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WORLD MARKET OPPORTUNITIES

Canada. Dept. of Industry, Trade and Commerce

**RESOURCE
INDUSTRIES AND
CONSTRUCTION**

FOREWORD

This publication is one of a series of World Market Opportunities booklets produced by the Department of Industry, Trade and Commerce to assist Canadian companies in determining potential export markets. The information presented has been derived from input provided by the department's various industry sector branches, international bureaux and Canadian Trade Commissioners abroad.

Countries represented have been arranged in special groups that encompass particular market areas of geographical regions. An alphabetical listing of all countries can be found at the back of the publication.

The World Market Opportunities series includes: Agriculture and Food Products, Capital Projects, Chemicals, Defence, Electrical and Electronic Products, Fisheries, Ma-

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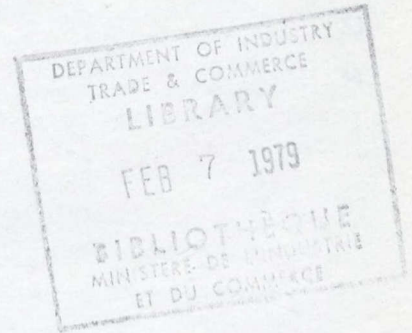
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Regional Offices of Industry, Trade and Commerce in Canada

Alphabetical Listing of Countries



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EASTERN EUROPE

BULGARIA

The Market

Since the Second World War, Bulgaria has been transformed from an agricultural to an industrial country. Fully 77 per cent of the labour force are engaged in non-agricultural sectors which account for 85 per cent of total production. In the new five year plan (1976-80), Bulgaria will continue to record one of the fastest economic growth rates in the world (approximately nine per cent per annum). About 70 per cent of capital investments in material production are to be used for modernization, reconstruction, and expansion of existing production facilities.

Bulgaria is self-sufficient in most wood products, thanks to timber reserves the Bulgarians work in the U.S.S.R. Pulp is imported on a spot basis. Although a domestic production of most ordinary steels exists, many specialty steels and alloys are imported. Housing construction (particularly of apartment blocks) is a high priority. By and large, construction systems will be imported, rather than the components themselves.

Import Policies

Bulgaria's foreign trade amounted to about \$11.0 billion in 1976. Of this total, approximately 75 per cent was with

Comecon countries and 55 per cent was with the Soviet Union.

Foreign trade is managed by monopoly foreign trading organizations. Because they purchase for the whole of Bulgaria, orders are large enough to make persistence worthwhile.

Increasing foreign debt has led the Bulgarians to push hard for "industrial co-operation agreements" with western firms. The crudest form is to simply accept a specified portion of the payment in Bulgarian products. What the Bulgarians really seek, however, is a long-term relationship with a western company which, in return, can count on preferred treatment in the Bulgarian market.

Export Opportunities

- Bulgaria exports construction services and civil engineering of high quality and reasonable cost, and Bulgarian firms are happy to co-operate on third-country projects.
- Hollow drill steel for mine drilling.

CZECHOSLOVAKIA

The Market

Czechoslovakia is a small country with very limited natural resources. Therefore importation of raw materials constitutes a significant component of the import bill. In 1976 the total value of imported raw materials excepting fuels was \$1.4 billion of which \$423.2 million came from western countries. Major imports of raw materials from western countries were as follows in 1976:

Wood, lumber and cork	\$ 7.7 million
Pulp and waste paper	25.2 million
Crude fertilizers and crude minerals (excluding coal, petroleum and precious stones)	56.1 million
Crude rubber incl. synthetic and reclaimed	64.6 million
Metalliferous ores and metal scrap	90.9 million
Textile fibres and their waste	155.9 million

Import Policies

Foreign trade in Czechoslovakia is state-controlled and only a limited number of authorized organizations are entitled to import. The list of these entities and their addresses is available in the booklet "Information for Canadian Businessmen — Czechoslovakia" which is available from the Department of Industry, Trade and Commerce.

Export Opportunities

There is a good market for asbestos fibre and molybdenum in Czechoslovakia. Czechoslovakia is prepared to sign long-term agreements for the purchase of copper concentrates, copper anodes, iron pre-reduced pellets and is willing to look at similar arrangements relative to other metals and minerals which may be available. There is also a potential market for parts and components for nuclear reactors.

GERMAN DEMOCRATIC REPUBLIC

The Market

The German Democratic Republic (GDR) is a major producer of lignite coal (247 million tons in 1976) which is the main fuel used for power generation and heating, and which covers about 70 per cent of the GDR's total energy requirements. Another major natural resource is the forests which cover more than 30 per cent of the country.

Some 85-90 per cent of the petroleum is supplied from the U.S.S.R. with the remaining suppliers coming from the Middle East, principally Iraq. Natural gas is partly (about 65 per cent) supplied from local resources with the remain-

ing requirements coming mainly from the U.S.S.R. Electricity production is about 18,000 MW per year (80 per cent based on lignite) and by 1980 it should reach some 22,000 MW including 1,000 MW from three nuclear power plants, two of which are already in operation.

Pig iron production in 1976 was 2.5 million tons; crude steel production — 6.7 million tons, and rolled steel — 4.6 million tons. Of non-ferrous metals, copper and silver are processed. The 1976-80 plan provides for large investments in the foundry industry for introducing new processes, further mechanization and automation.

German Democratic Republic — The Market (cont'd.)

The building materials and construction industry faces difficulties due to shortage of supplies. 70 per cent of construction work is estimated to be manual but more mechanization and prefabrication are planned.

The paper, wood and furniture industries have been hampered by antiquated equipment and the need to import most raw materials. However modern machinery is now being acquired. The paper industry produces (1976) 800,000 tons of paper, 400,000 tons of cardboard and boxes, 37,000 tons of wall paper and 170,000 tons of paper board. Paper, paper products and furniture are important export items for the GDR.

Import Policies

As regards imports, all the iron ore, bauxite, crude oil, coal (other than lignite) and coke as well as metallurgical semi-

products are imported. Canada is a major supplier of asbestos fibre to the GDR. Raw materials for the ceramics industry (mainly kaolin) are imported.

Export Opportunities

The U.S.S.R. has been raising its raw materials prices to world levels in recent years which has had a very negative impact on the GDR's balance of trade. Despite its close political and economic ties with the U.S.S.R. the GDR may now be more amenable to importing raw materials from the West provided terms can be arranged. There may also be some interest in Canadian construction technology. As a whole this sector has been little explored by Canadians and opportunities may be uncovered as market investigation progresses.

HUNGARY

The Market

Although not renowned as a country of rich natural resources, Hungary (pop. 10 mill.) nevertheless has substantial deposits of low grade coal, oil, gas, and bauxite. There are also stands of timber, mainly broadleaf, which are supplemented by large scale imports from the U.S.S.R., Hungary's main supplier of energy and resource-based products. A steel industry is largely based on ore imported from the Soviet Union, which also processes much Hungarian alumina for payment in crude aluminum.

Energy

Coal, million tons	25.3
Crude oil, 1,000 tons	2,142.0
Natural gas, million cu.m.	6,083.0
Electric energy, million kwh	22,040.0

Metallurgy

Iron ore, 1,000 tons	602
Pig iron, 1,000 tons	2,221
Crude steel, 1,000 tons	3,649
Rolled steel, 1,000	2,859
Crude aluminum, 1,000 tons	70
Aluminum semi-finished products, 1,000 tons	134

Forest Industries

Coniferous sawn wood, 1,000 cu.m.	481
Broadleaved sawn wood, 1,000 cu.m.	283

Chipboard, 1,000 cu.m.	200
Plywood, 1,000 cu.m.	78
Cellulose (Pulp), 1,000 tons	41
Paper and cardboard, 1,000 tons	372

Import Policies

Hungary has a centrally planned economy, with exports and imports in the hands of a limited number of foreign trading organizations (FTO's) dealing in a specific industry or industry sector. Although several large factories have the right to deal directly with foreign companies, as a rule this is not the case and all contacts go through the FTO. In contrast to the past two years, imports from the West in 1977 are to increase — by about 8 per cent — while exports to this area are to rise by 17-18 per cent. Western imports, however, are more likely to be sophisticated technical goods than resource-based products.

Export Opportunities

- Spot sales of specialty pulp
- Industrial nuts and bolts, if manufactured to European DIN standards
- Nickel strip and ingots for production of coins
- Bitumen type additives for road building.

POLAND

The Market

Poland is a major producer of coal, copper, elemental sulphur and lumber. The former two industries are undergoing major expansion as are the pulp and paper and steel industries. Poland aims to be self-sufficient in pulp and paper supply by the early 1980s. Basic steel production is approximately 18 million tons and will rise to 22-23 million tons by 1980, and to 30 million tons by 1990. The aluminum industry will be undergoing major expansion beginning in 1979. Off-shore oil exploration is commencing in the Baltic Sea.

Poland has been largely dependent upon the Soviet Union for its imports of petroleum, natural gas, iron ore and many of its other mineral requirements and also purchases on the London Metal Exchange and from other non-Com-econ sources.

The rapid industrial expansion of the 1970s and the great demand for housing, has strained Polish construction capacity to the limit.

Import Policies

Poland has been dependent on the U.S.S.R. for the supply at below world prices of most of its petroleum and mineral imports. However, the recent rapid rise of U.S.S.R. prices to world levels has caused Poland to seek to diversify its sources of supply, but financial constraints have limited its ability to purchase in hard currency. Barter deals are being sought and in recent months there have been reports of two major agreements: (1) American phosphate rock for Polish sulphur, involving the American Occidental Petroleum and, (2) Brazilian iron ore for Polish coal. Poland has also been making efforts to diversify its more than 75 per cent dependence on the U.S.S.R. for petroleum and has discussed barter deals with Algeria, Libya, Mexico and Nigeria, with no publicly announced successes to date. Poland will likely be one of the customers for the Algerian-Mediterranean-European natural gas pipeline.

The construction industry is self-sufficient in building materials with steel-frame/cement block or panel construction predominating. Wooden housing is only favoured for vacation cottages. However, new and faster methods of construction using less materials and more insulation are required. The first fibreglass insulation factory is only now being proposed. Apartment construction is one of the top priorities of the economy. A major hotel construction program will soon begin to accommodate a growing tourist trade from the West. A large scheme to develop all aspects

of the Vistula River, including hydro-power, navigation, irrigation and water supply has recently been announced.

Export Opportunities

If Canadian mineral exporters could consider barter deals for the short term (until 1980-81), and longer terms hard currency supply contracts for the post 1980-81 period, then there might be opportunities to significantly expand Canadian exports of minerals other than coal, copper and sulphur.

Canadian firms supply asbestos on a regular basis and some zinc concentrate. Steel railroad rails have been supplied on a spot basis, as has structural steel by Canadian suppliers to the large pulp and paper project at Kwidzyn.

A recent visit of Canadian Pulp and Paper Association officials aroused a Polish interest in purchasing pulp and kraft paper from Canada. Walnut veneer worth more than \$650,000 was sold in 1977. High-quality refractories may have a market here. Poland is planning to begin establishing a nuclear power industry in the 1980s to meet a growing electrical power demand, and Canadian suppliers may have sales prospects at that time.

Interest has been expressed in Canadian construction techniques and Canadian construction firms are exploring opportunities in the hotel and port installation areas.

ROMANIA

The Market

Asbestos has been the most consistent export from Canada to Romania over the past 10 years.

Romania is faced with a shortage of softwood long-fibre pulp and opportunities exist for Canadian producers to sign a 10-year long-term contract.

Romanians are interested in a possible joint venture for Canadian coking coal. Their equity share would be in Romanian equipment.

Import Policies

To conserve western currencies, the Romanians would propose to exchange on a barter or counter purchase basis. Romanian hardwood pulp for imported softwood pulp.

Export Opportunities

- Softwood pulp
- Coking coal
- Asbestos

UNION OF SOVIET SOCIALIST REPUBLICS

The Market

Owing to the similarity of Canadian and Soviet natural resources, the two countries are normally competitors rather than mutual traders in resource products. Sales of construction materials and equipment, including prefabricated buildings for northern camps resulting from co-operative development of an oilfield in the Soviet Arctic, may stimulate future opportunities.

Import Policies

Imports are controlled through state monopoly foreign trade organizations (FTOs). Construction systems and

technology of an advanced nature which could contribute to increasing productivity and efficiency, especially related to northern areas, have high priority.

Export Opportunities

A market exists for construction equipment and technology of advanced type, prefabricated buildings for mining, petroleum and construction camps, especially in northern climates. Canadian firms with special high technology and equipment should contact the Canadian Trade Office in Moscow with details. The Office will then contact the appropriate FTO for an evaluation of requirements.

YUGOSLAVIA

The Market

Mineral and ore deposits in Yugoslavia offer an excellent basis for future development and the sector has been accorded top priority in the five-year plan to 1980. Especially important are deposits of iron ore, bauxite, copper, lead, zinc, magnesite and lignite coal. Also underway is a large nickel mine and ancillary processing facilities. Steel production is forecast to expand from four million metric tons this year to nine million metric tons in 1985, representing 80 per cent self-sufficiency. Yugoslavia ranks fifth in Europe in terms of timber resources and current emphasis is to acquire modern technology for harvesting the resource. This country is a traditional importer from Canada of wood pulp and this commodity is in fact the highest single Canadian export to the market. Finished wood products are an important Yugoslav export and furniture is shipped world-wide. Yugoslavia imports in small quantities from Canada the following commodities: zinc concentrate, copper concentrate, asbestos fibre, pig iron, nickel, titanium and several other minerals. Yugoslavia, due in part to its non-aligned policy, has obtained an international reputa-

tion for turnkey construction projects in Africa and Asia which include dams, railways, ports, factories and complete cities.

Import Policies

Federal government import policies allow for relatively easy access provided the resource is not mined or processed domestically.

Export Opportunities

Opportunities for Canadian exporters exist more with raw resources than processed goods. A continuing market exists for wood pulp. Export opportunities in the field of construction would be more in co-operating in large turnkey projects in third countries than in Yugoslavia.

The future in Yugoslavia for Canadian exporters lies in joint ventures for processing facilities and some licensing agreements. Mining technology and wood processing are just two sectors which are currently in search of foreign expertise.

WESTERN EUROPE (EEC)

BELGIUM-LUXEMBOURG

FOREST PRODUCTS

The Market

Lumber

Following a record upsurge for Canadian softwood and hardwood lumber exports to Belgium in 1976 (up to \$30.6 million), exports in 1977 were \$23 million. Softwood lumber exports fell as a result of the depressed economic situation and demand is not expected to increase in 1978 due to reduced activity in the residential construction sector. The demand for hardwood lumber, particularly for oak, remains high.

The promotion program of the Canadian timber-frame construction system is showing most encouraging results and it is now estimated that well in excess of 12 per cent of all new single family homes are constructed using this system. Continuing success from this promotion is expected to provide increased market opportunities for Canadian lumber and plywood.

Softwood Plywood

While Canadian softwood plywood exports to Belgium had suffered a serious setback over the preceding few years, 1977 exports increased dramatically to \$3.5 million from \$300,000 in 1976. This success is expected to continue during 1978 as Canadian softwood plywood is priced quite competitively due largely to the decline in value of the Canadian dollar relative to the U.S. dollar.

Pulp and Paper

The situation in this industry sector continues to be very difficult as most pulp and paper mills are operating below capacity and generally at a loss. Canadian pulp and paper shipments in 1977 were \$101 million, which is considered a good performance in view of the depressed market prices for pulp. Belgium pulp consumption increased slightly in 1977 but, although newsprint consumption increased by 10 per cent, total paper and board consumption decreased slightly. The situation in 1978 has improved somewhat and it is generally expected that 1978 exports will show some improvement.

Import Policies

As a member of the EEC, Belgium shares in the EEC global duty-free import quotas for newsprint and coniferous plywood, the minimum levels of which are bound in the GATT. A portion of these quotas are filled by Canada and no significant variation in their levels is anticipated over the next few years. No other changes in government import policies are expected which would affect Canadian exporters in the forest products sector.

Export Opportunities

In consideration of the expected increasing acceptance of the timber-frame system of construction in Belgium and other EEC countries, it is anticipated that increased market opportunities will develop for CLS kiln dried lumber and Canadian softwood plywood.

Other market opportunities have been identified for knockdown wooden garden furniture, louvred doors, cedar shingles and shakes and kitchen cabinets of solid wood.

RESOURCES

The Market

Belgium has a highly developed industrial economy characterized by basic dependence on supplies of raw materials from abroad. Apart from coal, Belgium imports practically all its raw material requirements and pays for them by exporting a very wide range of goods representing some 50 per cent of the country's total production.

Imports of mineral products, including mineral fuels and oils, amounted to \$8.5 million and represents the largest single import group — 16.4 per cent of total Belgium-Luxembourg imports.

Ferrous and non-ferrous ores and concentrates imports came to \$5.9 million with iron ore and zinc ores and concentrates forming the two largest groups (\$3.2 million and \$1.3 million).

Canada is Belgium's leading supplier of zinc ores and concentrates, molybdenum ores and concentrates, and asbestos. Its share of total imports of these products in terms of volume amounted to 60 per cent, 51 per cent and 39 per cent respectively in 1977.

Canada is also an important source for Belgian import requirements of copper ores and concentrates, iron ores, nickel in oxide, sulphur. At the same time, it supplies varying quantities of metals, in particular copper refinery shapes, aluminum pig ingots.

Import Policies

Further acceleration in economic activity, with consequent increases in production in key Belgian industry sectors such as the steel industry and non-ferrous metals industry which suffered gravely from the effects of the latest recession, could lead to growing raw materials requirements and imports. Belgian government policy aiming to encourage and stimulate investments in the public and private sector, represents another important factor.

Export Opportunities

In addition to the traditional market opportunities referred to above, there are also sales possibilities in this area for a number of resource industry related products:

- Copper and copper alloy tubing, zirconium, nickel and other special alloy tubing for nuclear industry, specialty aluminum alloys, welding rods and electrodes.
- Fire bricks and refractories.
- Abrasive basic products.
- Certain non metallic building products and insulation materials.
- Coal. With Belgian coal production continuing to decline, increased tonnages will have to be imported. Total Belgian coal imports reached 6.6 million metric tons in 1977, down from 7.3 million tons in 1976. The two largest suppliers were West Germany and the U.S. There was also an increase in imports from Poland, South Africa and Australia. As Belgian coal importers and users are having to look for more and more distant sources of supply, opportunities could exist for sales of Canadian coal.

Finally, there may be opportunities in Belgium for joint-venture, exchange-of-technology, licensing, or other busi-

ness arrangements with Belgian companies, particularly in the non-ferrous metals sector.

BRITAIN

CONSTRUCTION

The Market

Construction, both residential and commercial, remains depressed and is now not expected to show significant improvement until early 1979. The following table summarizes construction in the various categories by value in 1977:

	£ million	
New housing	3,536	
Private industrial	1,533	
Private commercial	1,326	
Public works	2,773	
Repair and maintenance	<u>4,328</u>	
	13,486	against 12,527 in 1976

Import Policies

The British market offers little promise for the construction industry as such. However, as conditions improve the raw material required of the industry will increase. It is possible that budgetary measures expected in the autumn of 1978 will lead to an increase in construction activity which should be reflected in increased demand for lumber and plywood.

Export Opportunities

Specialty Hardware — while British industry will continue to produce most of its own needs, there are likely to be opportunities to increase exports of new and unique items of high quality.

Third Country Construction — a number of major British construction firms are experienced in undertaking large projects abroad, particularly in the Middle East. Often the design, sourcing and finance are carried out in Britain. As most construction projects require housing for workers, managerial and technical personnel, these offer export opportunities for the Canadian prefab housing industry.

EQUIPMENT AND SERVICES FOR OFFSHORE OIL AND GAS INDUSTRY

The Market

The brightest feature of the present British economy is that associated with the production of oil and gas from the North Sea. In 1977, the total value of orders placed for equipment and services was \$2,600 million of which British content was 62 per cent. A breakdown of these orders into broad categories is as follows:

	\$ million
Exploration — including surveying and appraisal drilling.....	150
Development — e.g. platforms, plant, etc., pipelines and drilling.....	1,660
Services — including diving, tools, transport, etc.....	670
Maintenance	<u>120</u>
TOTAL	2,600

The cost of offshore repair and maintenance is expected to increase to \$600 million per annum by 1980 and to \$1,200 million by 1985.

Import Policies

Government policy is to encourage maximum British participation and with this objective in view the Offshore Supplies Office of the Department of Energy has agreed with the British Offshore Operators' Association a Memorandum of Understanding and Code of Practice whereby British industry will be given a "full and fair" opportunity to tender in this market.

Export Opportunities

The areas of activity with least British content are exploration and appraisal drilling (26 per cent), development (35 per cent) and submarine pipelines (16 per cent).

With increasing possibility of well development in deeper water, it is likely that subsea completion systems will be in greater demand.

Joint ventures with British companies are recommended to satisfy the requirements of the Offshore Supplies Office.

There is also a rapidly growing market for vessels designed for offshore repair and maintenance in the North Sea. Estimates of market for offshore inspection, repair and maintenance continue to rise. Current cost is reckoned at \$180 million while official estimates suggest costs could range between \$350 million and \$800 million by early 1980s. Opportunities are to be found in related onshore maintenance; communications and transport; consumable supplies; personnel facilities; production maintenance; platform maintenance (topside) including replacement of modules; and maintenance of subsea equipment, pipelines and platforms (below splashline).

FOREST PRODUCTS

The Market

While Britain is the largest importer of forest products in Europe since the country is approximately only 8 per cent self-sufficient in wood fibre, demand has not improved during 1977 although some slight improvement is expected during 1978. Canada, however, registered gains in 1977 of approximately 15 per cent covering the major softwood sectors and the following table indicates Canada's relative position in Britain with respect to our major competitors in the coniferous sector (1976 figures are shown in brackets):

Britain — (cont'd.)

1977 (1976) — £ millions

	Canada	Sweden	Finland	U.S.S.R.	Others	Total
Softwood lumber	99.2 (80.1)	123.6 (126.1)	96.4 (82.1)	111.0 (105.0)	92.4 (87.5)	522.6 (480.8)
Softwood plywood	25.6 (19.4)	1.0 (1.6)	Negligible (—)	1.2 (—)	9.3 (*2-4.0)	*38-40.0 (*38-40.0)
Pulp	103.7 (106.1)	127.4 (120.5)	43.0 (54.0)	2.8	162.8 (130.8)	439.7 (401.2)
Newsprint	113.1 (85.4)	30.7 (26.9)	76.0 (92.9)	nil	13.1 (15.3)	*232.9 (220.4)
Other paper and board	31.4 (34.1)	200.8 (178.9)	190.4 (133.1)	1.2	318.2 (261.0)	742.0 (607.0)

*Estimated

While Britain imports significant quantities of hardwoods and hardwood products, Canada has a dwindling supply base.

