezuela	1s. 6d. (1s. 7d.)
„ 520 Latvia ...	1s. 0d. (1s. 1d.)	„ 521 Yugoslavia	1s. 0d. (1s. 1d.)

C.—During the year 1933.

Algeria, Tunisia &		Netherlands	
Tripolitania (<i>In preparation</i>)			(<i>In preparation</i>)
Belgium (<i>In preparation</i>)		No. 536 Panama	1s. 0d. (1s. 1d.)
Brazil (<i>See Cover</i>)		„ 534 Philippines	1s. 6d. (1s. 7d.)
No. 535 Ecuador	1s. 6d. (1s. 7d.)	„ 537 Portuguese	
Guatemala,		E. Africa	2s. 6d. (2s. 8d.)
Honduras and		Siam	(<i>In preparation</i>)
Nicaragua (<i>In preparation</i>)		Spain	(<i>In preparation</i>)
Hungary (<i>In preparation</i>)		United	
Japan (<i>In preparation</i>)		States	(<i>In preparation</i>)

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