Import Policies

On most types of paper and paper board Canada is facing an increasing tariff disadvantage vis à vis former EFTA members which will gain duty-free access in stages by 1984. Moreover, Britain has a relatively efficient furniture and woodworking industry and British efforts to increase duty-free quotas from developing countries are likely to provide increased competition in expanding Canadian markets for finished or semi-finished wood products and decorative plywood. As a result of promotion, however, the number of timber-frame housing starts is increasing, providing a larger market for Canadian lumber and coniferous plywood. However, total construction of all kinds remains well below average and no real improvement is to be expected before early 1979. Any stimulation of the British economy through budget measures should ease this situation and also provide for an increasing requirement for pulp, paper and board, and newsprint.

Export Opportunities

CLS Lumber — while now subject to a 5 per cent tariff, industry has proved to be competitive. Subject to the resolution of the problem of high freight costs, construction grade lumber from Eastern Canada is highly regarded and the volume of exports from Eastern Canada is expected to increase during 1978.

Clear Grades — opportunities exist for the further upgrading of certain coniferous species such as Douglas fir, hemlock and cedar for use where coniferous species are preferred or are more competitive in price than tropical hardwoods.

Household and Institutional Furniture of High Quality and Unique Design

— while the British woodworking industry is extremely efficient, the industry has tended to be based on high-quality household furniture (often period reproductions) and there are opportunities to work with decorators involved in furnishing hotels, schools and offices.

INDUSTRIAL MINERALS

The Market

Total imports of industrial minerals into Britain in 1977 amounted to 3.27 million tonnes with a value of \$325 million. The largest individual commodity in this category is asbestos, the 1977 imports of which totalled 127,214 tonnes with a value of \$64.3 million. Canada's share of these imports was about 65 per cent.

Additionally, coal imports in 1977 totalled 2.4 million tonnes with a value of \$146 million with Australia being the largest supplier (30 per cent by value) followed closely by the U.S. (23 per cent).

Import Policies

Most minerals, in their natural form, are duty-free. While this also applies to coal, due to pressure from the National Coal Board, the Department of Energy has instructed the state run Central Electricity Generating Board not to make new contracts with overseas suppliers of thermal coal.

Export Opportunities

The major requirement in this sector is likely to be coking coal to meet BSC's needs.

IRON AND STEEL

The Market

British imports in 1977 of iron and steel products, including iron ore and ferro alloys but excluding manufactured items, amounted to 20.1 million tonnes with a value of \$2.4 billion. The item of greatest quantity is iron ore, totalling 15.8 million tonnes (value \$440 million) while those of greatest value were sheets less than 3 mm thick, tubes and pipes at \$710 million for 1.4 million tonnes. Canada's share of British imports of finished steel products in 1977, amounting to 50,000 tonnes, was 1.3 per cent in quantity and 1.2 per cent in value. Some 60 per cent of this share was billets, the next highest category being wire rods (18 per cent). By far the greatest constituent of Canada's exports in this sector is iron ore, being Britain's third largest supplier on a value basis:

From:	Tonnes	\$'000
Sweden.....	3,021,149	102,800
Brazil.....	2,953,079	82,300
Canada.....	3,194,469	78,400
Norway.....	1,240,873	42,200
Mauritania.....	1,141,955	23,500
Australia.....	986,623	22,300
Venezuela.....	320,349	8,200
Others.....	2,893,424	80,300
TOTAL	15,751,921	440,000
Canada's share (%)	20.2	17.8

In ferro alloys, imports of which in 1977 totalled 312,200 tonnes with a value of \$224 million, Norway was the major supplier (31 per cent) by quantity and 29 per cent by value) with Canada's share at 5.6 per cent by value.

Britain — (cont'd.)

The major supplier of steel in 1977 was the EEC with about 65 per cent of the value in a number of the sectors.

Import Policies

Iron ore remained duty-free after July 1, 1977, when the full Common Customs Tariff came into force following Britain's entry into the EEC. Nearly all other ferrous items are subject to varying amounts of duty, depending upon product, up to a maximum of about 11 per cent.

With the current world steel industry capacity in considerable excess of demand, measures have been taken by the European Commission in an attempt to restrict non-EEC imports. These measures are based on the imposition of minimum prices for a wide variety of imported steel products. BSC is also making strenuous efforts to improve its service to customers and product quality.

Export Opportunities

Iron ore and probably pre-reduced iron pellets are likely to be major requirements for some considerable time.

NON-FERROUS METALS

The Market

In 1977 imports into Britain of non-ferrous metals, including ores, concentrates and scrap but excluding manufactured items, amounted to 3.06 million tonnes with a value of approximately \$3.22 billion. Supplies come from a variety of sources such as Scandinavia, Europe, Africa, Australia, South and North America and Canada's share is estimated to be around 300,000 tonnes, valued at \$520 million, i.e. about 10 per cent by quantity and 16 per cent by value.

Canada is the leading source of imports for nickel matte and speiss (90 per cent by value), nickel metal (68 per cent) and lead concentrates. It takes second place in copper (21 per cent), lead and zinc metal but has dropped to third place for zinc concentrates. Details of imports for lead and zinc in 1977 are:

Concentrates	LEAD		ZINC	
	Tonnes	(\$'000)	Tonnes	(\$'000)
From:				
Canada	11,681	4,200	28,244	6,500
Greece	5,500	2,400	12,000	3,500
Peru	2,235	1,100	43,270	9,000
Ireland	—	—	37,642	7,300
Others	25,877	7,900	61,593	12,700
TOTAL	45,293	15,600	182,749	39,000
Canada's share (%)	26	27	15	17
Metal				
From:				
Canada	43,667	31,400	47,771	38,300
EEC	4,451	3,238	73,291	59,600
Australia	134,471	140,500	4,751	4,100
Finland	—	—	26,519	22,100
Norway	—	—	17,666	14,000
Others	2,068	4,962	33,468	23,500
TOTAL	184,657	180,100	203,466	161,600
Canada's share (%)	24	17	23	24

Import Policies

Britain will continue to look to Canada as a major source of raw materials in the non-ferrous field. The final stage of Britain's entry into the EEC occurred on July 1, 1977, when the full Common Customs Tariff applied to imports from Canada. This meant that while ores, concentrates and some ingot metals (copper, nickel and tin) are duty-free, all other products have varying duty rates, the highest being 12 per cent.

Export Opportunities

Apart from maintaining or increasing Canada's share of Britain's imports of non-ferrous metals, the greatest opportunities for further exports appear to lie in the licensing of particular techniques for their utilization such as were identified during the mission visit in March 1977, e.g. ladder manufacture, truck bodies, etc.

DENMARK

The Market

Subject to price and exchange rate fluctuations, Denmark continues to be a good market for coal, asbestos fibres and Douglas fir plywood, with exports of \$9.2 million, \$5.7 mil-

lion and \$5.0 million respectively in 1977. There is also a market for wood pulp, bleached kraft paper and double-walled kraft paper bags.

FRANCE

METALS AND MINERALS

The Market

Total French imports for this sector represented some \$26 billion in 1977, with more than half of them bearing on crude oil. France has but limited local resources in raw materials: mostly iron ore, coal (about 50 per cent of requirements), some bauxite, and potash (also nickel from New Caledonia). The bulk of raw materials needs must be covered by imports, and Canada ranks among suppliers for

iron ores, several non-ferrous ores (zinc, molybdenum and a few others), asbestos fibres (year in, year out, Canadian deliveries correspond to 50-55 per cent of French consumption), and sulphur (Canada has sold more than \$4 million of it in 1977). Refined copper is one of the highlights of Canadian trade with France (more than \$24 million last year — 6.6 per cent of total sales). Substantial exports of coal were made in the three-year period 1974/76, but receded considerably in 1977. Yet total shipments to France of metals and minerals only represent 0.4 per cent

of French imports of these commodities, and there is room for some expansion of Canadian sales.

Import Policies

There are no serious tariff barriers, and no non-tariff obstacles hindering Canadian exports to France for ores and concentrates and other crude minerals. However, if the market exists for raw materials, outlets appear far more limited for processed metals or minerals, because of the existence of a well-equipped and strong local processing industry. The pattern of Canada's sales is likely to remain pretty well unchanged in coming years, with some possibilities of increased demand for imported coal, iron ore and sulphur.

Export Opportunities

Apart from a definite interest in New Caledonian nickel development, there has been little interest from Canadian companies for investing in France in recent years. There are some possibilities that French metallurgical groups might consider investing in mineral developments in Canada, both in the fields of oil, natural gas and uranium or of metals, and they have invested in coal mining.

FOREST PRODUCTS

The Market

Since a quarter of France is covered by forest, it is the largest timber-producing country in the EEC. However, forest products take second place behind petroleum products in the country's trade balance deficit. The French government, anxious to curb the heavy drain in currency which is regarded as abnormal for this sector, is endeavouring to set

up a program aimed at developing the French paper industry along two main lines:

1. utilization of the forest heritage to achieve better use of French timber in paper manufacturing;
2. expansion of industrial capabilities, especially in the paper pulp and newsprint sector in which it is hoped that national production will cover 60 to 75 per cent of consumption by 1985. The introduction of this program, although lengthy and difficult, ought not to have any medium-term effect on Canada's exports which will continue to depend on the availability of supplies and the prices of Scandinavian competitors.

Import Policies

Its forest resources notwithstanding, France has to import a quarter of its timber requirements to make up the quantity and quality needed. The figure for French softwood imports is approximately 1.8 million cubic metres a year. The portion of supplies furnished by Canada is now in a more favourable position than Scandinavian and Russian timber because of highly competitive prices and the declining dollar.

Export Opportunities

The government's housing policy still favours the more widespread construction of individual homes which has for the past year occupied a larger share of the market than the construction of multiple-residence buildings. The government is also encouraging the adoption of energy-saving construction processes. The Canadian timber-frame construction technique fully satisfies these concerns and its use should continue to spread.

GERMANY, FEDERAL REPUBLIC OF

The Market

West Germany, a major consumer of a wide variety of resource products but with limited domestic resources, is an important but competitive market for Canadian suppliers.

Pulp and paper, Canada's leading forest products export in dollar value, is largely traded through long established channels. Sulphate pulp followed by newsprint and liner-board accounted for the bulk of the trade as most other paper types face serious domestic competition.

Historically, imports of Canadian softwood lumber have consisted mainly of clear British Columbia grades. Recently however there has been increased interest in importing construction grades of spruce, pine and fir from both eastern and western Canada. Imports of Canadian millwork and other manufactured wood products increased further in 1977 and good prospects are seen for a number of items. Germany represents a good though very competitive market for plywood, particularly for packaging and for concrete forms. German standards authorities have recently approved western Canadian plywood for residential sheathing applications, a decision which produced a new market for Canadian exporters. Cedar shingles and shakes, chiefly of western red cedar, are becoming very popular and eastern white cedar shingles may also have potential in this market. With the exception of white and red oak and walnut, opportunities for Canadian hardwoods and veneers

are quite limited due to domestic and other European competition.

Although a leading producer and exporter of a very wide range of metal products, West Germany is also a major importer. Traders and end users generally exhibit no special preference for domestic suppliers and are open to quotations from any source with price and delivery being the determining factors. While the bulk of metal imports are in an unprocessed form, opportunities exist for a wide range of semi-fabricated products as well. Should a Canadian manufacturer or trader be in a position to export any metal product on a spot or long term basis, the West German market is, in most instances, an easy and responsive one to test. Furthermore, given the magnitude of most requirements, the acceptance of an offer could yield very substantial results. Unprocessed minerals, representing a very substantial share of Canada's total exports to West Germany, are normally traded under long term contracts through well-established channels.

The construction industry in West Germany is highly developed and very competitive. Past efforts to sell Canadian building products and systems have met with limited success, with the major difficulties being transportation costs, variances in standards and tastes. These impediments have been exacerbated by the current economic slump.

IRELAND

The Market

The forest products industry is the main Canadian exporter to Ireland, accounting for about one-third of total exports. The principal categories are wood pulp, newsprint and softwood lumber. It might be noted, nevertheless, that Scandinavian countries, as a group, have commanded a substantially larger share of the Irish market than has Canada for these products. These countries have the advantage of lower transport costs and of being on the metric system.

Expanding industrialization in Ireland, together with a buoyant construction sector, has resulted in improving demand both for lumber and for paper products, although there is some threat of a slowdown in residential construction due to a shortage of financing.

In 1977, Canada supplied lumber and primary wood products amounting to \$14 million: wood pulp (\$2 million); newsprint (\$6 million); other papers (\$0.5 million). Canadian hardwoods are not in demand, due to a traditional preference for tropical products.

Canadian suppliers continued to receive a few relatively small spot orders in 1977 for rolled steel and other basic

metal products, e.g. wire, copper pipe and tubing, reinforcing rod, steel bars. Ireland imports asbestos in limited quantities largely for asbestos cement products, and deliveries from Canada were about \$0.3 million in 1977. Imports of aluminum from Canada continue to increase modestly, and amounted to \$1.2 million in 1977.

Import Policies

Ireland subscribes to EEC tariff policies, including those in respect of anti-dumping.

Export Opportunities

While timber-frame house construction has yet to gain broad acceptance, its merits are becoming known, and this augurs well for the timber market. The continuing expansion and diversification of Irish secondary industry is increasing the demand for primary metal products. A new large asbestos brake lining plant has commenced operation, and may provide an additional outlet for asbestos from Canada. Within the next three to five years, Ireland will have built one or two new 350 MW coal-fired electrical generation stations which may use Canadian coal.

ITALY

FOREST PRODUCTS

The Market

In 1976, total Italian imports of softwood lumber were 3,536,000 cubic metres (1977 estimate — 3,420,000 cubic metres). Canadian softwood exports to Italy in 1976 totalled 53,883 cubic metres and in 1977 totalled 41,561 cubic metres. Total Italian imports of woodpulp in 1977 were 1,111,314 tonnes. Canada's share of the market was 302,519 tonnes. 1976 Italian imports of packaging papers were 14,470 tonnes, of which Canada's share was 499 tonnes.

Import Policies

Italy requires satisfactory drying treatment of lumber and a fixed percentage of four-metre-long boards in each shipment.

Italy has a strong domestic paper industry. This, combined with a 1,000-ton quota on newsprint imports, limits the paper export potential for Canadian as well as other foreign suppliers.

Export Opportunities

Lumber

Exports of Canadian lumber to Italy are expected to increase over the next few years. In addition to the established volume of Douglas fir clears coming to Italy from the West Coast, there has been a start in exports of lower grades and particularly merchandise grades of different species.

Sales of lodgepole pine have recently been made and are likely to increase. There is some interest in hemlock. Such interest could be much larger if kiln dry treatment could be provided.

Lumber exports from the West Coast are likely to expand and include increasing quantities of various species of

grades that were not sold to Italy in the past. The interest in Canadian lumber is also proved by the fact that Italian agents have signed agreements with Canadian exporters.

Eastern Canadian lumber is now starting to enter the Italian market with the pine-spruce-fir mix destined to the construction lumber market. Exports of the above mix have their natural market in the South of Italy where Austria is not competitive and Russia is selling large volumes. The fact that Russian lumber prices are increasing and expected to continue to go up should leave space for shipments from Canada.

Plywood

Canadian exterior plywood is now entering the Italian construction market. The demand in Italy has been growing. The possibility of selling exterior plywood for formwork should be taken into consideration on the part of Canadian manufacturers within the near future.

Pulp

Italy is almost totally dependent upon foreign suppliers with respect to pulp. Canada has a large share of the Italian market and well established contacts. Should there be any Canadian producers who are not yet selling in Italy and wish to enter the Italian market, useful contacts could be readily identified.

Paper

Export opportunities have been identified for linerboard and sack kraft. Opportunities to sell Canadian linerboard would arise when world prices increase above \$250 a ton.

Sack kraft is already sold to Italy. Export opportunities for Canada would increase if Canada started to produce extensible paper, which represents the larger share of the Italian market, while the flat sack kraft share of the market tends to decrease.

METALS AND MINERALS

The Market

Italy, the seventh largest industrial nation in the world and the ninth largest exporter, depends greatly on imports of raw materials. Although steel mills were working at 78 per cent capacity in 1977, Italy imported 16 million tonnes of iron ore of which 2.1 million tonnes valued at \$33.5 million came from Canada. 12.6 million tonnes of coal were imported in 1977, of which 71,817 tonnes of coking coal, valued at \$2.7 million, were imported from Eastern Canada.

In 1976, Italy imported 68,155 tonnes of asbestos fibre, of which Canada's contribution was 25,210 tonnes valued at \$12.2 million. This was an increase of 50 per cent over the previous year.

Italian imports of asbestos fibre in the period January-October 1977 totalled 58,847 tonnes. Canadian exports to Italy of this material for the whole of 1977 were 27,957 tonnes worth \$15 million. This represented an increase in tonnage of 10 per cent over 1976. Copper refinery shapes imported from Canada in 1977 were valued at \$18.6 million and steel products were worth \$9.7 million.

Import Policies

There are no import restrictions on resource industry commodities.

Export Opportunities

Italy's steel industry continues to work at a loss. Products are sold at less than production costs. In the expectation of better economic times, Italy has commenced a project to build another steel plant in the Calabria region of Southern Italy and if it goes ahead, will considerably increase the present requirement for coal and iron ore. The state-owned company "Italsider" has equity in a Canadian iron ore mine and is at present exploring the possibility of more procurement from Canadian sources.

Italsider has purchased equity in a coal project located in British Columbia which should assure it of 500,000 tonnes of coal per year when the project comes on stream. There has been some recent success in obtaining a five-year contract for 200,000 tonnes per year of Nova Scotia high volatile coal. Italy is interested in purchasing Canadian coal on both a long and medium-term basis in coking and thermal qualities.

Although Canadian asbestos is the most expensive on the market, Canadian qualities are considered the best available so, over the long term, imports from Canada should continue to increase depending on availability.

Finished products such as iron and steel valves are making slow but regular penetration into the market.

NETHERLANDS

The Market

The Netherlands, which is resource poor, imports large quantities of raw materials to support its substantial industrial base. Canadian exports of metals and minerals are generally well established, although progress could be made in certain areas. In the area of forest products, Canada is attracting increasing attention.

Metals and Minerals — Through well-established channels, Canada exported more than \$90 million of iron ore and more than \$25 million of pig iron to The Netherlands in 1977. Shipments are shared between the Dutch Steel Works and the entrepôt trade in Rotterdam. While international prices have excluded most Canadian iron and steel products from this market, there is some scope for increased sales of specialized products such as fasteners and alloyed pipe tubing.

The most important non-ferrous ores exported to The Netherlands are zinc and molybdenum ores. Imports of zinc concentrates will rise through Billiton's (Shell) interest in a Baffin Island zinc mine that went into production last year. Forty per cent of its expected annual output will be processed in The Netherlands. Tariff structures make sales of non-ferrous shapes and tubing extremely difficult, however some possibilities exist for specialized shapes and nickel alloy tubing.

The Dutch government is expected to legislate restrictions on the use of asbestos in The Netherlands in the near future. While this will undoubtedly reduce the use of asbestos, it may not significantly affect Canadian sales as blue asbestos (from South Africa) is expected to be banned and Canada's other major competitor, the Soviet Union, is expected to have difficulties in meeting packing and handling requirements. While The Netherlands has, until now, pur-

chased only very small quantities of coal from Canada, the Dutch government has regarded coal as a major source of energy for the future. Recently two coal fired power plants went into operation and The Netherlands is interested in Canadian coal for long-term supplies.

Forest Products — Dutch imports of wood products rose to \$1,220 million in 1977, up from \$874 million in 1976. Canada's share of these imports rose to 3.6 per cent from 2 per cent in 1976 and may continue to increase substantially due to favourable market conditions and current developments in timber-frame housing. As a result of a TFC design competition, the construction of five winning designs (more than 300 TFC homes) will start soon and should use Canadian CLS lumber, Douglas fir plywood and western red cedar bevel siding. There is also a good potential for other products such as waferboard, louvred doors and shutters, hardwood (maple and oak) for flooring and the furniture industry, and Eastern spruce for the packaging industry.

In 1977 sawn softwood imports from Canada rose to 43,311 cubic metres from 31,911 cubic metres in 1976, and captured 2 per cent of the market. Imports of Canadian plywood, which rose even more sharply in 1977 to 47,070 cubic metres from 13,548 cubic metres, obtained a market share of 13 per cent.

Dutch pulp and paper imports totalled \$2.9 billion in 1977. Canada's share of the wood pulp imports was over 25 per cent (133,536 metric tons). Short and medium prospects for Canadian wood pulp are good. Canadian newsprint exports totalled 23,000 metric tons, approximately 9 per cent of newsprint imports. Almost 80 per cent of the imports of newsprint came from Scandinavian sources. In the longer term, the outlook for sales of Canadian newsprint is quite

Netherlands — (cont'd.)

good. Canada accounted for 12.3 per cent of Dutch imports of kraftliner (16,007 metric tons, up 36 per cent on 1976). Major suppliers are Sweden and Finland (more than 50 per cent), followed by the United States (16 per cent). With the demand for kraftliner expanding rapidly, prospects for Canadian sales are quite good. Imports of kraft paper from Canada rose from 3,102 metric tons in 1976 to 6,021 metric

tons in 1977, and accounted for 11 per cent of imports. Further increases can be expected. Canadian exporters of tissue papers also increased their share of the market. In the fine papers sector there are limited opportunities for specialty paper products (such as business forms) and very special types of top quality printing paper.

WESTERN EUROPE (NON-EEC)

AUSTRIA

The Market

PRIMARY AND MANUFACTURED WOOD PRODUCTS

Austria has among the largest timber reserves in Western Europe and is a net exporter of wood products (1977: imports 2.3 million metric tons, exports 3.1 million metric tons). Efforts to create interest in timber frame housing have been unsuccessful: Austrian urban centres are not expanding rapidly, and there is a strong preference for traditional masonry style housing.

PULP AND PAPER

Austria is a net importer of pulp (1977: 146,000 metric tons) and of waste paper (1977: 146,000 metric tons). For both newsprint and fine papers, there is a strong domestic industry.

METALS AND MINERALS

Austria is a large importer of ferrous and non-ferrous ores, and of industrial minerals. Canada is a traditional supplier of asbestos (1977: \$6.4 million).

Import Policies

For years customs duties for Austria's partners in EFTA have been zero or very low. On July 1, 1977, duties on most industrial products made in the EEC were also reduced to zero, under the terms of a free trade agreement. In many cases, nevertheless, raw materials continue to enter duty-free from Canada. For semi-finished or finished goods, if there is no Austrian industry, or if local production is considered insufficient, a reduction of duty is possible to obtain. Canadian firms can expect to compete in Austria on much the same basis as elsewhere in Europe.

Canadian exports of building components are currently stymied by a multiplicity of building codes in Austria. Plans to establish one uniform federal code have foundered on the intransigence of local authorities.

Export Opportunities

Opportunities exist for exports of special hardwoods, shingles, veneers, pulp, asbestos, ferrous and non-ferrous ores.

FINLAND

The Market

Under the prevailing economic situation in Finland, no marked increases are expected in resource industry products. During 1977 Finland imported \$0.4 million worth of ores and \$0.8 million worth of minerals (asbestos) from Canada.

Canada is one of the major suppliers of ores and minerals to Finland and despite decreased shipments of iron ore concentrate, will evidently maintain its position at least for the near future.

Imports of lumber, mainly oak and western hemlock, were \$0.6 million in 1977.

Export Opportunities

There is some pressure from energy experts to have the government increase the use of coal as fuel instead of oil. This may lead to increased imports of coal.

There is also some interest within the pulp industry for imports of wood chips from abroad and also within the paper industry for imported pulp. The above interest depends on the price of domestic wood and the price and demand for paper in the world market.

Construction trends continue to be stagnant and no large projects are in sight. As a result of this, Finnish construction and engineering companies have been very active in third markets, i.e. the U.S.S.R., the Near East and Africa.

GREECE

The Market

This important sector covers a wide range of industrial and construction raw materials and products of interest to Canada, including wood pulp, corrugated medium, specialty and fine papers, asbestos fibres, zinc, copper primary shapes, softwood construction and joinery lumber, as well as plywood, utility treated poles and fibreglass industrial materials.

Our sales in recent years of wood pulp, corrugated medium, asbestos fibres, primary zinc and copper shapes have been satisfactory and on the increase. Further expansion appears possible, particularly for pulp and paper products. Asbestos fibre sales will eventually be adversely affected if the projected Zidani plant goes on stream in two or three years' time. Canadian aluminum ingot and other primary shapes which in the past covered a major share of the mar-

ket are now down to insignificant levels since the establishment of the Pechiney smelter some years ago, and will be reduced even further if a proposed second smelter is established with the next few years.

Sales of Canadian eastern softwood lumber are, at best, sporadic and of relatively modest quantities, due primarily to Canadian sawmills' inability to meet Greek market requirements as to sizes and grades. Furthermore, traditional strong competition is offered by established Scandinavian, Romanian, Austrian and other Central European suppliers, assisted by lower freight charges and ability to ship smaller, more convenient quantities at attractive prices and payment terms.

Import Policies

Import permit/foreign exchange approval is required for all

materials and products referred to above. Because of their essential nature to industry and construction activity, however, difficulties are not normally experienced in arranging imports from any supplying source. For those products where customs duties and import taxes still apply, EEC suppliers have a definite advantage with lower rates. Furthermore, importers of materials and products from bilateral clearing countries (mainly Eastern Europe) have, up to now, had the advantage of not having to arrange advance deposits with local banks (of varying amounts de-

pending on commodity imported) which are "frozen" for periods from 2-8 months from date of obtaining import permit. This deposit system applies to all imports from liberal trading countries where payments are arranged in free foreign exchange.

Export Opportunities

Good opportunities exist for Canadian exporters of pulp, newsprint, specialty and fine papers as well as zinc and copper.

ICELAND

The Market

There are an increasing number of inquiries for paper, paperboard and lumber for various uses. Potential is en-

hanced with the regular shipping link between Halifax and Reykjavik established in early 1977.

NORWAY

The Market

NON-FERROUS METALS

Norway is a net exporter of non-ferrous metals and ferroalloys. In general, imports consist of lead, tin and copper.

IRON AND STEEL

The products of two domestic steel works are supplemented by imports. The market for ship's steel has been affected by the slump in shipbuilding. Norwegian imports of steel sheets in 1977 totalled \$173 million; of steel bars, \$39 million; cast iron pipe, \$9 million; seamless pipe, \$41 million; rolled wire, \$18 million; shapes, \$44 million; drawn wire, \$57 million; other pipe, \$32 million; and pipe fittings, \$30 million.

PRIMARY WOOD PRODUCTS

There is a market for softwood plywood for concrete forming but hardwood plywood requirements have fallen off. Stockpiling of pulpwood has reduced the immediate demand, however the pulp and paper industry may still be

interested in long-term contracts for supplies for pulpwood or possibly chips.

MANUFACTURED WOOD PRODUCTS

With few exceptions, such as charcoal, Norway is largely self-sufficient and a major producer and exporter especially of manufactured wooden buildings. Imports of wood veneers increased sharply in 1977.

PULP AND PAPER

Norway competes with Canada on world markets.

Import Policies

There are no restrictions on imports, and raw materials enter duty-free. Manufactured products are subject to various duties specific or pro rata according to type.

Export Opportunities

Specific opportunities: Cupro-nickel, heavy anchor chain, pulpwood, construction steel, pipeline pipe.

PORTUGAL

The Market

As industrial production rises slowly (an increase of 12 per cent in 1977 over 1976), the demand for raw materials and certain base metals should increase. In 1976, Portugal represented a market of about \$15 million for copper, about \$2 million for asbestos, \$500,000 for nickel and \$4.7 million for aluminum. Canadian aluminum, copper and asbestos made up about 58 per cent of total Canadian exports to Portugal in 1976 and 30 per cent in 1977. Canadian newsprint is slowly obtaining a small share of the Portuguese newsprint market.

Portugal's housing development has high priority but the bulk comes under foreign aid from the U.S., West Germany and Norway.

Import Policies

Import restrictions and other measures do not generally apply to raw materials and base metals. A government de-

ree published in 1976 allows raw materials for processing in the country to enter duty-free. Although there are constraints in the construction and housing sector, growth is expected with the revival of growth in the economy.

Export Opportunities

Market prospects will continue to develop as industrial production increases and the economy stabilizes. Copper, aluminum, asbestos and nickel will continue to find a fair share of the market in Portugal. There are also opportunities for copper/nickel blanks and electrolytic nickel and nickel ingots in this market.

Construction has suffered badly following the revolution, but the government intends to invest large sums in promoting tourism which shows signs of picking up. This should revive construction expansion programs which have been suspended due to the political situation.

SPAIN

The Market

Lumber — Spain is a market for clear grade softwood lumber. About 300 million board feet are imported into Spain annually but Canada has only a small share of this market.

Pulp and Paper — Under normal conditions there is a market in Spain for 350,000 tons of imported pulp 200,000 of which correspond to bleached kraft. However, Spanish mills are reported to be operating at between 60-80 per cent of their capacity and imports were thus reduced to about 12,000 tons monthly in 1978. For the same domestic reasons, imports of newsprint may drop from the habitual 70-75,000 tons to 50,000 tons, of which the Canadian share is approximately 30 per cent.

Metals and Minerals — The steel, non-ferrous metals and industrial metals sectors have been seriously affected by the economic recession in Spain. Inventories are significant and imports are stagnating. The steel industry has agreed to a reorganization with government assistance.

Construction — The construction sector is one of the most affected by the current recession.

Import Policies

Lumber and Pulp and Paper — No particular government policy or restrictions currently affect the market. Should the new government initiate a housing program, marketing possibilities for imported lumber will improve accordingly.

Tariffs may be reduced as Spain begins to integrate with the EEC.

Metals and Minerals — To insure the supply of mineral raw materials to its processing industry, Spain has developed a program to promote the exploration and the utilization of raw materials inside and outside the Spanish territory.

Construction — The government and commercial practices are such that 90 per cent of contracts are given to local companies.

Export Opportunities

Lumber — For some time, the Canadian Trade Office in Madrid has been trying to assist Spanish importers to source merchantable grades at lower prices, particularly from Eastern Canada, but so far none of the contacts has proved encouraging.

Pulp and Paper — Spain will continue to be deficient in newsprint and bleached kraft. There may be some opportunities for chemical pulp once the economic situation starts to improve. Recovery is anticipated by 1979.

Metals and Minerals — The metals and minerals identified as priority imports by the government are coal, uranium, nickel, asbestos, chromium, titanium, copper, tin, iron ore, zinc and lead.

SWEDEN

METALS AND MINERALS

The Market

In 1977 Canada exported to Sweden copper and alloys valued at \$16.4 million (primarily refined unalloyed copper where Canada enjoys a good market position supplying about 15 per cent of Sweden's total imports). Nickel ore, nickel and alloys worth \$10.2 million and tungsten worth about \$5.8 million were also exported as well as some pig and cast iron at \$290,000, coal at \$1.8 million, asbestos at \$1.1 million, and several million dollars of uranium. Manufactured iron and steel products (bolts, nuts, screws, wires) worth \$138,000 were also exported.

Import Policies

Metals and minerals sell under free competition conditions (price, quality, transport, services, etc.).

Export Opportunities

No large increases in the exports of unmanufactured metals are foreseen. The demand in Sweden for specialized manufactured iron and steel products, such as bolts, nuts, screws and special tools, is steady; in minerals there is a large demand for sulphur and Canadian exporters are encouraged to approach the Swedish market. Asbestos imports have been drastically cut during past years for health reasons and market for asbestos and products thereof continues to decrease. Coking coal market potential is yet un-

certain due to difficulty business climate for Swedish iron and steel mills.

PAPER, PULP AND WOOD

The Market

Some oak, hickory and other hardwoods have been exported to Sweden along with manufactured wooden goods, such as louvred doors, panels, etc.

Small shipments of pulp and paper for special purposes have been made. Due to wood shortages in Sweden, Canadian wood chips valued at \$1.2 million were exported.

Import Policies

Paper, pulp and wood products sell under free competitive conditions (price, quality, transport, services, etc.).

Export Opportunities

The market potential for Canadian manufactured wood products is considered good. The keen interest in overseas pulpwood chips developed in 1976 came to a halt during the latter part of 1977 because of the growing business recession in the Swedish pulp and paper industry. However, a slight upward trend in Sweden's forest industry has been observed in 1978 and it is anticipated that the demand for imported pulpwood chips, pulpwood and also lumber will return slowly.

SWITZERLAND

The Market

IRON AND STEEL. There are no iron ore and coal deposits in Switzerland. The Swiss steel industry produces semi-finished and finished products from imported pig iron and from scrap metal. In 1977, total imports of pig iron amounted to 74,883 metric tons. EEC countries supplied 63 per cent and EFTA countries 9 per cent. Canada's share was 26 per cent. The value of total imports of iron and steel products was \$1,084 million and exports amounted to \$622 million. The main suppliers were the EEC countries (75 per cent) and the EFTA countries (12 per cent). Canada supplies only pig iron. The market for iron and steel is not likely to expand in the near future.

NON-FERROUS METALS AND ASBESTOS. In 1977, Switzerland imported non-ferrous metals worth \$519.2 million of which EEC countries supplied 60 per cent and EFTA countries 18 per cent. Canada's share was 23 per cent, of which about half was for raw copper. Canada is Switzerland's main supplier of asbestos fibre.

PULP. Due to a recession in the Swiss paper industry imports of pulp were considerably lower in 1976 and 1977 than in 1975. EEC countries supply 11 per cent, EFTA countries, 80 per cent and Canada about 3 per cent.

PAPER. In 1977, Switzerland imported paper and paper products (excluding books and printed matter) worth \$33.5 million, of which EEC countries supplied 43 per cent and EFTA countries 53 per cent. Canada's share was insignificant.

LUMBER AND PLYWOOD. Despite a continuing recession in the construction industry, imports of lumber and plywood are on the increase. Importers are replenishing their stocks. In 1977, Switzerland imported logs, lumber, plywood and boards for a value of \$212 million. EEC countries supplied 47 per cent and EFTA countries 32 per cent. Canada's share was 1.4 per cent. Switzerland enjoys a good level of domestic production and, in 1977, exported \$160 million worth of wood.

Import Policies

Imports from EFTA countries are duty-free and, as of July 1, 1977, imports from EEC countries also became duty exempt. Customs duties on imports from Canada range from zero on certain raw materials to 300 Swiss Francs per 100 kilograms gross weight for semi-finished and finished products. No import permits are needed and there are no other restrictions.

Export Opportunities

The market for non-ferrous metals is already covered, but spot sales, at competitive prices, should be possible. There is a growing market for Canadian pulp, whereas opportunities exist only for specialty papers. The Swiss are only interested in hemlock from Canada. Due to high freight rates, other species can be purchased more economically in European countries which, in addition, have a duty advantage. There are good prospects for plywood.

PACIFIC

AUSTRALIA

FOREST PRODUCTS

The Market

Changes in source of supply for some primary wood and paper products has adversely affected sales of these Canadian products. Douglas fir timber is increasingly coming from the U.S. Treated pinus radiata from New Zealand and local sources is increasingly acceptable in the local market. Currently high west coast prices and weakening supplies of red cedar allocated to the Australian market are creating local production problems for the major users. If these supply conditions continue for much longer, a structural change in the market from western red cedar to treated Asian timber could result.

The construction of a 500 tonne per day newsprint mill in Albury (N.S.W.) and the realization of even one of the two projected softwood pulping mills in Oberon, N.S.W., and Gympie, Queensland, combined with the expansion of the Burnie, Tasmania APPM Mill, will substantially reduce the remaining newsprint and telephone directory paper requirements to spot order status only.

The Australian government has traditionally supported domestic sawmilling by limiting sawn lumber imports and by planting local pinus radiata on government forest reserves.

In summary, Australia will remain a forest products importer but close attention must be paid over the coming years to identifying a new product mix which complements local and nearby Asian timber resources.

Import Policies

Canada enjoys a margin of tariff preference for a number of forestry products. The margins apply mainly to lumber, but railway ties as well as some plywood and fibreboard items have preferred access. A tariff enquiry into timber and timber products and plywood and veneer is pending. Until a government decision is announced, the current tariff quota on thick plywood will continue to apply. The results of a tariff enquiry on finished paper and paper products are expected within the next few months. Canada has preferential access on a few paper items as well.

Export Opportunities

Cedar and cedar products, e.g. shakes and some c.k.d. cedar furniture, Douglas fir for construction, and some home decorative items, e.g. spindles, will continue to have a place in this market. However, export opportunities will depend upon the strength of the Australian construction

industry which is projected to remain at the level of 125,000 units of housing per annum for the years 1977-82.

METALS AND MINERALS

The Market

Australia imports a wide range of fabricated metal products (more than \$600 million). Japan is clearly the major supplier, followed by the United States and Britain.

To date, Canada has played only a marginal role, but metal fasteners are being marketed and some prospects for specialized pipe fittings and couplings have been identified. There are good opportunities for drill rod and pipe.

Apart from some Amosite asbestos from South Africa, Canada supplies nearly all of Australia's crude asbestos imports. Canadian asbestos sales in 1977 exceeded \$32 million.

Sulphur is another mineral where Canada has supplied almost the entire Australian requirement, with Canadian exports last year worth more than \$5 million.

There is a steady requirement for molybdenum and increased imports are indicated by the present Australian special steel development. The major user is Commonwealth Steel at its Newcastle and Port Kemble works. At Newcastle the present usage is 84 tonnes per annum and, despite the present slackening of industry, this is expected to increase by 10 per cent per annum for the next five years. The new electro slag refining unit is to come into operation by the end of 1979 with the production of high speed steel for special railway wheels. This operation could increase the demand for molybdenum.

In Port Kemble the present usage is 98 tonnes per annum and this is expected to rise to 125 tonnes per annum for the year 1978-79.

There is a market in Australia for about 30,000 tonnes per year of magnetite used in slurries for cleaning coal.

Shipments of Canadian peat moss to Australia were only \$33,000 in 1977, but exports should rise quickly to levels well above that figure. Prospects are bright because Canada can supply the highly compressed product as well as a good retail pack for use by Australia's many horticulturists, especially those who grow orchids.

NEW ZEALAND AND THE PACIFIC ISLANDS

The Market

In 1977 Canadians exported \$0.7 million in wood products, \$0.3 million in pulp and paper, \$5.5 million of iron and steel and \$1.7 million worth of non-ferrous metals to New Zealand. New Zealand imports of western red cedar and Douglas fir dropped dramatically because of the high prices for the imported product and the downturn in housing starts resulting from strained internal liquidity.

Import Policies

Although there are restrictions against the import of fabricated products of iron and steel, the basic shapes, plates, and strip are exempt from the requirement to have or obtain an import licence. Import licences are required for non-ferrous metals, lumber and pulp and paper products.

New Zealand and the Pacific Islands — (cont'd.)

Export Opportunities

Dependent upon competitive pricing, a good market exists in New Zealand for ferrous and non-ferrous metals, lumber, and for paper products not made in the country.

The market in the Pacific island countries is not inhibited by other than international competition and the difficulty of shipping small lots into the Southwest Pacific countries and to the New Hebrides and New Caledonia.

ASIA

BURMA

The Market

Burma is a socialist country. Imports are the exclusive domain of the various state enterprises which control all activity in their respective economic sectors. Procurement is effected on the basis of international tendering, and price is the over-riding consideration in determining sources of supply. Burma's ability to import is limited, owing to a chronic shortage of foreign exchange.

Opportunities for commercial sales in the Resource Industries and Construction sector are limited to procurement for projects financed by the IBRD or the Asia Development Bank. Status reports on such projects are published monthly by the International Financing Branch, Department of Industry, Trade and Commerce in Ottawa. Tender documents are distributed to potential Canadian suppliers by the Resource Industries and Construction Branch of the same department.

CHINA, PEOPLE'S REPUBLIC OF

The Market

PRIMARY AND MANUFACTURED WOOD PRODUCTS

The Chinese produce their own requirements.

PULP AND PAPER

China produces about four million tons of pulp and 400 thousand tonnes of paper per year. Due to rapidly growing demand for pulp and paper products, China has been accelerating its imports of pulp and newsprint from traditional suppliers which include Canada, New Zealand and the Scandinavian countries. It is expected that import requirements for these products will continue to grow for the next few years, as it is believed that no new capacity is likely to come on-stream in the near future.

IRON AND STEEL

The Chinese have a growing requirement for iron ore, concentrates and scrap to feed the domestic steel industry. Because of the high quality of its iron ore, Australia is rapidly becoming the major iron ore supplier to China. India and Brazil also have high-quality ores and are also believed to

be about to enter this market. Chinese steel production in 1977 is estimated at 21 million tons and steel imports amounted to 6 million tons, of which approximately 4 million were purchased from Japan.

NON-FERROUS METALS

The Chinese continue to buy quantities of aluminum and copper, nickel and various alloys from Canada. The amount purchased depends mostly on the market price. The Chinese tend to buy when world prices are low and stockpile for future requirements.

INDUSTRIAL MINERALS

The Chinese seem to have sufficient domestic production not only to meet their own needs in this area, but also to have some quantities (particularly asbestos) left over for export.

CONSTRUCTION ENGINEERING

Despite an increasing openness to foreign technology and equipment, it is unlikely that China would accept construction engineering services except in the context of a complete plant purchase.

HONG KONG

The Market

Non-ferrous metals, iron and steel, paper and paperboard and their manufactures, and building materials represent Hong Kong's significant imports (in 1977 at \$879 million). Canada has remained as one of the top suppliers of aluminum, nickel, zinc, lead, high-quality tinplate waste and newsprint to this market. Opportunities also exist for plumbing fittings, furniture hardware, tools, partitioning systems, sanitary ware and building supplies.

A Hong Kong building boom is expected to continue for the next five years.

Export Opportunities

Currently, market opportunities for Canadian aluminum ingots, nickel rounds/squares, zinc and lead ingots, newsprint. Market has been established for kraft paper and linerboard. There are also frequent inquiries for Canadian sanitary ware and plumbing fittings. Potential excellent for thermal coal for new power stations.

INDIA

The Market

Although India is an exporter of iron ore and manganese, is self-sufficient in basic steel, aluminum and cement, and is a small producer of copper, zinc and lead, there still remains major market potential for basic resources. In fact, in 1975/76 more than \$600 million (or roughly 19 per cent of India's total import bill) were devoted primarily to purchase of wood pulp, newsprint, asbestos, base metals and iron and steel items. The following table illustrates:

(thousands of tonnes)

	Production		Imports	
	1976	1977	1976	1977
Cement	21,330	21,540	—	—
Aluminum	208	180	—	—
Zinc	27	36	46	65
Copper	24	29	34	19
Lead	8	10	44	54
Newsprint	55	60	109	152
Nickel	—	—	3	5
Asbestos	—	—	42	55

In newsprint, Canada has traditionally supplied about half of the annual requirements of 200,000 tonnes. Current long-term contracts have virtually saturated the market for the immediate future.

Import Policies

Indian import policy normally prohibits the use of foreign exchange for the purchase of items which are locally produced. Imports are therefore permitted only to fill the gap between demand and supply in any given year.

Importing of almost all basic commodities is done through government trading organizations such as the Minerals and Metals Trading Corporation of India Limited (MMTC) and the State Trading Corporation of India (STC).

The government has recently liberalized import procedures for most basic products, particularly wood pulp and several categories of iron and steel. In addition, import duties have been reduced for newsprint, specialty steels and copper wire and bars.

Export Opportunities

Due to power shortages, there may be a shortfall in production this year of 50,000 tonnes of aluminum which may have to be imported.

Annual import requirements of zinc concentrates are about 9,000 tonnes (metal content).

The MMTC will require about 75,000 tonnes of asbestos fibre. Russia is a traditional supplier, but Canadian fibre is preferred when available.

There is a continuing market for wood pulp and a developing market for coking coal.

INDONESIA

RESOURCE PRODUCTS

The Market

The Indonesian market for Canadian raw materials is very small and unlikely to grow for several decades. Significant requirements by Indonesia for Canadian products will only develop as Indonesian industry develops, which will take time. Another negative factor limiting Canadian sales of resource materials is that Indonesia itself possesses tremendous quantities of competitive materials.

On the other hand, there are specific areas where Indonesia's needs are great and cannot be supplied domestically. It is in these areas where Canada should concentrate its efforts with excellent prospects for increased sales.

Import Policies

No unusual government policies apply.

Export Opportunities

Paper requirements (especially newsprint) are increasing rapidly as Indonesians expand their usage of newspapers, books and periodicals. Although Indonesia will certainly increase its paper production facilities, it is doubtful that production will ever equal consumption, certainly not for decades. There is also a need for asbestos as asbestos cement production capacity expands. Asbestos cement is required on an ever-increasing scale as Indonesia attempts to increase low-cost housing programs. Asbestos fibre is also required in large volumes for building materials. Opportunities for Canadian sales are good. Additionally, there is

a need in Indonesia for sulphur to satisfy the requirements of its chemical industries. Finally, but most important, is Indonesia's attempt to become self-sufficient in rice production. The demand for fertilizers is increasing dramatically, and thus Canada has excellent opportunities to increase its potash sales.

CONSTRUCTION

The Market

Indonesia is carrying out a monumental development program with particular emphasis on resource industry development, power generation, power transmission and some industrial development. In addition, great importance has been placed on transportation improvements such as for air, railway, sea and road. Clearly, the necessary programs to realize these developments offer an enormous market for engineering services and construction. Many Canadian firms have discovered the prospects available in this market but a great deal of potential work in this country is largely untapped.

Import Policies

The Indonesian government insists on association with local firms by foreign consultants and construction companies, and so it is virtually impossible to win bids on tenders for projects in Indonesia without having good local representation. Significant projects of any size are financed either multilaterally or bilaterally. It is suggested that interested Canadian companies keep abreast of all programs of interest contemplated by IBRD, ADB and CIDA.

Export Opportunities

Opportunities for Canadian companies to work on projects in Indonesia are multitudinous. Such opportunities exist in projects or sectors such as: (1) coal development; (2) paper projects; (3) cement plants; (4) electrical generation plants

of all types; (5) electrical distribution; (6) railroad development; (7) road construction; (8) airport development; (9) harbour development; (10) forest industry development; (11) rural electrification programs.

JAPAN

ENERGY, METALS AND MINERALS

The Market

Minerals, metals and energy as a group accounted for about half of Canada's total exports to Japan in 1977. Coal was the single most important item at \$529 million, followed by base metals (copper, lead and zinc) with a combined value of \$307 million (including \$26 million by-product gold and silver), iron ore at \$52 million, and molybdenum and aluminum each at \$42 million. Although Canada is a large producer of base metals for export to many countries, trade with Japan is mainly in the form of ore concentrates. For many commodities, Japan and Canada are dependent on each other. For example, the Japanese market takes 90 per cent of coal exports which represents 20 per cent of Japan's supplies. Japan purchases 70 per cent of Canada's copper concentrates and nearly 65 per cent of Canada's lead concentrate. Canada's share of the Japanese market for some important other minerals is 50 per cent for potash, 40 per cent each for asbestos and molybdenum and 26 per cent for zinc concentrate. In fact, some Canadian producers and Japanese consumers are almost entirely dependent on each other.

Canada's total export trade with Japan in energy, minerals and metals grew sharply in the 1960s and early 1970s reflecting mainly the demand for copper concentrate and coal. Demand slowed and then decreased in the last few years to reflect slow economic growth in Japan and worldwide. The minerals and metals industry appears to be in a recovery stage for certain sectors, but the rapid growth experienced in the past appears at an end and this could have long-term implications for Canada's mineral and metals industries.

Import Policies

In general, mineral and metal industries in Japan are currently suffering from low production levels and low prices brought on by depressed economic conditions worldwide. This factor combined with upward valuation of the yen and the high cost of energy vis-à-vis other countries, has meant little or no profitability for most of these industries.

Although some metal industries will recover with increased production and higher prices, others will need to undergo extensive rationalization because of structural weaknesses. For example, the energy factor has dealt a severe blow to the competitiveness of a number of energy-intensive industries. This factor, as well as higher costs for labour, pollution control and sulphur by-product disposal problems, has led to the formulation by the Japanese government of a new industrial strategy to change the structure of certain affected industries in a fundamental way. The government recently passed a bill called the "Structural Depression Bill" that will enable a responsible minister to formulate a restructuring plan for an industry if companies responsible for half the production in that industry so request. Industries that will be eligible for re-

structuring assistance under the bill will be specified by cabinet ordinance, and are thus limited to industries in deep difficulty for which there can be little hope of recovery even when there is an upturn in the economy as a whole. Industries designated for immediate application of the law include: electric and open hearth steelmaking, aluminum smelting and shipbuilding. Likely to be designated are the chemical fertilizers, ferro-silicon and synthetic fibre manufacturing industries.

Notwithstanding massive financial losses for the base metal industry as a whole, the situation is not so critical as to demand restructuring. The loss situation, which is attributable to low production levels and low prices, is not expected to continue. However, there is a measure of structural weakness because of higher costs for smelting and refining that will continue to affect profitability. It is most likely this factor will hinder further base metal smelter expansion in Japan even if markets recover. In fact, production capacity could shrink in favour of Japanese company develop-and-import projects overseas. Further processing of concentrates in Canada prior to export could take on new meaning if Japanese seek to fill incremental needs for metal from overseas smelter-refineries rather than from the increased purchase of concentrates for smelting.

The lags since the oil crisis of 1973 in developing alternative energies as a means of diversification have accentuated Japan's deep concerns about its economic future. A new (August 1978) policy will reaffirm Japan's desire to diversify energy supplies by source and type. The policy will also contain provisions for energy saving with de-emphasis of energy-intensive industries, such as those identified to be restructured under the Structural Depression Bill. This could have tremendous impact both directly and indirectly on Canada in the area of coal, both metallurgical and thermal, tar sands and heavy oil development, LNG, petrochemicals, uranium and energy-intensive base and light metals. Japan has already set in motion a vast array of plans and programs in an effort to ameliorate the consequences of extreme dependence on OPEC oil. The new energy policy will not only reaffirm most of these programs but will also put more emphasis on energy saving.

Central to Japan's plans is diversification of its sources of oil as well as developing non-oil energy sources. With respect to the former, the Japanese government, along with industry, is investing heavily in oil exploration and development throughout the world, and is strengthening Japanese-controlled oil companies to develop direct access to these supplies. Also, in line with energy saving, Japan will be reducing demand for oil through importation of petrochemicals and high-energy materials such as aluminum and copper rather than expanding domestic production. With respect to diversifying its sources of energy, Japan will be importing more uranium, thermal coal and LNG

for power purposes. In addition, Japan is promoting research and development of alternative energy sources (e.g. the Sunshine Project). In the political area, this country is joining with other industrial nations to devise common programs for energy conservation and research, to develop new energy sources, and to promote bilateral and multi-lateral consultation among industrial, developing and oil-producing countries and multinational oil companies on supply access and price stability.

Export Opportunities

Coal is one of the most important and promising areas for substantially increasing Canada-Japan trade and investment. Fully one-quarter of Canada's total export to Japan is accounted for by coking coal. A growing demand for coal could translate into major developments in British Columbia and Alberta that may nearly double Canada's current coal exports in the 1985-1990 period.

Although Canada is attempting to diversify its exports of coking coal, the Japanese market still has the largest growth possibilities. However, this opportunity is not readily apparent in view of the low level of steel production in Japan that has in effect stabilized Canadian coal exports over the last three years. In fact, because of changing market conditions Canadian coal suppliers are expected to experience serious difficulty in maintaining shipments to Japan. It is difficult for the steel industry to make effective plans for future procurement of coking coal because of countervailing trends in the industry. Although the Japanese are considering major developments in various countries, there is no active negotiation to bring these mines into production. Accordingly, development of new mines in Canada have been held in abeyance, although many Canadian developers are conducting major feasibility studies. Canada could be a major beneficiary of Japanese steel industry policy to diversify sources of supply.

The Japanese *thermal coal* market could offer a large potential for Canadian exports. A market for imported thermal coal is relatively new dating from 1974 when an import ban imposed by the government to protect the domestic coal industry was lifted to cover shortfalls in supply. Currently, imports are around the 900,000 ton-a-year level with Australia being the most important supplier followed by the U.S.S.R. and China. However, demand is expected to increase sharply in the decade ahead in line with a substantial growth in coal-fired power generation and in accordance with Japanese government policy to diversify away from oil as an energy source. As domestic production of thermal coal is expected to stabilize at around 9-10 million tons annually, increased demand will be met by imports. The Ministry of International Trade and Industry forecasts imports of nearly 16 million tons in 1985 and 40 million tons in 1990, a 20-fold and 40-fold increase over the present level. Canada currently produces thermal coal mainly for its own use, but with large resources available in excess of its needs, it is interested in developing an export market. There has been much activity on the part of both Canada and Japan in investigating this potential in the last two years.

Japan offers a large and growing market for *liquefied natural gas* (LNG) and *liquefied petroleum gas* (LPG). Canada is already a major exporter of LPG to Japan but has not yet been successful in penetrating this market for LNG though major attempts were made in the past. Overt Japanese government policies to reduce reliance on oil by developing

alternative supplies of energy as well as to reduce air pollution have been the principal factors behind the growing import trend of both LNG and LPG. All forecasts call for sharp growth in LNG demand over the next decade and a half and many developments are in the planning stage to supply a portion of this growing market. Canada is a late-starter but given the right circumstances, it could develop its large reserves of natural gas in excess of its needs for this market after the mid-1980s as well as increase exports of LPG. It is most likely that if any natural gas becomes available for export to Japan, it will be found in the Arctic. However, government regulations currently only allow export of natural gas where reserves are in excess of Canadian needs. Another factor is the development of production and transportation systems for Arctic hydrocarbons.

After coal, *base metals* offer the largest near-to medium-term opportunity for increased trade. Japanese metal production, relying to a large extent on availability of base metal concentrates from Canada, has been at low levels over the last three years. Given renewed economic growth the utilization of unused capacity could possibly lead to an increase in Canadian exports of base metal concentrates. However, in the short-term, the low production levels of the base metal industry combined with the high level of private and government stockpiles will continue to put downward pressure on imports of concentrate from Canada. As a result of the low demand and prices, and the upward valuation of the yen, the non-ferrous metal industries are operating at a loss. In the medium-term, both production and prices are expected to recover, but a measure of structural weakness because of energy and other factors will limit growth of production capacity. To satisfy incremental demand, excess capacity will be used first, a conclusion reached at the June 1978 Canada Japan Business Co-operation Committee meeting in Tokyo. In the longer-term, further processing of concentrates in Canada prior to export could take on new meaning if Japanese begin to fill their incremental metal needs from overseas refineries rather than from increased purchases of Canadian concentrates for smelting in Japan.

Japan represents a growing and important market for Canadian *aluminum*. Canada also has a vested interest in Japan's aluminum industry because of Alcan Limited's 50 per cent investment in Nippon Light Metal, one of the largest and the only fully integrated aluminum producers in Japan. Industry policy supported by the government to establish aluminum smelters overseas could benefit Canada substantially in the long-term. The aluminum industry has been in deep financial difficulty for several years because of sharply increased production costs, mainly from the high cost of energy, and low production levels. Large increases in energy costs after 1973 led the industry to establish energy-intensive smelters in such overseas countries as Venezuela, Brazil, New Zealand and Indonesia. Additional measures were taken to reduce non-energy related production costs by vertically integrating and introducing advanced production technology. However, the situation worsened over the past year when, as a result of the upward valued yen, import prices were less than the average domestic cost of production. This prompted additional measures from the government — the industry has been designated as a structurally-depressed industry subject to government assistance. To protect the industry a tariff quota system was imposed and support for power costs is being considered. As a long-term solution, aluminum production capacity will be reduced by 24 per cent and the

program to develop new smelter capacity overseas will be continued. Such a program could benefit Canada which can develop large capacity at Kitimat, B. C.

Canada and Japan are interdependent with respect to *uranium*. Canada supplies Japan with more than 40 per cent of its needs and Japan is Canada's major customer for uranium — accounting for 41,500 short ton U_3O_8 or some 44 per cent of Canadian approved export commitments as of January 1, 1977. The main focus of Japanese utilities and trading companies in the past has been on long-term contracts for supply of uranium from established Canadian producers. This changed last year as the Japanese became more interested in joint exploration for uranium. However, interest soon vanished as Canada-Japan negotiations on nuclear safeguards became protracted and as new legislation limiting foreign ownership in the uranium industry became known. The Japanese are currently interested in establishing security of supplies either through loans to developing mines or forward buying as a means of financing development. If the CANDU nuclear system is introduced to Japan, a large secure market will be eventually created for direct sales of Canadian uranium to this country.

The Alberta *tar sand oil* area, which contains about one trillion barrels of bitumen in place, is seen by the Japanese as a long-term source of hydrocarbons. Accordingly, in line with Japan's energy policy to diversify oil supplies and develop stable alternative supplies, Japan is taking a substantial position in the tar sands that could lead to major commercial developments in the long-term. As Canada has set aside all open-pit reserves for its own use, Japanese research is currently directed towards development of in-situ production methods for the deeper but more abundant tar sand oil resources. Japan Oil Sands Co. (65 per cent government) is currently engaged in a joint venture with Norcen Resources to investigate an in-situ method of producing heavy oils in the Cold Lake area of Alberta. However, Canada has made it clear that, although it welcomes Japanese involvement in tar sand oil development, the export of any product must meet certain conditions: of the four bituminous areas, the Athabasca tar sands area has been designated as the preferred location for Japanese development, and any new in-situ production method developed must represent new technology. To meet these prerequisites, JOSCO signed a preliminary agreement in April 1978 with the PCI Group (Petrocan, Cities Service and Imperial Oil) calling for a major research program to test a unique in-situ production method in the Athabasca area. JOSCO has been offered a 25 per cent interest in return for an expenditure of \$75 million over a 15-year period.

Many other *miscellaneous products* such as titanium slag, jade, certain alloys, granite and fine and bulk chemicals enjoy limited imports in Japan. Undoubtedly, markets for these and other similar items could be expanded on a very specialized basis. While collectively these miscellaneous products represent a multimillion dollar market, market development will depend largely on import displacement of current suppliers.

FOREST PRODUCTS

Lumber

The Market

Japan consumes about 105 million cubic metres of timber products annually (1 cubic metre = 424 FBM). It is expected that total demand will increase to 135 million cubic

metres by 1981. These figures include sawn timber, logs, plywood and chips.

Although rich in forest resources, Japan must import more than 65 per cent of its total timber requirements, which in 1977 amounted to 69.2 million cubic metres. By far the largest suppliers to this market are the countries of Southeast Asia and the United States, which ship vast quantities of logs for the Japanese sawmilling industry. Canada's share of the market for imported wood is only 5 per cent, but is an important supplier of sawn lumber, having 40 per cent of the total lumber imports or 1.6 million cubic metres. By far the greatest share of Canadian shipments to Japan comes from the Province of British Columbia.

Until a few years ago, B.C. suppliers shipped only Japanese lumber sizes for use in the traditional home construction system. The picture changed somewhat in 1974, when the Japanese Ministry of Construction approved the general use of the platform frame method of construction, thereby creating a market for CLS dimension lumber. In order to promote export sales of CLS dimension lumber, the Council of Forest Industries of British Columbia set up offices in Tokyo and Osaka, in 1974 and 1975 respectively, to work with Japanese builders to introduce the Canadian platform frame system.

With the growth in popularity of this method of construction, known in Japan as "2x4", the market for dimension lumber is expected to grow remarkably in the years to come. Shipments in 1977 alone reached nearly 70 million FBM. At present, Japan's housing starts are approximately 1.7 million units annually, of which 60 per cent are single family wooden homes. Therefore, the growth potential for platform frame construction is substantial.

Import Policies

To date, by far the largest portion of dimension lumber imported in Japan has been hem-fir, because it is lower priced than spruce-pine-fir (SPF) lumber on which a 10 per cent duty is levied. There is some hope that this duty will eventually be removed to allow SPF shippers to better compete in this market.

One problem facing all shippers of dimension lumber to this market is the fact that current Japanese grade standards differ slightly from Canadian grades. As such, all dimension lumber must be re-inspected on arrival in Japan, which adds to the total cost of the lumber. This problem is currently under study and it appears likely that Japanese grade rules will be brought into line with Canadian ones.

Export Opportunities

All the major Canadian west coast shippers have their own offices in Japan, which have enabled them to gain a strong foothold in the marketplace. This places new suppliers to this market at a competitive disadvantage in being able to service the customers.

Pulp and Paper

The Market

Since the oil crisis of 1973, the Japanese pulp and paper industry has been severely depressed, with most companies operating well below capacity. Even though the Japanese economy has begun to recover from the prolonged recession, recent prospects for recovery in the pulp and paperboard industry have been far from bright. Inventories of both raw material supplies and finished goods continue

Japan — (cont'd.)

at high levels and it is expected that this situation will persist for some time to come offering little growth in the industry.

Canada is an important supplier of pulp to this market and to a lesser extent paper. The following table illustrates Canada's strong position in this market:

	Pulp Imports (metric tons)			
	1976		1977	
	All Sources	Canada	All Sources	Canada
Mechanical wood pulp	209,302	55,560 (27%)	279,790	60,824 (22%)
Sulphite wood pulp, dissolving grade	182,721	7,076 (4%)	191,487	3,275 (2%)
Sulphite wood pulp, unbleached, other than dissolving grade	981	21 (2%)	2,908	49 (2%)
Sulphite wood pulp, bleached or semi-bleached, other than dissolving grade	46,399	7,802 (17%)	58,643	8,104 (14%)
Kraft wood pulp, dissolving grade	12,812	100 (0.8%)	19,598	—
Kraft wood pulp, unbleached, other than dissolving grade	70,713	17,747 (25%)	104,657	29,364 (28%)
Kraft wood pulp, bleached or semi-bleached, other than dissolving grade	553,684	381,733 (69%)	507,065	324,947 (64%)
Wood pulp, n.e.s	18	18 (100%)	—	—
Semi-chemical wood pulp	1,008	—	1,427	577 (40%)
Cotton linter pulp	1,573	—	2,630	—
Pulp, excluding wood pulp and cotton linter pulp	3,455	—	4,646	191 (4%)
Total:	1,082,666	470,057 (43%)	1,172,851	427,331 (36%)

Source: "Japan Exports & Imports" published by Japan Tariff Association

	Paper and Paperboard Imports (metric tons)			
	1976		1977	
	All Sources	Canada	All Sources	Canada
Total:	165,438	65,011 (39%)	216,481	76,417 (35%)
Major Components:				
Newsprint	40,302	14,846 (39%)	42,484	7,234 (17%)
Packaging	60,101	48,411 (81%)	54,604	46,772 (86%)
Kraftliner	5,005	1,135 (23%)	43,541	22,204 (51%)

Source: Japan Paper Association

Import Policies

There are no import restrictions or NTBs facing the export of pulp or paper to this market. It is government policy to encourage the import of raw materials for upgrading in Japan. There is no duty on pulp although on newsprint there is a 4.4 per cent duty.

Export Opportunities

One area that offers export opportunities is wood chips. If long-term supply contracts can be undertaken, Canadian

sawmillers could capture a sizeable share of the multi-million dollar chip market. One of the most important developments in this regard is the decision taken by Japanese paper companies to manufacture light weight newsprint which will require increased supplies of coniferous chips. Japan's chip imports to date have been mostly hardwood chips from Southeast Asia and, thus, a shift in supply sources is likely to take place. To date, most softwood chips have come from the Pacific Northwest of the United States and contract prices range from \$50-55/BDU.

KOREA, REPUBLIC OF

The Market

As Korea continues to industrialize, growing quantities of raw and semi-processed materials must be imported. These include coal (coking and thermal), iron ore, copper concentrates, asbestos, non-ferrous scrap, aluminum, nickel, lead, zinc, pulp, and wood chips.

Historically, the Koreans have bought strictly on price (particularly pulp, sulphur, asbestos and scrap), but as new large manufacturing facilities come into production, the emphasis is being placed on medium to long-term contracts designed to ensure continuity and stability of supply. This is the case particularly for coal, copper concentrates, iron ore and wood chips. Major Korean imports of raw and semi-processed materials in 1977 were as follows: coal, 2.0 million metric tons; iron ore, 3,363,690 metric tons; copper concentrates, 90,804 metric tons; asbestos, 70,255 metric tons; aluminum (refined), 47,230 metric tons; nickel (refined), 1,523 metric tons; lead (refined), 10,929 metric tons; copper (refined), 9,313 metric tons; zinc (refined), 13,465 metric tons; and pulp (all varieties), 332,616 metric tons.

Import Policies

In general, the goal of Korea's import policies is to increase the purchase of raw materials and to decrease the purchase of finished materials wherever possible. Specific policies relating to the forest products and metals and minerals sectors are enumerated below. The government is encouraging local firms to invest and develop offshore minerals and supply local ore and metal requirements on a long-term basis.

Forest Products — Due to an almost complete lack of mature forests because of overcutting during the Japanese occupation (1910-45) and the Korean War (1950-53), Korea must import virtually all of its wood requirements. However, government policy currently forbids the import of processed wood, so that logs offer the only potential. Imports of pulp and scrap paper for use in the manufacture of paper are closely regulated by the Korean government in order to conserve foreign exchange and also to develop and protect the domestic paper making industry. Finished paper products cannot be imported. Local firms are pursuing investment opportunities overseas with several firms interested in offshore pulp mill investment. Korea's first pulp mill (300 tons/day of short fibre pulp) is under construction and scheduled to start up in 1979.

Metals and Minerals — While there are no specific policies or legislation which could have a bearing on Canadian exports in this sector, it is important to note that the government is encouraging the diversification of sources of

supply especially with respect to coal, iron ore and copper concentrates. This means that Canadian producers will at least be able to compete on an equal footing with other potential suppliers, providing that the price they offer is competitive (due to the location of Canada's iron ore deposits it seems unlikely that Canadian suppliers could compete in the Korean market because of shipping costs).

Export Opportunities

Canada's fortunes in the Korean pulp market have varied according to the price offered, since Korean paper manufacturers have historically bought on a "spot" basis and there is no indication that this policy will change as long as Korea continues to be a "dumping ground" for surplus pulp. Nonetheless, a growing market (19 per cent per year) continues to exist for pulp manufacturers and scrap paper and carton dealers if their prices are competitive. Potential also exists for the supply of wood chips to a new 300 ton per day pulp mill, which is expected to commence production in June 1979.

A growing market for both thermal and coking coal exists as Korea Electric Company continues its program of building thermal power stations (plans call for the construction of an additional seven units by 1981 — there are now 13 in operation) and as Pohang Iron and Steel Co. carries out its expansion program (by 1981 Pohang's basic steel capacity will be 8.5 million tons per year as compared with 2.6 million tons in 1976). By 1980, Korea Electric Company will require 500,000 metric tons of thermal coal, while by 1981, Pohang Iron and Steel Co.'s demand for coking coal will rise from the present 2 million metric tons per year to 6.2 million tons per year. The plan for second integrated units of 12 million tons per year is under consideration for operation in 1982 (initially 3 million tons per year).

When the Onsan Copper Refinery commences production in 1979 (80,000 tons per year) it will create a demand of 300,000 tons of copper concentrates (gross weight) per year. Potential for the sale of zinc concentrates exists since the Koryo Zinc Refinery commenced operations in late 1977, with first year projected output of 50,000 tons. The markets for aluminum and nickel, as well as for quantities of refined copper, lead and zinc, also offer good prospects for Canadian suppliers. Koryo Zinc Co. is building a 30,000 tons per year lead refinery which will be completed by 1981. Opportunities therefore exist for suppliers of Canadian lead concentrate.

Continuing market potential also exists for asbestos (a total of 75,000 tons are imported annually) but price is very definitely a major deciding factor in its purchase and South Africa remains the principal supplier of this commodity.

Korea hopes to build 41 nuclear power plants by 2000. Korea will require uranium concentrate or enriched uranium for its nuclear power requirements. Korea's first 595 MW light water reactor began operation in 1978.

Government policy is aimed at continuing the development of an indigenous construction industry for projects both in Korea and abroad (particularly the Middle East). The import of technological know-how for unique building construction systems (for housing and industrial purposes)

would be considered by the Korean authorities, but any such systems would be scrutinized very carefully to determine whether or not it would be beneficial to Korea before the government would authorize the licensing of it. Korean construction companies in 1978 alone will have signed \$8 billion of overseas construction contracts. Korean engineering and construction companies are eager to enter into joint ventures as a means of obtaining new technology and know-how.

MALAYSIA

The Market

New land development will be a major means by which the Malaysian government will seek to push the location of future growth in agriculture, manufacturing and services toward the poorer states of Pahang, Johore, Perak, Sarawak, Sabah, Kelantan and Trengganu. The efficient location of wood processing industries will enable forestry to play an important role in the industrial development of these states. The development of agricultural resources, and offshore oil and gas deposits will also make their contribution to state economies.

Comprehensive programs to provide adequate housing and accommodation for the lower income groups have been designed by the government to meet the expanded need envisaged for the period 1976-80. The government will concentrate its efforts on low-cost housing, and construct 220,800 units, of which 129,000 units will be for the rural areas. The private sector, including licensed developers, co-operative societies, individuals and groups, is expected to construct approximately 262,000 units.

Import Policies

Importers of equipment may require a licence.

Export Opportunities

Development authorities of the states of Pahang, Trengganu, and Johore are open to proposals for rural housing, primary and secondary schools, and medical clinics, all to be constructed of wood.

The Federal Land Development Authority (FELDA) will fund the construction of 16 palm oil mills to cater for new areas coming into harvest during the period 1977-81. The Kuwait Fund for Arab Economic Development will loan M\$20 million to finance the Trengganu Oil Palm Project, which will establish an 18,000-acre palm oil plantation and construct a 30-ton-per-hour palm oil extraction and processing mill.

The federal Ministry of Education will construct and equip 150 new primary schools, four education resource centres, three industrial training institutes, and three community service centres. Financing in the amount of U.S. \$35 million has been provided by the World Bank.

State governments will establish pine plantations in Johore, Negri Sembilan and Pahang for the pulp and paper industry.

The government plans the construction and reorganization of six abattoirs for animal slaughter.

Joint ventures are encouraged for primary iron and steel milling (by integrated process), precision steel castings, and the manufacture of glass products.

PAKISTAN

The Market

Pakistan is a net importer of non-ferrous metals, asbestos fibre, wood pulp and newsprint. A major portion of the non-ferrous requirement as well as the total asbestos fibre need is supplied to Pakistan under CIDA financing. The trend has continued for the past several years and the demand for these commodities from Canada is likely to continue in the foreseeable future. Wood pulp, which used to be shipped under CIDA funds some four years ago, is now being purchased for cash.

The government continues to show interest in maintaining contact with Canada for provision of non-ferrous metals and asbestos fibre under CIDA funds.

A three-year (1978-1981) CIDA commodity loan agreement of \$45 million, with a disbursement level of \$15 million each year, was signed with the Government of Pakistan in August 1977 and procurement of goods has already begun under this loan agreement. A separate loan of \$15 million for aluminum ingots/billets was signed on July 10, 1977. The Canadian metal will be used for the local manufacture of aluminum conductors to implement a program of rural electrification. Asbestos fibre of an approximate value of \$1,000,000 is expected to be shipped from Canadian producers prior to March 1979. Wood pulp will continue to be purchased for cash and opportunities for Canadian manufacturers will depend on export availability and prices. A long-term supply arrangement for a sizeable annual quantity of coking coal for the Karachi Steel Mill has been confirmed with a Canadian supplier and will be purchased with cash resources.

PHILIPPINES

The Market

The Philippines is a producer and exporter of natural resources. Therefore, little opportunity exists for Canadian suppliers of resources due to both the relatively low level of industrial development in the country and also due to the fact that the Philippines produces many of the same products that Canada does. Also, the construction industry is well developed in the Philippines and most construction is done either from local materials such as concrete and

wood or structural steel imported from low-cost suppliers in Asia. Other than the one specific opportunity for the construction and supply of aircraft hangars, this sector is of little interest to Canadian suppliers. However, there are opportunities for joint ventures in the area of resource exportation and several large Canadian companies are already actively involved in the Philippines. The government welcomes initiatives for new resource exploitation, particularly if a financial package can be provided.

SINGAPORE

The Market

In the forest products sector, Singapore is a net exporter to Canada of lumber and wood products due to its regional sawmilling and wood processing industry which encompasses 135 factories and 10,000 employees. The long-term future of this industry is dependent upon raw materials supply from Malaysia and Indonesia which is expected to gradually decrease. There is no demand for manufactured wood products due to local production.

Canada is still the major supplier of newsprint to Singapore with 60 per cent of a total market of 30,000 tons and this is likely to continue. There is a great demand for fine paper, primarily for re-export, although tonnage enquiries are small. There is a market for kraft-liner and corrugating medium and Canada supplied 4,500 tons of kraft-liner (total imports 23,000 tons). U.S. is the leading supplier of 14,700 tons in 1977.

Although Singapore has a small steel mill, the bulk of Singapore's plate steel requirements are supplied by Japan. There is a small market for speciality steel products but it is unlikely Canadian suppliers can compete.

In the non-ferrous metals sector, Canada supplied 3,500 tons of zinc blocks of a total market of 13,700 tons. This is primarily for the local battery industry. Canada has a small share of the aluminum block market (230 tons of total market of 3,800 tons in 1977). Canada supplied 76 tons of nickel (total imports 133 tons). Of the other metals, (lead, brass, copper, etc.) Canadian supply is non-existent.

In 1977, Canada's supply of asbestos to this market increased from 1,000 to 2,255 tons of yearly total import of 8 to 9,000 tons. There is little demand for other industrial minerals except for fibreglass industrial products.

Singapore has a well-developed indigenous architectural and construction industry. Canadian companies have capitalized in this area through joint ventures in building systems primarily for re-export. The market for construction equipment is improving due to attempts to minimize labour costs through using more efficient equipment although local market is small.

Import Policies

No restrictions or duty, except metal cabinets and containers.

Export Opportunities:

- Fine papers
- Liner and paperboard
- Metal building materials (aluminum)
- Asbestos powder for paint manufacturing
- Nickel blanks
- Building tiles (floor and ceiling)
- Industrial fasteners
- Welding rods
- Industrial bearings
- Road paving equipment

THAILAND

The Market

Thailand is a major exporter of primary wood and manufactured wood products. Wood is not used normally in residential construction in Thailand because of pest problems. Total exports of wood and wood products in 1977 were approximately \$60 million.

Thailand is, however, a good market for both pulp and newsprint, since it imports most of its requirements for these products. These items have been for a long time major Canadian exports to Thailand. Imports of wood pulp in 1977 were approximately \$39 million, while those of newsprint were approximately \$19 million. Canadian exports of pulp in 1977 reached \$5 million, newsprint exports

\$2 million. Thailand's limited industrial capability presents a limited market for castings, forgings, stampings, etc.

Canada enjoys a fairly good level of sales of raw metals to Thailand. In 1977, Canadian suppliers sold \$12 million worth of aluminum, \$1 million worth of copper, and approximately \$1 million worth of zinc to Thailand. Sales of asbestos amounted to \$3 million in 1976.

Demand for scrap and low-quality steel remains active.

Import Policies

Thailand has a liberal and non-discriminatory import policy. Foreign exchange is freely available to importers.

AFRICA AND MIDDLE EAST

ALGERIA

The Market

Algeria imports sizable tonnages of iron and steel products — tubes and pipes, rolled sections, concrete reinforcing steel, steel and copper cables, plated bars and wire — and certain aluminum products. Currently it is negotiating important contracts with suppliers of coking coal and ferrous oxide pellets. It provides Canadian exporters with an excellent market for lumber, pulp and asbestos. An annual target of 100,000 new housing units had been set in recent years but was never attained. A speed-up in the production of dwelling units can be anticipated, with a resulting increase in the need for building materials and technologies. Algeria is already one of the most important markets for prefabricated buildings.

The Algerian economy is highly nationalized. Imports are regulated, and about 20 state-controlled corporations, each enjoying a monopoly in a given economic sector, account for more than 80 per cent of the goods and services imported into Algeria. Exporters must contact the Algerian corporations directly; recourse to a middleman is out of

the question. A large proportion of the goods are purchased by international, sometimes restricted, tender, and major transactions must be made by contract. Currency transfers are controlled and may be made only with the approval of the Algerian financial authorities. Algerians tend to do business with foreign exporters who have shown serious interest, especially by visiting Algeria in person. All matters relating to international trade are conducted in French.

The state-controlled corporations such as SNS, SONACOB, SONIC and SONELEC purchase all their supplies of iron and steel products, industrial minerals, non-ferrous metals, wood and pulp on tender. Interested exporters must first provide information on themselves to these agencies if they wish to be invited to tender. All state-controlled companies and the government services are possible buyers of prefabricated units, with SONATRACH heading the list. The construction market is immense but one that requires exporters to take an all-inclusive approach.

CYPRUS

The Market

Imports in 1977 totalled \$96.7 million. Major imports in this sector are paper products and building materials.

Import Policies

No import restrictions. The recovery and expansion of the

construction sector may present some opportunities in the future, although competition from the U.K. and Europe will be a major obstacle.

Export Opportunities

None at present.

EGYPT, LIBYA, SUDAN

The Market

Construction is booming in Libya and Canadian companies have been selling prefabricated buildings there. The oil companies and Libyan government departments have ongoing requirements for quickly assembled buildings. There are opportunities for the introduction of pre-cast concrete techniques in conjunction with local or third-country contractors. The five-year development budget for 1976-80 allocates \$2.6 billion for housing.

Housing and modern office space are major problems in Egypt. Selected opportunities exist for licensing and joint ventures with the established Egyptian construction firms using modern building methods. The pace of construction is less frenetic in the Sudan. In addition, foreign contractors are making inroads here in hotel, housing and industrial building and communications fields. There will continue to be a large market in this sector providing prices and completion schedules are attractive.

Egypt and Libya regularly announce tenders for lumber, treated poles and newsprint, and Canadian suppliers have some of the Egyptian market.

Non-ferrous metal producers will find they face tough competition throughout the area from neighbouring Euro-

pean suppliers, but there have been some successes in supplying the growing Egyptian metal fabricating industries. Asbestos producers have had continuing sales to Egypt and Libya.

Import Policies

In Libya, most basic building materials are purchased by two state-owned companies, while in Egypt, government ministries or corporations are the main purchasers of lumber and treated poles. In Egypt, offers must be presented through officially registered Egyptian public or private companies.

Provision of medium-term credit, along with a competitive price is often a winning combination for government tenders in Egypt, and the Sudan. Libya has vast oil revenues and no financing is necessary.

In general, offers should be made to all these countries on the basis of payment by confirmed irrevocable letter of credit.

Export Opportunities

Libya: Wooden prefabricated camp buildings; precast concrete factories and advanced building technology in joint venture with local or third-country contractor; state-owned

Egypt, Libya, Sudan — (cont'd.)

company tenders for lumber, treated poles and newsprint. Refractories for new cement mills. Pines and tubes, keys, locks and hardware are also possibilities.

Egypt: Precast concrete technology; joint ventures for the construction of office buildings, hospitals, apartment

blocks; components for wooden windows, scaffolding grade lumber, treated poles and newsprint; refractories; asbestos; non-ferrous metals and alloys.

Sudan: Newsprint.

IRAN

The Market

Imports into Iran during the year ended March 20, 1977 were divided as follows: Base metals and articles thereof, predominantly iron and steel, \$2,370 million; building materials and products thereof, excluding metals, \$210 million; wood and articles of wood, excluding furniture and components, \$107 million; and paper and articles thereof, \$160 million. Iran is a resource-rich country, but exploitation of resources lags behind industrial development. It will be several years yet before the extraction of base metals and production of pulp and paper will meet domestic requirements. Low-cost housing is in great demand.

Import Policies

The Iranian government is currently focusing on the development of its own natural resources in order to meet Iran's rapidly expanding requirements. In the meantime, procurement is often by international tender. Housing construction is largely in the hands of private industry, but the

government has stepped into the low-cost housing field. Though Iran adopted an "open door" policy some 10 years ago, tariff barriers and other prohibitive measures are beginning to appear in order to protect domestic industry, as yet, however, without effect on the total level of imports.

Export Opportunities

Specialty papers of all types could find a market in Iran.

Construction materials and especially low-cost construction systems will find an excellent market in Iran.

Opportunities for joint ventures in the construction field are numerous.

Exploration/exploitation joint ventures in the following fields would be of interest to Iranians: Asbestos, mica, chromite, gypsum and cement.

IRAQ

The Market

Ambitious economic development goals reflected in an annual investment budget of nearly \$8 billion means significant opportunities for suppliers of a variety of construction materials and services, semi-processed industrial materials, and raw materials. There will be a long-term market for lumber in the order of 200,000 cubic metres annually and smaller quantities of newsprint and various grades of pulp, as well as some specialty papers.

There are ongoing requirements for prefabricated structures of various designs and materials to serve a wide variety of uses from industrial-type camps to resort units to industrial and specialized commercial buildings. Some of these requirements arise because of their erection speed. There is no market for mobile homes. Housing, schools, and commercial buildings will continue to be built of concrete and present good opportunities for industrialized building systems on a turnkey basis, but not for steel or wooden prefab structures.

The rapid economic development underway creates a good market for various metal and mineral items such as nuts and bolts, electrodes, gas cylinders, refractory brick, and asbestos. The construction of an iron and steel complex and

an aluminum fabricating plant creates a requirement for iron ore pellets and aluminum ingot.

The size and/or complexity of many of the development projects in Iraq, ranging from the construction of dams, electric power plants, petrochemical and fertilizer complexes, railway lines, and water and sewerage works, to large universities and hotels, has created a strong demand for skilled foreign contractors to undertake projects in Iraq. Many Western European, East European and Egyptian companies are involved in work in Iraq. To date the only Canadian contractor to work in Iraq has been involved in a joint venture to build an oil pipeline.

Import Policies

Iraq is a socialist country, consequently nearly all imports are made by state organizations and usually through secret tenders. The establishment and expansion of factories for the production of basic construction materials will eliminate markets for import of these materials. While foreign (meaning non-Arab) investment is not allowed in Iraq, licensing and time-limited management contracts are possible. There are numerous private Iraqi construction firms and foreign contractors are able to associate themselves with these contractors to undertake projects.

ISRAEL

The Market

Most natural resources are unavailable in Israel. Raw materials and basic product imports are in the range of \$1 billion annually. Canada is a major supplier of asbestos, aluminum, wood pulp and copper. Main sources for other materials are generally West Germany, U.S., Britain, France and The Netherlands.

Because of the differences in Israel's construction methods from those of Canada, Canada has never been a significant supplier in this sector.

Import Policies

Dumping legislation is now in effect on imported aluminum sheets, plates, strips and discs manufactured in Israel into semi-fabricated and fabricated products for use in the domestic market. A special duty must be paid consisting of the price difference between the FOB price and U.S. \$1,665 per metric ton for sheets, plates and strips; and the FOB price and U.S. \$1,905 per metric ton for discs.

Housing starts are up sharply, which is expected to have its effects also on certain other branches of industry. However, it is not yet clear if this sudden upsurge is a real turn-

about in the construction industry or a short-lived burst of activity. Indications suggest that the latter may indeed be the case.

Export Opportunities

Israel's major cement producer is looking to Canadian suppliers of sack kraft paper for cement bags. Quantities required are approximately 5,000 to 6,000 metric tons annually.

Approximately 100,000 metric tons of pulp are used yearly in Israel. Local industry is looking to Canada for new suppliers and all offers will be seriously considered.

It is expected that by the mid-1980s nearly half of all the country's electric power will be generated by other fuels, mainly coal. All offers of Canadian coal will be seriously considered.

Private individuals are very interested in Canadian pre-fabricated housing for units in the Sinai, particularly in Ophira and Yamit. At present, the number of units is limited but there may be potential here for future sales.

IVORY COAST AND SENEGAL

The Market

Both these countries could offer interesting opportunities to Canadian suppliers given Canadian persistence to penetrate a traditionally European market.

Senegal and the Ivory Coast have ongoing requirements for housing and apartments of all types, prefabricated buildings and in some cases more sophisticated office and resort accommodations associated with their respective flourishing tourism industries. The Ivory Coast is becoming more and more interested in joint ventures in this sector as it develops. The Ivory Coast has also shown interest in the

development of wood treatment technology in order to supply rail ties and telephone poles.

In spite of Senegal's lack of forests and need for pulp and paper products, Canada has had no significant success in this sector. Canada continues to sell asbestos on a regular basis.

The governments of both countries openly encourage foreign investment and show great interest in joint ventures with a view to expanding and securing their domestic manufacturing capacities.

KENYA

The Market

Kenya is largely self-sufficient in wood and manufactured wood production, consequently there is no market for imports. It also produces most of its paper requirements except for newsprint and some types of packaging materials. Kenya imports most of its basic iron and steel requirements, though there is some fabricating capacity. The market for non-ferrous and industrial minerals is small.

Import Policies

Import protection is extended to most manufacturing industries, so that once a manufacturing operation goes into production, directly competing imports are banned or are allowed in, only with the concurrence of the local manufacturer. The government continues to promote expansion of manufacturing and encourages foreign investment.

Export Opportunities

Joint ventures making imaginative use of Kenya's softwood forest resources should be possible.

Nation Printers & Publishers Ltd. P.O. Box 49010, NAIROBI, and the East African Standard (Newspaper) Ltd. P.O. Box 30080, NAIROBI, are the largest importers of newsprint in Kenya and buy from various sources. Kenya will be self-sufficient in newsprint within three years and will have a surplus for export. High tensile nuts and bolts from Canada have found a good market.

The largest importer of asbestos is Kenya Asbestos Cement Ltd. P.O. Box 90662, MOMBASA — manufacturers of asbestos-cement sheeting.

LEBANON, SYRIA, JORDAN

The Market

Syria and Jordan offer opportunities for building components with new building techniques. Lebanon will eventually need large quantities of imports of all sorts to construct the country.

Asbestos producers have had continuing sales to Lebanon and Syria.

Import Policies

Provision of medium-term credit, along with a competitive price is often a winning combination for government tenders in Syria.

In general, offers should be made to all of these countries on the basis of payment by confirmed irrevocable letter of credit.

Export Opportunities

Syria: Precast concrete technology, asbestos fibre and brake linings, copper tubing, alloys, refractories.

Jordan: Precast concrete technology, copper tubing and alloys.

Lebanon: Precast concrete technology and modern building techniques in joint venture with private Lebanese contractors; pre-engineered steel buildings; copper pipe and tubing; asbestos brake linings, refractories, aluminum ingots; newsprint, printing and writing paper, container board, lumber.

NIGERIA, GHANA, TOGO

The Market

All countries import their newsprint and fine paper (mainly from Scandinavia, as freight rates have precluded much Canadian penetration). In Nigeria, the largest market, three new paper mills, including one with a Canadian firm as joint venture partner, will supply all newsprint and fine paper requirements by the mid-1980's. Due to the construction boom in Nigeria and a failure of the Nigerian wood industry to keep pace, a short-term opportunity for plywood, linerboard and flush doors exists.

There is a market for aluminum ingots, copper bars and tubing. Substantial requirements for a variety of iron and steel products will continue, presumably even after Nigeria's planned integrated steel mill comes on stream. A joint venture cement project in Togo will provide Togo and Ghana's needs. In Nigeria, however, even with the expansion now underway, it is unlikely that domestic production will meet demand. There is also a good market for asbestos products in both Ghana and Nigeria.

Significant opportunities in the construction sector are limited to Nigeria, however the industry is now experiencing a downturn due to Nigeria's falling oil revenues. Nevertheless, a number of Canadian companies have recently incorporated locally. \$9 billion in road construction is planned or in progress under Nigeria's Third National Development Plan. Other projects include 16 new airports, port extensions, water and sewage projects, a new federal capital expected to cost \$10-15 billion, a conversion of the railway system to standard gauge and new lines costing billions, more than 200,000 housing units, schools, eight new universities, and an army barracks program.

More limited opportunities exist in all the countries for prefabricated industrial housing, schools and clinics. Prefabs are not considered suitable for permanent housing and interested suppliers would have to overcome the significant prejudices that exist. Companies offering "building systems" using concrete or steel would have more success, particularly in Nigeria.

Import Policies

The Nigerian government places a very high priority on the construction sector and is encouraging large reputable overseas contractors to establish in the country. In almost all cases, contractors must comply with the Indigenization Decree which requires a 60 per cent equity participation by Nigerians in construction companies. Care must also be taken to (a) ensure proper documentation allowing the repatriation of profits in hard currency and (b) comply with regulations on employment of foreign nationals.

Export Opportunities

Discussions with the Nigerian Steel Development Authority have indicated an annual requirement for one million tons of coking coal beginning in the early 1980's. A market beginning at approximately the same time should develop for long fibre pulp for the new paper mills being built. In the construction sector, opportunities exist in Nigeria, the most important perhaps being a college of technology project to be undertaken by the Canadian Commercial Corporation.

MALAWI

The Market

Malawi is a small, land-locked Central African country, whose population of 4.8 million relies mainly on subsistence agriculture for its livelihood. Only 250,000 people participate in the cash economy and consequently purchasing power per capita is extremely low — \$150 per annum.

There are no large-scale consumers of iron, steel, non-ferrous metals or industrial minerals. As for wood products, the country is virtually self-sufficient and developing its own forest industries base. The small market for paper is looked after by stocking distributors who buy in small quantities from South African and Rhodesian suppliers. In summary, these markets are closed or very limited.

MOROCCO

The Market

More than half of current annual lumber imports are in construction categories available from Canada and Canadian specifications and dimensions are beginning to gain acceptance.

There will be a requirement for steel rail for 800 kilometres of railway extensions planned for 1978-82.

MOZAMBIQUE

The Market

The best that can be hoped for in the short-to-medium term economic situation in Mozambique is for stagnation at the current low level of activity. The country faces severe balance of payments problems. There is almost no

commercial or economic infrastructure. Imports are controlled by a licensing system which is restricted to essential requirements. Under these circumstances, the market for Canadian exports of the various products included in this classification must be regarded as closed or very limited.

SAUDI ARABIA

The Market

The Saudi market offers excellent possibilities for a variety of construction equipment, prefabricated houses and other items used in the construction trade. The Saudi five-year plan has allocated approximately \$2.7 billion for annual construction expenditures.

There are also excellent opportunities for forest products, particularly lumber used in construction. Competition is tough as Scandinavian countries and Romania have almost captured the market.

Import Policies

None apparent. The market is wide open. There are long-

term plans for a direct reduction steel mill and an aluminum smelter at the new industrial city of Jubail.

Export Opportunities

Sales of prefabricated structures constitute the largest Canadian export item to the country, amounting to \$44.6 million in 1976. Prospects for further increases are excellent. Forest products are flowing well again into the kingdom, despite fierce competition fuelled by the need for construction materials. The market should remain firm with established firms feeding brisk demand.

Opportunities for joint ventures in the construction field are numerous.

SOUTH AFRICA

The Market

Forest Products — There continues to be a small demand for better quality soft and hardwood but local manufacture and the depressed economy preclude exporting building timber at present. There is very little demand for manufactured wood products. South Africa continues to import pulp, fine papers, tissues, and coated papers, but local manufacture supplies all newsprint and the bulk of kraft and packaging papers.

Metals and Minerals — Enquiries continue for specialized steels, particularly tool steels and stainless fittings. There is little interest in industrial minerals and currently almost no interest in construction materials from Canada, but

there is occasional interest for components which can be expected to increase once the economy recovers.

Import Policies

The South African government is at present enforcing restraints by both import licensing and by selective import surcharge on a wide range of products. The economic situation remains at a low ebb with little sign of an upturn other than temporary stimulations in certain areas. The increasing sophistication of the South African manufacturing industry, plus extensive public relations work on "Buy South Africa", is tending to reduce South African dependency on imported goods.

TANZANIA, UGANDA, ETHIOPIA, SOMALIA, MADAGASCAR, SEYCHELLES

The Market

Only Somalia and Seychelles import their lumber requirements. The other countries rely on their own forestry resources for their wood requirements, though none have extensively developed forest industries. Tanzania, Ethiopia and Madagascar have, or are planning, pulp and paper projects. All have requirements for newsprint and some

types of kraft paper and paper board. None of these countries have integrated steel mill operations, though all but Somalia and Seychelles have some steel and/or aluminum fabricating capacity. Uganda and Somalia have asbestos-cement plants and have regular requirements for asbestos fibre. The various cement factories in the region have regular requirements for refractory materials. The construction

sector has tended to be dominated by European firms, though some indigenous firms exist. Most construction work is done for the government sector and much of this is financed by aid donors.

Import Policies

The governments of the above-mentioned countries protect their existing resource industries through high tariffs and import licensing. Wooden housing is not popular due to the frequently poor quality of local wood and its susceptibility to insect damage and decay. Construction by-laws frequently severely restrict the use to which wood can be put in urban construction. All countries are emphasizing self-sufficiency in the production of paper and widely used metal products.

Export Opportunities

There should be opportunities for joint ventures in the forestry sector in Tanzania and possibly Madagascar. Canadian nuts and bolts have found markets in Tanzania and Madagascar and should be competitive in other markets as well.

Newsprint and certain types of kraft and specialty papers should find a market in all of the above-mentioned countries.

World Bank projects in Tanzania, Ethiopia, Somalia and Madagascar offer opportunities for Canadian firms. A Canadian firm has successfully won a construction contract for a major water project in conjunction with a Tanzanian firm.

TURKEY

The Market

Canadian suppliers of aluminum ingots, bars, rods, plates and sheets are enjoying a continuing market in Turkey, and this situation is expected to continue until the Russian-supplied aluminum complex at Seydisehir reaches full production. Canadian sales of lead and zinc will be decreasing with the Canadian-designed and financed lead/zinc plant in Kayseri reaching full production in 1978 as expected. During 1976, Turkey decided for the first time to import coking coal urgently needed by the steel industry. With Turkey's third steel mill coming on stream and a fourth steel mill planned, the existing domestic coking coal supply will be insufficient to meet Turkey's demand and considerable coking coal imports are expected to result. The existing tendering system called for under Turkish law, however, precludes long-term supply contracts and thus opportunities exist to supply on a spot basis only.

The overall development of Turkish industry is expected to translate into increasing demand for essential raw mate-

rials, and Turkey offers good opportunities to liquidate spot supplies of various resources, e.g. wood pulp, plywood and newsprint.

The market for various wood products is virtually closed by Turkish legislation prohibiting imports of such items. Turkish import restrictions coupled with local construction practices have prevented the sale or licensing of Canadian factory-built housing.

Turkish legislation protecting local industry also prevents foreign construction companies from operating in Turkey. Despite the government's policy attaching the highest priority to provide and to transfer foreign exchange for raw material purchases, Canadian suppliers may experience some delays in transfers or may be asked to supply under different payment conditions due to Turkey's present foreign exchange shortage.

ZAIRE

The Market

Economic conditions in Zaire have always been vulnerable to shifts in respect to the international copper market; however, the recent Shaba Invasion has seriously depressed Zaire's over-all ability to pay for imports which are essential to the realization of its development program.

For the time being, it is safe to say that the few opportunities that did exist in Zaire, can now only exist if CIDA funded. Paper products have had some success in the past and may again through CIDA's initiatives. Prefabricated buildings are also required but financing remains a constant obstacle.

ZAMBIA

The Market

Economic conditions in Zambia remain depressed. Copper prices, while recovering from their historic lows of 1974, have not rebounded to levels sufficient to provide both the revenue for Zambia's development programs and the foreign exchange to pay for the imports necessary to keep the economy functioning. The outlook for a sustained increase in copper prices in the near-to-medium-term future is not good. Copper sales provide 95 per cent of total national

foreign exchange earnings. Consequently, prospects for export sales to Zambia remain limited.

To cope with the shortfall in foreign exchange earnings, the government has instituted a stringent system of import licensing and control. Licences are issued on a priority basis with emphasis on providing essentials for the populace and a few key industries. Another factor which inhibits access to this already restricted market is the pay-

Zambia — The Market (cont'd.)

ment situation. At present, the delay between payment for imports in local currency to a commercial bank and remittance of the equivalent foreign exchange by the Bank of Zambia ranges from seven to 10 months, depending on the currency involved and the priority of the imported goods in the pipeline.

Of the products included in this classification, Canada traditionally shipped softwood lumber from the west coast to Zambia where it was utilized by the mines in their underground operations. The last shipments were in 1975 and there were severe problems in obtaining payment for

them. There have been no import licences issued for lumber since then. Because of Zambia's payment record, it is doubtful whether EDC would provide cover to Canadian exporters should the market open up again. Prospects must be considered very limited.

Construction is currently at a near standstill. The industry has been particularly hard hit by the reduction in foreign exchange allocations and import licences. It is doubtful whether there will be any improvement in this situation in the near future. Again, the market must be considered very limited.

UNITED STATES AND BERMUDA

ATLANTA

The Market

After several slow years, commercial and non-residential construction is enjoying a significant upsurge. Public works spending in Georgia in June 1978 was \$107 million, more than double the June 1977 figure. This high level of expenditure has tended to restrain expansion in the commercial and residential sectors.

Import Policies

There are no import restrictions on building materials.

Export Opportunities

Major lumber and building products distributors want Canadian quotations on white pine, spruce and cedar dimension stock. Various building materials shows offer excellent market contacts.

BOSTON

LUMBER — CONSTRUCTION AND BUILDING MATERIALS

The Market

The New England region consumes about 2.1 billion board feet of lumber annually. The northeastern lumber wholesalers at the moment are looking at a market in reasonably good shape. Eastern white pine has shown strength all year with the greatest strength in dry lumber. The greatest demand seems to be for "standard" grade which is unique from past requirements. Furniture pine markets are soft but are expected to strengthen and stabilize.

The northeastern softwood dimension market is mixed. Spruce is down because of heavy competition from Canadian shippers who seem to be trying to export more because of a slow domestic market. The resulting competitive market with very low prices is detrimental to the financial health of mills on both sides of the border. Although nationally the housing starts look good (about 1.4 million are predicted), the eastern lumberman can take little solace when he realizes most of this building is outside the northeast. One consolation of this situation is that it tends to take competitive products from the New England market and send them into the boom markets.

In spite of some pessimistic predictions, lumbermen feel that building has not hit its peak yet and even with a severe winter and a poor spring, housing in the northeast is

up 2 per cent over the first half of 1976. The building season began late but it appears it will hold and may even show some improvement in October. If there is no major economic upheaval, eastern white pine is expected to hold at strong levels. The northeast economic recovery, although it is slower than the rest of the nation, seems to be based on stronger foundations.

Import Policies

There are no specific import policies directly affecting Canadian lumber exporters but there seems to be some concern on the part of northeastern lumbermen about a growing effort on the part of non-lumber interests in getting regulations proposed against the use of wood in multiple-family dwellings.

It will be up to the various wood-producing associations to make sure that government agencies concerned are getting the proper type of information before any misguided regulations concerning the use of wood are put into effect.

Export Opportunities

No specific export opportunities exist at the moment, but it is also known that most Canadian lumber producers are well connected with local lumber wholesalers and would be well aware of any particular opportunity that might arise.

FOUNDRY PRODUCTS

The Market

Canadian foundries continue to meet success in New England. Also some positive results have been achieved with forging houses. High tolerance machining opportunities continue to increase.

Import Policies

Considering that many U.S. foundries have gone out of business due to the expenses incurred with upgrading to EPA and OSHA regulations, an increasing desire by local industry to look at Canadian capability and capacity has been noted.

Export Opportunities

Opportunities for Canadian foundries continue to increase, with positive results in the following areas: Aluminum, steel, zinc, gray iron, ductile iron, sand, centrifugal, investment, permanent mold and die as appropriate. There are opportunities for houses doing open and closed die as well as upset forgings, both ferrous and non-ferrous. Also, local buyers are seeking out vendors in the area of weldments. Castings, forgings, machining and weldments are also expected to play an important part in industry's needs in the future.

BUFFALO

The Market

While still far short of the "booming" 60's, all indicators are pointing towards a significant increase in activity in this sector from the disastrous first half of the 70's. Housing starts are up (and much of this is of the prefab type), steel production is up, lenders appear to be flush with mortgage money and the business community, at least on the surface, appears to be somewhat more optimistic. The Buffalo Canadian Trade Office believes the time is ripe for Canadian firms that wish to make inroads into this multi-disciplinary market to begin establishing themselves.

Import Policies

Canadian companies supplying either raw materials and/or

manufactured products should be aware that their products and/or services will be excluded (Buy American) from all projects in the United States being funded under the Public Works Act of 1977, unless it can be shown that a suitable U.S. supplier does not exist.

Export Opportunities

In this fast moving market, opportunities that exist at the time of writing will not exist by the time it reaches the reader. Canadian firms wishing to become established, will have to be prepared to devote as much care and attention to the marketplace as they do to existing sales areas.

CHICAGO

The Market

1) Primary Wood Products: A well established market for Canadian construction-grade lumber provides a continuing opportunity for the sale of this category of product in the Chicago area. Western Canadian species are of particular interest. Of course, the rate of residential housing construction is the key factor in determination of demand level, but at present this rate is on an uptrend and seems to be headed for a relatively high level in the near future. A wide range of specialty items, such as treated poles, shingles and shakes, material for wood foundations, etc. are also marketable in this region.

2) Manufactured Wood Products: A substantial market exists for this very broad category of product. However, there is a great deal of local competition in most cases, with local buyers looking to source as close to home as possible to minimize delivery times and hence inventory levels required. Therefore, Canadian suppliers are faced with the need to offer distinct advantages to have any hope of altering buying patterns, the chief one being price. In some in-

stances, uniqueness of product or better access to required raw materials can also be factors in the viability of this product category. Based on this need to determine if any necessary advantages do exist, each Canadian offering must be treated on a case-by-case basis rather than generalizing market acceptance simply because a particular product is readily available in Canada.

3) Pulp and Paper: Past experience has shown that in general Canadian price levels on paper and related products are too high to be competitive here. Sporadic successes have been achieved but in these cases either the Canadian price has, for some unique reason, been very competitive or a domestic market imbalance between supply and demand has occurred.

Export Opportunities

No specific opportunities have been identified. In general, primary wood products have the best chance of success.

METALS AND MINERALS GROUP

The Market

1) Iron and Steel and Non-Ferrous Metals: Due to the both extensive and very diverse nature of manufacturing industries, both heavy and light, in the Chicago territory, an excellent market exists for many iron, steel and non-ferrous metal products. Castings, forgings, machined parts, basic forms, pipes and tubes, wire, stampings and fencing are among the products which have been successfully marketed here by Canadian firms. Components and parts for a broad range of machinery and mechanical equipment is the category of product which probably is the most marketable, although many finished products also can be successful if they are competitively priced. In components, price is also important, of course, but equally so are delivery schedules. The larger manufacturers in this area are very concerned with maintaining a steady flow of parts to their assembly operations. Most major supply contracts for components are handled on a bid basis, and Canadian bidders are just as acceptable as their U.S. competitors once they have been properly introduced to the buying entities and fully qualified.

2) Industrial Minerals and Construction Group Products: No significant market has been identified for most of the products in these categories. Local competition appears to

be too strong. Peat moss is an exception to this situation and certain non-metallic building products can be promoted and marketed if they offer something new and unique and/or are very competitively priced.

Import Policies

No policies are in effect that restrict a free flow of products, except for the national quota on specialty alloy steel.

1. All steel mill products imported into the United States are subject to the provisions of the U.S. "Trigger Price Mechanism" introduced in early 1978. For additional information please contact the Iron and Steel Division, Resource Industries Branch, Industry, Trade and Commerce.

2. Items containing Rhodesian chrome cannot be imported into the U.S. at this time.

3. Specialty steels are subject to country quotas upon importation to the U.S.

Export Opportunities

Castings and forgings utilized in the manufacture of agricultural and heavy construction equipment. Some 80 per

Chicago — (cont'd.)

cent of U.S. companies in this field have headquarters in the Chicago territory and information on hand indicates these firms source 45-50 per cent of their requirements in

these categories out-of-house, with Canadian firms generally being able to readily qualify for inclusion on bidders' lists.

CLEVELAND

LUMBER AND WOOD PRODUCTS

The Market

Good demand exists for lumber (both soft and hardwoods), as well as for wood components and fabricated items. Canadian sales are substantial and ongoing prospects excellent.

Import Policies

None.

Export Opportunities

Dimension lumber; particleboard; waferboard; kitchen cabinet parts; prefabricated doors, windows; wood furnishings, and shingles. The Ohio Lumberman's Show is scheduled in Columbus, Ohio, February 20-22, 1979.

CONSTRUCTION

The Market

There is a fair market for a variety of construction materials and construction technology.

Import Policies

Municipal building codes.

Export Opportunities

Pre-cast concrete, facing materials, trusses, asbestos products, new construction technique, energy conserving materials and related technology.

METALS AND MINERALS

The Market

An excellent market exists for a wide variety of Canadian-made castings, forgings, fasteners and tubing because of the heavy concentration of automotive and machinery manufacturers as well as the number of firms involved in aerospace and defence production in this territory.

Business tempo has improved considerably during the past six months and corporate purchasing divisions are receptive to examining competitive offers from new suppliers.

Import Policies

1. All steel mill products imported into the United States are subject to the provisions of the U.S. "Trigger Price

Mechanism" introduced in early 1978. For additional information please contact the Iron and Steel Division, Resource Industries Branch, Industry, Trade and Commerce.

2. Items containing Rhodesian chrome cannot be imported into the U.S. at this time.

3. Specialty steels are subject to country quotas upon importation to the U.S.

Export Opportunities

Custom ferrous and non-ferrous castings, forgings, specialty stampings, steel fabrication.

DALLAS

The Market

The 1977 residential and commercial construction activities in the southwest were at record high levels, and 1978 promises to surpass last year. This is a direct result of the large population and business movement into the area.

Import Policies

There are no significant changes for Canadian products coming into this area. The critical factor tends to be transportation costs.

Export Opportunities

Red cedar shingles and fencing should be viable in this area (certainly the market is large enough). Other building products should also be feasible as construction increases its dimensions. Metal products from finished products to basic metals are purchased from Canada when pricing and delivery competition is met. Finished products, especially high quality, are always in demand.

DETROIT

The Market

Primary Wood Products — U.S. housing starts, a useful barometer for Canadian lumber producers and exporters, will continue to be buoyant for the rest of this year and into

next year in the Michigan, Indiana and Toledo, Ohio, areas. The lumber market in these areas will remain strong and provide excellent sales opportunities for Canadian producers. The mobile home and manufactured home industries,

located in these areas, are large users of softwoods. There are also a number of chains of building material and supply stores in the territory. These areas with a population in excess of 13,000,000 enjoy one of the highest income per capita ratings in the United States.

Eastern Canadian softwood lumber producers, particularly from Ontario, have been established in this market for many years. Quebec softwood lumber producers have begun to show an interest in this market and, as a result of their market study and recent ventures into the marketplace, have captured a large portion of the business. A large delegation of Quebec lumber producers attended the Canadian Lumber Seminar held by the Detroit Canadian Trade Office in Kalamazoo in October 1977, and a large group from Quebec and other Canadian provinces is anticipated at the Canadian Lumber Seminars in Lansing, Michigan, and Indianapolis, Indiana.

Metals and Minerals Group — The market in Michigan, Indiana and Toledo, Ohio, areas for castings, forgings, stampings and fabricated assemblies is particularly attractive to Canadian producers and exporters, especially in the automotive and defense industries which enjoy special U.S. tariff considerations such as the Automotive Trade Agreement and the Reciprocal Defense Production Sharing Agreement. The general tariff on metal components from Canada entering the United States is not restrictive and is frequently offset by the favourable exchange differential. Sales to the automotive sector by Canadian producers of metal components continue to increase particularly in regard to metal castings and plastics.

Canadian manufacturers with job-shop and short-to-medium run production capabilities interested in supplying the U.S. military for automotive type metal components, will find these areas an attractive market, estimated in excess of one billion dollars for sub-contractors to prime or direct to the U.S. Army and Materiel Readiness Command (TARCOM), Warren, Michigan.

It has been estimated that 90 per cent of durable goods require castings and the demand is expected to reach 24,000,000 tons by 1985 for a value of \$32 billion. The demand for ductile iron and aluminum castings continues to increase and it is anticipated that in the U.S. automotive industry, which is striving to produce lighter vehicles, the demand for alloyed aluminum castings and parts will increase dramatically. Columbium, a mineral used as an alloy for hardening aluminum and which is, reportedly, only mined in Canada in any commercial quantity, will come into strong demand within the near future.

Import Policies

1. All steel mill products imported into the United States are subject to the provisions of the U.S. "Trigger Price Mechanism" introduced in early 1978. For additional information please contact the Iron and Steel Division, Resource Industries Branch, Industry, Trade and Commerce.
2. Items containing Rhodesian chrome cannot be imported into the U.S. at this time.
3. Specialty steels are subject to country quotas upon importation to the U.S.

LOS ANGELES

IRON AND STEEL

The Market

Demand for castings and forgings remains strong. However, forgings from Canada will face extreme difficulties, due to the existence of locally-based foundries and extreme distances from Canada with the unavoidable high freight increment.

The market for processed steels in different shapes is fluctuating with the world market. Fierce competition from Japanese sources makes it extremely difficult to be price competitive.

Special types of valves are very much in demand.

Export Opportunities

They exist wherever a unique and unusual type of product is demanded. Price may not be of great importance at this stage.

The Canadian Consulate in Los Angeles is in continued close contact with major international engineering firms such as Ralph M. Parsons Company, Fluor Corporation, C. F. Braun Co. and Santa Fe Engineering, all with headquarters in the area. The potential is enormous but it necessitates a personal contact and visit with the local engineering firms. Introductions can be arranged by the consulate.

Again, local representation is of paramount importance, either through the use of a locally-based agent or through the establishment of a branch office.

WOOD PRODUCTS/PULP AND PAPER

The Market

California is enjoying a housing boom much stronger than the rest of the U.S. so that the market for lumber and for furniture-quality wood is stronger here than elsewhere. Consumption of paper has risen again on a per capita basis.

Import Policies

No major problems.

Export Opportunities

Cedar is in short supply and any new source would soon find ready and profitable relationships. Pulp and paper is in heavy demand because of Pacific Northwest labour disputes but market should return to normal by year end. Other woods must compete here head on with both Pacific Northwest and Southern producers.

HARDWARE AND BUILDING MATERIALS

The Market

Construction, both residential and commercial, is setting new records both in Southern California and Arizona. As in Canada, on-site labour costs are high so that devices which permit savings in labour costs are constantly being sought. Despite rapid housing price inflation in the past two years, buyers do not seem to be showing much price resistance and most new cheaper developments sell out as soon as they are announced.

Import Policies

None.

Export Opportunities

There is an acute shortage of cement and many other basic building materials are in short supply. Tax credits are coming for solar energy devices and energy conserving equipment so products in these areas should take off soon. As long as the current sunbelt growth explosion continues, excellent opportunities will exist for all types of hardware and building materials.

MINNEAPOLIS

The Market

Industrial, commercial and domestic construction are all on the upswing in the territory. The emphasis on the first is in the twin cities area where many factories are being built or expanded whereas the buoyancy in the other two sectors is most noticeable in the mid-sized towns in the Dakotas and Montana where huge energy developments have resulted in a myriad of new homes, schools, and shopping malls. This boom has resulted in a strong demand for Canadian lumber and other building supplies. The market for other resource materials such as pulp and paper, manufactured wood products and components, metals and minerals remains firm.

Import Policies

No restrictive policies although prefab housing and domestic construction materials must meet local building codes.

Export Opportunities

Softwood lumber, insulation, roofing materials and, above all, cement are in high demand in the construction field. There is also a steady market for hardwood for manufacturing industries, wood components, pulp and newsprint from Canadian forest industries. Barbed wire, steel blades and non-ferrous investment castings from Canadian metal industries can also be marketed here if their prices are competitive.

NEW YORK

The Market

Residential housing statistics have steadily increased in the United States (1.7 million single family unit-starts, per quarter average through second quarter 1978) from the depressed level of 1975. Thus the market for lumber, manufactured wood products and building materials is enjoying an upswing of shipments to the United States.

Export Opportunities

Increasing opportunities exist for Canadian steel. The repeal of the Specialty Metals Act has facilitated importation of specialty steels from Canada for use in defence related industries.

PHILADELPHIA

LUMBER

The Market

There is a large and significant market for Canadian lumber, pulp and paper, steel and related products, castings and forgings. With the devaluation of the Canadian dollar and an increase in construction in the U.S. in general, there should be an increasing demand for these and similar items.

\$10.3 billion will be spent in the Mid-Atlantic states. This increased activity in the construction field has boosted sales of Canadian soft and hard lumber in this territory to around \$275,000,000 (1977) in value. Local dealers are optimistic for the future and believe imports from Canada could rise another 10 per cent during the next 18 months.

Import Policies

The west coast of Canada recently has shown a depressed condition which might make it a bit harder to penetrate this region. The demand for lumber is as great as ever, especially with residential housing on the increase. There are no government restrictions on the importing of lumber.

Export Opportunities

Waferboard and cedar panelling are new sources of developments well received in this area. Regular shipments of raw lumber are on the increase. Spruce and pine are always needed in this area.

Philadelphia — (cont'd.)

Two initial contacts for investigation of the marketplace for the Middle Atlantic region are:

Lumbermen's Merchandising Corp.
Middle Atlantic Lumbermen's Association

PULP AND PAPER

The Market

Canada supplies the bulk of total U.S. paper and board imports and all of the newsprint imports. Newsprint accounts for 90 per cent of total U.S. paper imports which last year amounted to 7.2 million tons. Imports of Canadian papers into the Mid-Atlantic states are running around \$335 million in value for 1977.

Export Opportunities

Current dollar value favours the Canadian dollar. The market is still on the increase but the U.S. and Canadian companies involved have had a long-lasting relationship. This does not indicate new opportunities except in more volume.

METALS AND METAL PRODUCTS

The Market

Canadian sales of metals in the Mid-Atlantic states rose steadily during the first half of 1976 and should amount to close to \$300 million in value for the year. These were mostly steel products purchased by manufacturers in this area.

Items containing Rhodesian chrome cannot be imported into the U.S. at this time.

Specialty steels are subject to country quotas upon importation to the U.S.

Import Policies

The states of Maryland and Pennsylvania have recently passed legislation that could restrict steel used in state projects to domestic suppliers. While the sales of Canadian metals continued to be strong, there is reason for concern with the increased adoption of "Buy American" legislation. It is suggested that any Canadian wishing to enter this market co-ordinate his efforts with the consulate.

Export Opportunities

Castings and forgings on a contractual basis will be a favoured market.

List of potential U.S. companies:

Castings and Forgings

Lukens Steel
Sperry/New Holland
U.S. Steel
Bethlehem Steel
Carpenter Technology
Steel
Amtrak
Chessie System
Conrail
D.I.S.C.
Norfolk and Western R.R.

All steel mill products imported into the United States are subject to the provisions of the U.S. "Trigger Price Mechanism" introduced in early 1978. For additional information please contact the Iron and Steel Division, Resource Industries Branch, Industry, Trade and Commerce.

SAN FRANCISCO

The Market

Drought conditions, which existed in the Rocky Mountain and Northern California regions and threatened to halt expansion of water service systems during 1976/77, have now been alleviated. The result has been a continued boom in construction, particularly for commercial, apartment and industrial development. Supplies of Portland cement, fibreglass insulating materials and gypsum wallboard have become severely strained.

however, construction is significantly constrained by very high material costs coupled with delays in the supply lines.

Export Opportunities

Strained accommodation and inventories of building supplies have created spot and ongoing sales possibilities for:

- Portland cement
- Gypsum wallboard
- Fibreglass insulating materials
- Prefab housing and components

The number and magnitude of resource development projects now underway in the Rocky Mountain area to bring new energy sources quickly on-stream have created a heavy and continuing demand for housing and building materials of all types. Northern California, although not in the boom cycle of the Rocky Mountain area, continues to sustain both new principal residence and vacation-home construction and commercial developments. In Hawaii,

Experience has shown that those Canadian firms successfully exporting to this area have associated with a local builder, representative or distributor. Western Canadian prefab housing and building products manufacturers and suppliers, because of freight cost considerations, are particularly well situated to take advantage of the growing export opportunities in this territory.

SEATTLE

The Market

The Northwest pulp and paper industry has been off since the 1975 economic downturn. Output has been below national figures because of its sensitivity to Far East demand. The recovery has been steady. During 1978 the market was strengthened considerably, but not the point of supply shortages. Total volume exceeds 1974.

Energy pressures remain strong in the local aluminum industry which represents 25 per cent of the nation's capacity. Recently the E.P.A. enforced the option of interruptible power to these plants. While the competition for cheap B.P.A. power is increasing, there is evidence that the aluminum industry will continue to buy power at rates which keep the industry highly competitive. Asarco, which produces seven per cent of the nation's copper supply in Tacoma, is under continuing pressure from the E.P.A. The plywood industry is having back-to-back record production years. The American Plywood Association forecasted a 1978 production of 19.5 billion feet. There remains concern for adequate wood supply. Industry production for 1979 and 1980 reflects a continuing high demand.

The total Northwestern U.S. construction market is estimated in the \$12 billion range. The 1978 market is expected to increase by 7-10 per cent. The 1977 housing market was a record breaker in the Pacific Northwest and several local forecasters predicted 1978 to be equally bright, construction will be well above national averages for several more years.

Because the average U.S. home now sells for more than \$51,600, sales of factory-built mobile homes are increasing. A number of significant construction projects are underway. These are primarily in the energy field, petrochemical, hydro-electric, and nuclear. The lumber market has returned strongly with the expanded demand for resi-

dential construction. A concerted research and development effort is being made in the "fabricated" sawn timber field, i.e. composite wood beams, truss joints, veneered 2 X 4s and 2 X 6s and long sectored 2 X 18s. All are aimed at achieving high yield from small logs.

The housing construction market is showing signs of strain in the supply system. In the spring of 1977, home values ranged in price from \$25-\$35 per square foot. These values had been increasing at rates exceeding one per cent per month. However, there are signs of stabilization. In Oregon, one out of every eight single family homes is a mobile home and most mobile home parks are at capacity. Land values and house costs are causing more and more people to choose the \$15,000-\$20,000 mobile home. There is a definite trend towards higher priced double and triple-wide factory-built homes on private land.

For the first time since the beginning of the N.W. Hydro Electric Age, a major power facility will use coal. It will be built at Bordman, Oregon and will use low-sulphur, sub-bituminous coal brought 1,200 miles from N.E. Wyoming. The facility will use approximately two million tons per year. Several highly-important, advanced-technology energy facilities are being constructed and tested. These included the FFTF at Hanford and the MHD Facility Component Development and Integration Facility in Montana. Major irrigation projects are underway in Eastern Washington and Oregon.

Export Opportunities

Building materials for residential construction are getting to be in short supply. General construction materials may be more competitive from the western provinces. There are opportunities for developers and specialized consulting firms.

BERMUDA

The Market

Bermuda depends totally on imports for the basic needs of its 55,000 inhabitants and the 500,000 tourists who visit the island each year.

In 1976, Bermuda's imports from all countries totalled \$165 million. In 1977 imports from Canada (the third largest supplier) totalled \$11 million. Canadian exports to Bermuda include food (40 per cent of Canada's exports), apparel, textiles and footwear, electrical goods, machinery, paper products, furniture, etc.

Although Bermuda is a small market, it is perfectly tailored for the many small and medium-size Canadian manufacturers. The Canadian Consulate General, New York City, has established and maintains close contacts with Bermudian importers.

The lower priced Canadian dollar and the slowdown in the rate of inflation in Canada should contribute to increased competitiveness of Canadian products in Bermuda.

CENTRAL AMERICA AND CARIBBEAN

COSTA RICA

The Market

Latest Costa Rican figures show imports in this sector from all sources totalled \$37.5 million in 1975.⁽¹⁾ Statistics Canada figures show exports to Costa Rica in this sector totalled \$9.9 million in 1977.

The primary and manufactured wood products sectors are dominated by local companies that meet local demands and export to other members of the Central American Common Market. In the case of plywood, the local company Plywood de Costa Rica, Apartado 1320, San José, Costa Rica, is also exporting to the U.S. and to the Caribbean. Joint ventures are encouraged, especially to manufacture products such as brooms, brushes and wood flooring for export. As the Costa Rican government bids for exports of logs, further processing of timber resources is essential to exporting.

Pulp and paper products imports are increasing from year to year but the government of Costa Rica and the private sector are trying to increase local capacity.

Imports of iron and steel products are increasing substantially, especially those for use in water and sewage systems and primary rolled products. While Japan and Taiwan hold 80 per cent of this market, \$2 million worth of Canadian iron ductile pipes and accessories were sold in 1976 and through future government projects there is a market potential of some \$10-12 million over the next five years. The Instituto Nacional de Acueductos y Alcantarillados (Apartado 5120, San José, Costa Rica) is responsible for purchasing this equipment.

Non-ferrous metal products are imported by local factories, mainly: Ferro-alloys, tin and alloys, zinc and alloys and aluminum. These materials are purchased through local distributors with whom The Canadian Trade Office in Costa Rica is in contact.

Of industrial mineral products, Costa Rica imports mainly asbestos, natural abrasives (including industrial diamonds), artificial ceramics, mineral wool and electro-ceramics. These products are marketed in a manner similar to non-ferrous metals.

In 1976, Costa Rican expenditures in the construction sector totalled some \$349 million — including \$155.2 million for highways; \$85 million for power; and \$68.1 million for buildings. In the next five years, expenditures are estimated at \$320 million for highways, \$245.6 million for buildings, \$192 million for power and \$150.8 million for other projects.

Foreign construction companies, including several Canadian firms, are active in Costa Rica and well received by the government. Foreign companies operate both on their own and on a joint venture basis, depending on the particular project. This small market is very competitive, but foreign firms are always involved in large projects.

⁽¹⁾ Comercio Exterior: Costa Rica 1975
publisher: Dirección General de Estadística y Censos,
Ministerio de Economía, Industria y Comercio

CUBA

The Market

Cuba is making a considerable effort to produce its own resource industry requirements. Cuba is now more than self-sufficient in the production of cement, one of its most important construction products. Cuba has undertaken an extensive reforestation program, which should begin to pay off in production lumber by 1983.

Production of nickel has been increasing annually and the Cubans have plans to develop several lead/zinc mines. Development plans also include the construction of a large bagasse pulp and paper plant.

Import Policies

Most products under this heading are handled by the state trading agency Maprinter although other ministries such as the Ministry of Construction also make purchases through other agencies.

Export Opportunities

There are good prospects for continuing Canadian sales of pulp and paper products. Although the major part of Cuba's lumber requirements are purchased from the U.S.S.R. (and recently smaller quantities from Finland), good prospects remain for Canadian sales, at least until 1983.

Two new asbestos-cement plants are now in operation in Cuba. This will require the importation of significantly larger quantities of asbestos fibres. The U.S.S.R. will continue to be Cuba's main supplier for this product. Spot purchases, however, will be required and Canadian suppliers have good possibilities of supplying the balance. There is also good potential for sales of wire, cable, wire fencing and fasteners.

EL SALVADOR

The Market

El Salvador imports a substantial volume of resource and construction materials. Imports have increased propor-

tionately as the GNP of the country increases and this trend is expected to continue.

El Salvador — The Market (cont'd.)

Canada continues to dominate the newsprint market with 1977 sales of \$4 million. Although there is an import market, there have been no significant exports of Canadian softwood or hardwood timber and lumber to El Salvador.

Canada's traditional market shares increased substantially in 1977 for aluminum \$753,000, asbestos \$6 million, and gold \$1.5 million.

The market for metal products, both ferrous and non-ferrous, is dominated by U.S., Japanese and German firms and Canada has not made significant sales to date.

Import Policies

El Salvador is a member of the Central American Common Market under which relatively low tariffs are imposed on resource industries imports which are not produced locally.

Export Opportunities

The market for resource and construction materials is expected to continue to expand. Traditional Canadian exports (newsprint, asbestos, etc.) should continue to increase as well.

Some specific areas where there are opportunities for Canadian suppliers are: ductile pipes and tubes, including fittings and couplings; wire and cable; bolts and nuts; copper tubing.

There are new opportunities for prefabricated houses with a requirement for 7,000 units under the recently implemented five-year government development plan.

GUATEMALA

The Market

Canada's exports of resource materials were up 5 per cent in 1977 to \$10.1 million highlighted by \$3 million in steel billets and coils, \$2.7 million in newsprint.

Significant sales of aluminum, gold, zinc and asbestos were recorded.

The market for lumber and manufactured wood products is limited due to ready availability from local industry.

Canadian firms should maintain their present position and further sales penetration, particularly in iron and steel, is possible, but competition from the U.S. and Japan is intense.

While there are major projects planned and underway, the prospects for Canadian construction firms are diminished by the diversity and capability of local and regional contractors and inexpensive local labour rates. Canadian contracting firms have shown little interest in construction projects.

Import Policies

Apart from local government policy to encourage use of local building materials and the application of the Central America Common Market tariffs, the market is relatively open to imports.

Export Opportunities

There are opportunities for further penetration by Canadian firms for iron and steel basic and semi-fabricated products.

HONDURAS

The Market

This is the major market for Canadian exports in 1977, with \$6.3 million in sales highlighted by \$2 million in liner-board, \$1.1 million in container board and \$1.2 million in newsprint.

Honduras exports softwood and hardwood timber and lumber and there is no significant import market.

Canada has a modest market in primary and semi-fabricated iron and steel, non-ferrous metals and industrial minerals although Japanese and U.S. competition, especially in iron and steel, make competitive pricing a critical condition for sales.

Import Policies

The government dominates the forestry sector through COHDEFOR, an agency responsible for forest policy and its implementation, and general control of all forest industry activities in the country.

Export Opportunities

Current Canadian sales of forest products and metals, industrial minerals, etc., should be maintained in the coming years.

The El CAJON hydro project will be a \$600 million high-arch dam offering significant opportunities for sales of rebar, in which Canadian suppliers have recently shown an increased interest.

JAMAICA

The Market

With the construction sector at a virtual standstill, little prospect exists in Jamaica for materials or for components for further manufacturing for the building industry.

Import Policies

A system of import quotas has been introduced which allows the government to restrict imports on a priority basis, thus protecting local manufacturers and conserving foreign exchange. A number of items have been banned altogether. These are: cranes, road rollers and earth-moving equipment as well as finishing items such as carpeting and linoleum.

The importation of bulk building materials (lumber, reinforcing rod, etc.) is now handled through a state trading corporation, Jamaica Building Materials Ltd.

Export Opportunities

Good prospects remain for pipes for major water and sewerage projects in Jamaica, Belize and the Bahamas.

Asbestos, mica and refractory materials are the only major industrial minerals to have been recently imported. There has also been a strong demand in Jamaica for copper, tin and aluminum sheets, tubes and rods although all of these items are now affected by import quotas.

Canada remains the principal supplier of newsprint and fine papers in Jamaica.

NICARAGUA

The Market

Latest Nicaraguan figures show that in this sector, imports from all sources totalled \$122 million.⁽¹⁾ Canada's exports in this sector to Nicaragua in 1977 totalled \$2.6 million.

Canadian exports included 25 per cent asbestos fibres and 45 per cent newsprint, two areas in which a substantial increase is expected in the next few years.

The construction industry has slowed down somewhat since private concerns have rebuilt facilities surrounding the city of Managua following the 1972 earthquake. Opportunities may open up, however, once the government's reconstruction of the city begins, should local capacity not be able to meet demands. The government is now working on a master plan for reconstruction and expects to begin the first stage before 1980.

Nicaragua is establishing factories for construction materials, with a view to becoming the supplier for the rest of the Central American Common Market. The new factories will require imports of non-ferrous metals and non-ferrous metal products. Canadian companies interested in this burgeoning market should work with a local partner or agent who can monitor opportunities and handle any problems on the spot, as they develop.

In 1976, Nicaraguan expenditures in construction projects totalled some \$100 million. Major expenditures were in

buildings, \$45.6 million; power projects, \$16.1 million; and highways, \$15.2 million.

There is a potential for numerous opportunities for architectural, engineering and planning services, but also strong protection for local companies. Canadians who wish to take advantage of the opportunities should investigate joint ventures, which would give the advantage of having a partner who knows the country and its traditional business practices.

Further information is available from the Canadian Trade Office in Costa Rica or from the Nicaraguan organizations involved in the reconstruction of Managua:

Ministerio de Obras Publicas de Nicaragua
Apartado Postal 3570, Managua, Nicaragua

Banco de la Vivienda de Nicaragua
Apartado 258, Managua, Nicaragua

Asociacion Nicaraguense de Ingenieros y Arquitectos
Apartado Postal 2331, Managua, Nicaragua

⁽¹⁾ Banco Central de Nicaragua, Direccion de Estadisticas y Censos

PANAMA

The Market

Latest Panamanian figures show imports in this sector from all sources in 1974 totalled \$222.8 million.⁽¹⁾ Latest Statistics Canada figures show Canadian exports in this sector to Panama totalled \$7.6 million in 1977.

The construction industry is starting to recover from a slump in the past few years: Imports of sheet and strip steel are recovering faster than other products, with supplies coming mainly from the U.S. and Japan.

Primary wood products are mainly imported from Costa Rica and other Central American countries which have the advantage of lower transportation costs and shorter delivery time.

Manufactured wood products such as wood flooring (all types), wood containers, laminated structures, partitions and cabinets, will be imported once the construction sector starts its recovery. There is some interest in installing factories through joint ventures with foreign companies that

Panama — The Market (cont'd.)

are able to supply technology, equipment and financing. The Chamber of Commerce is co-ordinating this activity: Camara de Comercio, Industria y Agricultura de Panama, Apartado 74, Panama 1, Republica de Panama.

Pulp and paper products are imported at present, mainly from American companies which have had close relationships with the local consumers for many years. Canadian manufacturers and exporters could get an important share of this market through a more aggressive marketing effort.

Imports of iron and steel products such as wire, wire rod, wire fencing and steel building materials are dominated by American companies which have in some cases storage facilities and warehouses in the free zone of Colon. Interested Canadian companies could obtain additional information through the Canadian Trade Office in Costa Rica.

A World Bank-financed water supply and sewage project in Colon offers a \$20 million opportunity to Canadian suppliers of goods and services. The Costa Rica office maintains

close contact with the government executing agency, Instituto de Aguas y Alcantarillados Nacionales (IDAAN), for potential Canadian participation.

As there are few processing plants in Panama, demand for non-ferrous metals in primary or semi-manufactured state is much less than for finished products.

The import situation for industrial minerals is very much the same as for non-ferrous metals, with the exception of asbestos, industrial diamonds and electro-ceramics.

While this sector is recovering from the recent slump, it is expected that the implementation of the Canal Treaty will stimulate activity beginning in 1979. Estimated expenditures over the next five years, totalling \$739 million, include \$228 million for buildings; \$247 million for power; and \$152 million for highways.

⁽¹⁾ Anuario de Comercio Exterior ano 1974 published: Direccion de Estadistica y Censo, Republica de Panama

PUERTO RICO

(Includes: Puerto Rico, Dominican Republic, Haiti, British and U.S. Virgin Islands)

The Market

Canadian lumber sales to Puerto Rico in the first four months of 1978 were \$4.8 million compared to \$8.5 million for the 12 months of 1977. With a 20 per cent increase in construction activity for this year Canada's exports of lumber should reach \$10 million for 1978. Canadian exports of

newsprint to the market area, at \$6.3 million during the first four months of 1978, showed a 38 per cent increase over the same period in 1977. Prices of Canadian fine papers remain uncompetitive with those of U.S. mills. Sales of basic steel products in 1977 reached \$3.5 million with the packing industry being Canada's best customer.

TRINIDAD AND TOBAGO

The Market

Significant resource industries in the Eastern Caribbean include oil, bauxite and forestry. In Trinidad, oil production and secondary recovery are growing activities. Guyana and Surinam continue to be major bauxite producers. In Guyana, Surinam and French Guiana interest in developing forestry industries has been expressed.

In 1977 Canada sold \$2.8 million worth of newsprint paper to Trinidad and Tobago, which largely compensated for the sharp drop experienced in exports to Guyana of that product (from \$268,000 to \$87,794). Canada has been successful in exporting to the area paper of virtually all types.

Other significant resource exports in 1976 were softwood lumber (Trinidad) and metal fabricated basic products (Guyana, Leeward/Windward Islands).

Import Policies

In the resource industries sector, governments have adopted a policy of local ownership and control. Investors should consider that they will not be allowed more than 49 per cent ownership. Also, exporters to these companies will find that many are either owned outright by government or that government has either majority or controlling interest.

Construction Sector: Multilateral financed jobs have few restrictions, although it is generally felt local firms should be included in some way. In Trinidad, where most construction work is financed by the Trinidad and Tobago government, there is a definite requirement for foreign firms to associate with a local firm to bid on any projects. All firms must also be registered with the government's Central Tenders Board to be eligible to bid on a job.

Trinidad and Tobago — (cont.d.)

Export Opportunities

	PROJECT NAME	FINANCED BY	CDN. \$ VALUE	DESCRIPTION
TRINIDAD				
1.	National Library	T&T Gov't	15 M	All phases of library from consulting on
2.	Government Buildings	T&T Gov't	70 M	Several buildings to provide office space for government operations
3.	Health Improvement Services (on-going)	T&T Gov't/ IADB	35 M	Construction of 21 small health centres plus major improvements and additions to two hospitals
4.	Primary School Building Program	T&T Gov't/ IBRD	140 M	Construction of 11 schools and upgrading of existing ones
5.	Point Lisas Development Corp.	T&T Gov't	20 M	Finger pier 700'x75', site preparation, access roads, utility corridors and drainage
6.	Pilot Housing Scheme (on-going)	T&T Gov't	80 M	Low-cost housing schemes
7.	Re-development of Piarco Airport	Unknown	Unknown	Consulting, architectural and construction services. Prequalification exercise for consultants closed on August 24.
BARBADOS				
1.	Polytechnic Institute	IADB/ B'DOS Gov't	10 M	Facility for approximately 1,500 students
GUYANA				
1.	Upper Mazaruni Power Project	Not arranged	1 billion	Mammoth hydro-electric project with dams, roads, transmission lines and downstream aluminum smelter
SURINAM				
1.	Kabalebo Hydro Electric Project	Partially Dutch aid fund and possibly IBRD	U.S. \$230 million (1976 estimate for civil work and equipment)	First phase of project would consist of construction of main dam and power house and of diversion area and smaller dam. Prequalification tender for contractors called in 1976. This may be re-opened given the long delay in implementing the project.

LATIN AMERICA

ARGENTINA

The Market

Argentina has a considerable secondary converting industry, which contributes almost 15 per cent to the GNP, and is heavily dependent on imports. Argentine imports of paper products, lumber, industrial minerals, basic metals and semi-finished metal products of \$1.1 million constitute one-third of all Argentine imports. The Argentine steel industry is currently importing \$500 million annually of raw steel products like pig iron, billets, coils and coking coal.

The paper industry is heavily dependent on imported pulp and waste paper (U.S. \$100 million/year). The first newsprint mill is scheduled to start operation by the end of 1977.

Metallic and non-metallic mineral imports account for \$100 million and lumber imports, mostly from neighbouring countries, are at a similar level. Current government plans for the steel industry, pulp and paper, and the mining sector are directed toward making Argentina less dependent on imports of raw materials.

Import Policies

Argentine importers of raw materials are required to submit a "Sworn Declaration of Need to Import" for each type of product involved. Imports of housing components are forbidden in Argentina.

Export Opportunities

In the paper sector, opportunities still exist for unbleached wood pulp, dissolving pulp and waste paper. Canada is one of the main Argentine suppliers of newsprint.

In the steel sector, Canada could increase exports of pig iron, laminated coils, tin plate. Argentina is currently looking for new suppliers of coking coal which Canada has recently supplied. Present requirements are three million tons per year.

In the construction sector good possibilities exist for housing technology transfer and wood based panels (joint ventures).

BRAZIL

The Market

Canada is a supplier to Brazil of steel, nickel, asbestos fibre, copper, lead, aluminum and zinc in metal or, in a few instances, concentrate form. The relaxation of the compulsory deposit covering non-ferrous metals and minerals has improved the access situation for Canadian suppliers and prospects for ongoing Canadian sales brightened accordingly. Total Canadian sales of metals and minerals (including steel, potash and copper) to Brazil were \$70 million. Sales of metallurgical coal increased from \$1 million to \$11 million and should remain strong. Further, Canada remains an important supplier of newsprint. However, Brazil's major steel expansion program, new discoveries of bauxite, zinc and nickel, could reduce import markets over the medium-term. Major projects to convert Brazilian bauxite to alumina and aluminum are aimed at giving Brazil self-sufficiency in these products within 10 to 15 years.

Within the pulp and paper field, Brazil is already an exporter of pulp and, if any of the major paper mill projects currently being planned go forward, newsprint imports will decline drastically within the next few years. Many of these major resource projects are being undertaken by Brazilian mining, engineering and construction firms which are largely self-sufficient, although a few are associated with foreign companies.

Import Policies

Since imports of steel and non-ferrous metals are crucial to Brazil's industrial development but at the same time have a severe detrimental effect on Brazil's balance of trade, such imports are monitored closely. All offshore purchases of non-ferrous metals and steel must receive the prior ap-

proval of the National Steel and Non-Ferrous Metals Council (CONSIDER). Since LAFTA members are exempt from the prior-deposit scheme, Canada is at a disadvantage (approximately 40 per cent). This has caused Canadian firms, for example, to lose their market share for zinc and molybdenic oxide to Latin American suppliers. Although newsprint can be imported duty-free and without the prior-deposit scheme, Brazil is self-sufficient in virtually all other wood products.

Export Opportunities

Major Canadian resource companies are already well represented in Brazil and, with a few exceptions as mentioned above, should continue to be able to export some copper, zinc, aluminum, nickel metal and lead concentrates. Steel, aluminum and perhaps nickel markets, however, will decline in the longer term as Brazil's projects in these sectors come on stream. Sales opportunities will continue to exist for copper, lead and zinc. The most promising area for new Canadian exports is metallurgical coal and the Brazilian National Steel Holding Company, SIDERBRAS, forecasts that within the next four to six years, Canada could be supplying one million tons per year. Most of the Canadian coal suppliers are either negotiating in Brazil or have already made trial shipments. Newsprint sales should continue in the short-to-medium term at least at present levels, although these too will eventually decline. Opportunities for minority investment, however, in the form of joint ventures appear excellent in the resource and pulp and paper field. There are virtually no opportunities for the sale of construction materials, although there is some potential for engineering/construction techniques.

CHILE

The Market

Chile, like Canada, is rich in natural resources. There are now several projects underway to increase production capacity and improve the quality of newsprint and paper tissue products.

As a result of the export diversification program of the authorities, copper exports contributed 53 per cent of total export revenue in 1977 against 60 per cent in 1976 and 82 per cent in 1973. There are a number of projects underway to increase the production of copper, lead/zinc and other metals and minerals. Exports of non-traditional products more than quadrupled in the period.

Import Policies

There are no impediments to the granting of import licences. Import duties are being reduced, particularly for items directed to manufacturing operations. Foreign exchange is readily available.

Export Opportunities

There are not many new opportunities expected except for some steel products, especially tin plate. A small demand for newsprint has recently become apparent, on the assumption that imported quality will be better than the local product at about the same cost.

COLOMBIA

The Market

Colombia is self-sufficient in primary wood products with the exception of plywood. Its exports to countries, including Canada, involve millwork products and mouldings.

All newsprint used in Colombia is imported and Canada is the major supplier. In 1977, 45,000 tonnes of newsprint were imported. For 1978 imports will exceed 50,000 tonnes and the Canadian share of the market will increase. Demand is growing at 5.3 per cent annually.

Colombia imports 70 per cent of its long fibre pulp requirements. Major suppliers are the United States, Canada, and Chile. There are four local producers of kraft paper with a capacity of 37,000 tonnes exporting to several countries in Latin America. Domestic production accounts for 87 per cent of the writing paper.

Linerboard, wrapping paper, cartons, cigarette papers, wallpapers and tissues are all locally produced, as are pressure-sensitive tapes. Coated papers are not locally produced. There are 25 companies with majority foreign ownership in the paper industry sector in Colombia, two of them have 80 per cent of the industry's installed capacity. PROPAL is 50 per cent owned by W.R. Grace and 50 per cent by International Paper. CARTON DE COLOMBIA is 66 per cent owned by the Container Corporation of America.

In 1975, Colombia produced 360,000 tonnes of steel with the installed capacity to produce 530,000 tonnes of steel ingots. There are six local steel producers and a 30,000-tonne pig iron plant. In 1976, Colombia imported \$37.9 million worth of iron and steel sheets of less than three millimetres in thickness. The major suppliers were Japan, West Germany, South Korea, Belgium, Luxembourg and the United States. Japan is by far the largest supplier to the Colombian market of iron and steel products.

Colombia has one of the more important thermal and metallurgical coal reserves in South America, estimated at 1,000 million tonnes and is an exporter. Thirty per cent of the continent's total reserves are in this country. Development of the large El Cerrejon Coal deposits is continuing and mine construction may begin in 1981.

Colombia's asbestos fibre consumption is approximately 17,000 tonnes and all is imported. Canada is the major supplier followed by South Africa, U.S. and U.S.S.R. Minera La Brisas is now scheduled to come on stream in 1981 with

initial capacity of 6,000 tonnes of asbestos cement grade fibre.

Chile and Peru are major suppliers to Colombia of electrolytic and refined copper, copper rods and bars, plates and sheets, and tubes. Small quantities of copper alloys, wires, foil, cables and ropes, are sourced from Britain. Mexico also provides tubes, sheets and mesh. Copper powder and copper foil are sourced in West Germany. Canada has supplied electrolytic copper, powder, rods and bars and mesh over the years.

Colombia exports nickel tubes and accessories, obtaining raw nickel, bars and rods, wires and sheets primarily from the U.S., West Germany and France. Canada has supplied tubes, accessories and anodes.

Last year Colombia imported \$15 million worth of aluminum in bulk, sourced primarily from Venezuela. Canada is the major source of aluminum ingots and bars, wires are imported from Argentina and foil primarily from Mexico. Colombia is a major exporter of collapsible tubular products, rivets, structures and parts of structures.

Canada also supplies zinc to Colombia although Peruvian competition is strong.

In 1977 the Colombian construction industry was hampered by restrictive monetary and fiscal policies and by cement shortages. Colombia has many large resource development projects, particularly in the mining sector, which will require outside assistance.

Import Policies

Duties of 65 per cent on prefabricated structures and the requirements of prior licence all but prohibit the importation of prefabricated structures and building materials. There are no duties nor prior licence requirements on newsprint. However, a five per cent tax must be paid to the Export Development Fund and 1-1/2 per cent tax to the Coffee Development Fund. Canadian newsprint suppliers are well known in this market. Some changes in Canada's strong market position may occur if barter arrangements (newsprint-coffee) are established. Chile is also beginning to offer strong competition in newsprint.

For products locally produced, prior import licences are required and these can be difficult to obtain.

Colombia — Import Policies (cont'd.)

Specialty papers are free from import licence requirements. Duties are approximately 25 per cent with six per cent sales tax.

Given the nature of the construction industry and local laws, construction companies and contractors seriously interested in the market would be advised to set up a joint venture or associate company locally.

Export Opportunities

Opportunities exist for:

1. Newsprint.
2. Pulp.
3. Writing paper.
4. Specialty papers such as security paper, filter paper, electrical paper.
5. Certain heavyweight krafts and cartons.
6. Coated papers.
7. Bars and rods of iron and steel. (Small market).
8. High carbon steel and steel alloy wire rods, bars, sheets, strip steel. (Small market).
9. Pipe fittings of iron and steel in large sizes and specifically for oil industry (competition Japan). (Small market).
10. Asbestos fibre.
11. Refractory bricks — by project.
12. Certain clays and natural abrasives — small market.
13. Copper: Electrolytic, alloys, rods, bars, wire, foil, powder, tubes, mesh. (Small market).
14. Nickel: Raw, bars, rods, sheets, wire, anodes, tubes and accessories. (Small market).
15. Aluminum: Raw ingots, bars, foil. (Small market)
16. Zinc: Blocks, alloys, powder, zinc cells, sheets. (Small market).

In the construction area, opportunities exist for specialized capabilities, for example, certain kinds of dam construction.

Opportunities are better for road projects and building projects via joint venture with a local company.

ECUADOR

The Market

Primary woods are prohibited imports to Ecuador. Prefabricated structures and parts thereof are prohibited. Mouldings and millworks are permitted only if sourced from Paraguay.

Ecuador imports all its newsprint, with Canada and Chile being the major suppliers. Chile's share of the market is expected to decline because the tariff on Chilean newsprint has been equalized with that on Canadian newsprint.

Ecuador imports its pulp needs — approximately 10,000 tonnes from the U.S. and some from Canada. Ecuador has a strong converting industry accounting for eight per cent of the industries. Sanitary paper and tissues and kraft paper are locally produced. Major suppliers of fine writing papers are Brazil, Argentina, the U.S. and West Germany. The major supplier of gummed and self-adhesive paper is the U.S. Wallpaper is also imported from the U.S., Spain, Belgium and Canada.

Ecuador does not have an indigenous iron and steel industry, although studies are now being done on processes and location and, it is anticipated, on specialty steels.

Ecuador produces some structural iron, galvanized wires, nails, iron rods and tubes and steel drill bits. The latest official published figures are for 1974 and these should be viewed in the perspective of an average annual growth rate of domestic industry of 17.9 per cent and of imports of 46 per cent per annum.

All non-ferrous ores are free of duty to import into Ecuador. However, as there are no basic refining or processing facilities, only 32 tonnes of ore and concentrates were imported in 1974 and 17 tonnes of zinc, including seven from West Germany, five from Mexico and five from China.

Ecuador imports approximately 757 tonnes or \$2.2 million worth of copper products per annum.

Canada is Ecuador's major supplier of asbestos, in 1976 supplying over 3,000 tonnes or 71 per cent of Ecuadorian requirements. Australia and South Africa are the other major suppliers.

The Ecuadorian government is proposing an expenditure of more than \$1.3 billion over the next 10 years on a variety of construction projects such as the Quito-Guayaquil Expressway: mail service sector installation of gas, diesel-steam electricity plants, water and sewage projects, ports. In addition, it plans \$500 million airport projects at Quito and Guayaquil. Ecuador does not have enough local companies, expertise or equipment to undertake these proposed projects alone and the government is receptive to Canadians and Canadian companies with proven capabilities.

Import Policies

Most imports of newsprint are made directly by the newspapers. Fine paper products and some coated paper adhesive locally-produced require prior authorization of the Ministry of Industry, Commerce and Integration. Sanitary paper is a prohibited import. Despite 100 per cent duty and 30 per cent prior deposit, wallpaper is being imported.

Iron and steel wire require 30 per cent prior deposit and authorization for importation by MICEL. Galvanized tubes and pipes and high carbon steel tubes and pipes, bolts, nuts and screws, and certain meshes also must meet the requirements. Barbed wire, liquefied gas or compressed gas containers, doors, windows and such structures, and expanded metals are prohibited imports.

Pumice and slate are prohibited imports. Most other materials of this type require a prior deposit of 20 per cent by the importer, but duties range from free to 30 per cent and most are 10 per cent.

All projects for construction will be publicly tendered and external financing will be required. Foreign companies must have a legally appointed Ecuadorian representative

such as an agent or a joint venture partner. For most major projects, the Ecuadorians are seeking turnkey operations with financing packages.

Export Opportunities

Opportunities exist for:

1. Newsprint.
2. Fine paper in rolls and sheets.
3. Pulp.
4. Paperboard.
5. Coated papers and self-adhesives (limited market).
6. Wallpaper.
7. Sheets and plates of iron and steel (small market).
8. Tubes and pipes (small market).
9. Wire (small market).

10. Angles, shapes (small market).
11. Nuts and bolts, screws (small market).
12. Copper: Bars, rods, wires, tubes and pipes and accessories, nuts and bolts (small market).
13. Aluminum: Plates sheets, bars, rods, strips and forgings, tubes and pipes, pigs and ingots (small market).
14. Nickel: Nickel anodes, wires (small market).
15. Zinc: Bars and rods, plates and sheets (small market).
16. Asbestos products.
17. Talc.
18. Fire bricks — by projects.

There are opportunities for Canadian construction companies in Ecuador in a number of areas. Further information is available from the department's office in Bogota.

MEXICO

The Market

The National Forest Inventory establishes Mexico's timber reserves at 3.1 billion cubic metres, some 80 per cent of which is coniferous. In 1976, industrial wood production totalled 7.3 million cubic metres (log) with 52 per cent used for lumber, 25 per cent used for pulp. The value of this production in 1977 was \$245 million.

Mexico is also a significant importer of forest based products with 1976 imports totalling \$175 million. The leading import is newsprint of which Canada is one of the principal suppliers with 1977 sales of \$49 million.

While the development of Mexico's forest resource is subject to a number of social, financial and technical uncertainties, there are projects under consideration for expansion of newsprint and pulp facilities which warrant exporters attention. A market booklet "Mexican Forestry, Pulp and Paper Industries" is available from the Commercial Division, Canadian Embassy, Mexico City.

Mexican steel production increased 4.8 per cent in 1977 to reach 5.5 million tons. The industry has been beset by organizational and technical problems and is operating well under its installed capacity of 9 million tons. Early in the year a reorganization of the government-owned steel companies was announced. These companies will operate under the general name of Sidermex (Siderurgica Mexicana) with one director responsible for all companies. With the current stress on improving current operations, the planned expansion of capacity to 11.7 million tons by 1980 is unlikely to take place.

The industry has surplus capacity in non-flat products but is unable to meet local demand for flats. Canadian exporters have been quick to meet market opportunities. Sales of sheet and strip amounted to \$22 million in 1977 and are continuing at the same rate this year. Expansion plans for Mexico's oil and gas industry has resulted in spot requirements for pipe as local capacity cannot meet current demands.

Mexico is a major producer of non-ferrous metals with imports confined to a short list of products including nickel and nickel alloys. Mexico plans a major expansion of its mining sector with both government and private participation. A market booklet "Mexico's Mining Industry 1978-1982", available from the Commercial Division, Cana-

dian Embassy, Mexico City, outlines developments of interest to equipment suppliers and potential investors.

In the industrial minerals sector substitution of Mexican low volatile coal for imported metallurgical coal in the Sicartsa steel plant has severely cut back Canadian shipments which were \$7 million in 1977. While the high ash content of local coal reduces coking efficiency, Sicartsa is operating well under capacity and thus is willing to live with the lower efficiency.

Import Policies

The Mexican government plays an important role in the actual purchasing of certain commodities. For example, newsprint is bought exclusively through the state company Pipsa. The government's policies also influence other commodities such as the decision by Sicartsa to substitute imported for Mexican coal.

Where products are not made in Mexico, there are no major restrictions and imports of commodities such as nickel and asbestos are relatively uncomplicated. Where local capacity exists, for example in steel and pipe, domestic manufacturers are consulted before the required import permits will be issued.

Equipment suppliers pursuing sales under expansion projects in the mining and forestry sectors should be aware of the government's program to increase local production of capital equipment, thus opening up licensing and joint venture possibilities. Foreign consultants on projects face a 42 per cent tax on gross billings which has effectively kept Canadian consultants out of the market.

Export Opportunities

Excellent opportunities will continue to be available for traditional imports of newsprint, pulp, nickel and asbestos. Capitalizing on demand for steel products requires close study of the local market, on the spot representation, and an ability to move quickly to meet local demand. The outlook for coal exports is uncertain.

Equipment suppliers to the resource industries are encouraged to examine Mexico's development plans and enlist the services of local representatives to ensure a timely flow of information on market developments.

Mexico — Export Opportunities (cont'd.)

Mexico has a well-developed construction industry which competes internationally on irrigation, pipeline and dam

work. Involvement by foreign companies is limited to the supply of technical expertise and advisory services.

PARAGUAY

The Market

Main Imports 1976:

Crude Oil: \$ 3.07 million (Libya)
Newsprint: \$ 1.4 million (Chile-Brazil)
Steel Prods.: \$12.4 million (Argentina-Brazil)
Other metals: \$ 3.1 million (Argentina-U.S.-Germany)

Paraguay is self-sufficient in lumber. There is no mining activity and little need to import minerals.

Import Policies

There is a general 15 per cent customs duty plus charges. A local agent is essential.

Export Opportunities

— Newsprint
— Semi-finished steel products.
— Plates, wires, nails
— Electrodes

PERU

The Market

Peruvian imports of newsprint will be virtually eliminated in the very near future when local production begins at Induperu's new plant near Trujillo. During the past two years, the bulk of newsprint imports came from Chile, given Chile's lower prices and the limited foreign exchange available to importers. The market for mechanical long-fibre pulp, however, should continue.

Import Policies

The importation of a wide range of products is prohibited,

primarily luxury goods and anything now being manufactured in Peru which can meet domestic requirements both in quantity and quality. In addition, a prior licensing requirement for all imports of the private sector has been established. Imports are subject to the availability of foreign exchange.

Export Opportunities

There is a continuing demand for the products mentioned above. Prospective exporters should be established with a reputable local agent.

URUGUAY

The Market

Uruguay is not rich in forests or mineral resources. In 1976 imports of minerals and fuels totalled \$214 million (including \$187 million in petroleum), equal to 36 per cent of the country's total imports. Forest product imports in 1976 reached \$15 million, including \$4.8 million worth of newsprint.

Import Policies

There are few restrictions. A local agent is needed.

Export Opportunities

Coal, lubricants, newsprint, woodpulp, special papers.

VENEZUELA

The Market

The market is not very big and is not expected to increase significantly in the foreseeable future. Because of temporary shortages, cement reinforcing bars, steel or concrete prefabricated housing, prefabricated schools, hospitals, etc., can be imported duty-free.

Import Policies

Raw materials are needed for the development of the metallurgical industries and therefore can be imported duty-

free. Similarly, regular high duty rates have been temporarily removed on the building materials as noted above.

Export Opportunities

Imports of many steel products are possible only through Sidor, which has been given an import monopoly.

In the construction sector, low-cost housing may be sold to INAVI, the government housing institute, and more expensive housing may be saleable to CVG's subsidiaries.

REGIONAL OFFICES

IF YOU HAVE NOT PREVIOUSLY MARKETED ABROAD, CONTACT THE NEAREST REGIONAL OFFICE OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE IN YOUR AREA.

NEWFOUNDLAND LABRADOR	Director P.O. Box 6148 127 Water Street (2nd Floor) St. John's, Newfoundland A1C 5X8	Tel: (709) 737-5511 Telex: 016-4749
NOVA SCOTIA	Director Suite 1124, Duke Tower 5251 Duke Street, Scotia Square Halifax, Nova Scotia B3J 1N9	Tel: (902) 426-7540 Telex: 019-21829
NEW BRUNSWICK	Director Suite 642, 440 King Street Fredericton, New Brunswick E3B 5H8	Tel: (506) 452-3190 Telex: 014-46140
PRINCE EDWARD ISLAND	Director P.O. Box 2289 Dominion Building 97 Queen Street Charlottetown, Prince Edward Island C1A 8C1	Tel: (902) 892-1211 Telex: 014-44129
QUEBEC	Le directeur C.P. 1270, Station B Suite 600 685, rue Cathcart Montréal (Québec) H3B 3K9 Le directeur Suite 620, 2, Place Québec Québec (Québec) G1R 2B5	Tél: (514) 283-6254 Télex: 012-0280 Tél: (418) 694-4726 Télex: 051-3312
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