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WORLD MARKET OPPORTUNITIES

TRANSPORTATION INDUSTRIES

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.

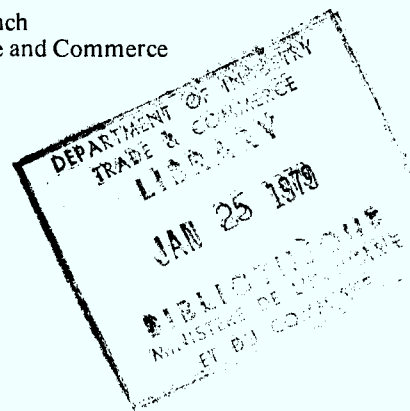
The World Market Opportunities series includes: Agriculture and Food Products, Capital Projects, Chemicals, Defence, Electrical and Electronic Products, Fisheries, Ma-

chinery, Resource Industries and Construction, Textiles and Consumer Products, and Transportation Industries.

Further information on the series or on exporting is available from the Department's Business Centre in Ottawa. The Centre receives calls 24 hours a day and may be contacted free from anywhere in Canada by dialing "0" and asking the operator for Zenith 03200.

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EASTERN EUROPE

BULGARIA

The Market

Since World War II, Bulgaria has been transformed from an agricultural to an industrial country. Fully 77 per cent of the labour force is 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.

The transportation industry remains strongly wedded to Eastern European and Soviet suppliers for basic components. Ancillary systems, however, may be purchased in the West. The shipbuilding industry has grown dramatically in recent years and purchases deck machinery for export orders.

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 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. For example, BALK ANCARIMPEX is very interested in finding a well-established firm to handle its fork-lift trucks.

Export Opportunities

- Airport support systems.
- Marine equipment.
- Offshore, jack-up drilling platforms, for the Black Sea.

CZECHOSLOVAKIA

The Market

Although Czechoslovakia has a diversified transportation equipment industry, it nevertheless imports considerable quantities of items for this sector in order to bridge the gap between domestic requirements and production capabilities. Total imports of transportation equipment in 1976 reached the value of \$506 million, of which \$40.6 million came from western countries and comprised the following:

Ships and boats	\$ 0.6 million
Railway vehicles	\$ 5.4 million
Other road vehicles	\$ 3.1 million
Road motor vehicles	\$ 31.5 million

Import Policies

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

Export Opportunities

Czechoslovakia is currently importing airplane engines from Canada and is interested in a joint venture for the development of new engines for new types of airplanes to be built in Czechoslovakia.

The Czechoslovak car and truck industry is also interested in some kind of joint venture for the production and assembly of parts in Czechoslovakia. As the Czechoslovak automobile industry has a comprehensive development program, this joint venture could lead to regular and long-term business.

Czechoslovakia is interested in special off-road vehicles for pipeline construction and recently expressed an interest in co-operating with Canadian companies in the development of suitable trains for city transportation.

GERMAN DEMOCRATIC REPUBLIC

The Market

- Transportation industries: this is one of the German Democratic Republic's strongest industrial sectors.
- Shipbuilding: the GDR claims to be the world's leading builder of deep sea fishing vessels, and claims third place in the construction of container ships. In 1976, 69 ships totalling 370,000 DWT were commissioned, mostly for export to the U.S.S.R.
- Motor vehicle production: the GDR is almost self-sufficient with respect to motor vehicles. However, it is embarking on a major updating of its passenger car industry. Half of the 170,000 automobiles produced annually are exported to other CMEA countries in exchange for automobiles produced in those countries. More than half of the GDR's truck production is exported. Motorcycle production averages almost 100,000 units per year of which 40 per cent is exported.

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

- Railway rolling stock: this is a traditional GDR specialty. Half of the 1976 annual production of 1,800 coaches was exported. Major imports have been limited to diesel locomotives (182 units in 1975), railway freight wagons (2,092 units in 1975), and to automobiles, trucks and buses in exchange for the GDR exports of similar vehicles.

Import Policies

The large domestic production and the preference for

CMEA supplies will very much limit opportunities for Canadian suppliers.

Export Opportunities

GDR constructed resource and pipeline projects outside of the GDR, i.e., Soviet Union and third world countries, may provide some opportunities for off-highway vehicle manufacturers. The market for special vehicles has not been explored.

HUNGARY

The Market

The Hungarian air transport industry is strongly wedded to Soviet aircraft and equipment, for both economic and political reasons. Nevertheless, sub-systems are purchased from the West because no reasonable Eastern European alternative exists. These include avionics and tarmac equipment, particularly firefighting and crash rescue vehicles and, to a smaller degree, runway cleaning equipment.

Because Hungary is an entirely landlocked country, the potential for marine components is obviously very limited.

Within the framework of CMEA integration, Hungary has specialized as a major supplier of buses, which are exported throughout Eastern Europe. In return, Hungary receives trucks and passenger cars. (At 650,000 in 1976, the number of cars was double the 1970 figure). Hungarian buses are of modern design and are exported to many countries in South America and the Middle East.

The railway system uses European specifications, and Hungary manufactures freight and passenger cars as well as diesel and electric locomotives.

Trucks	1,461
Buses	11,446
Railway passenger carriages	189
Railway freight wagons	88
Diesel locomotives	34

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 are to increase — by about 8 per cent — while exports to this area are to rise by 17-18 per cent.

Export Opportunities

- Airport ground equipment (fire, crash equipment)
- Snow removal equipment for airports
- Bus maintenance equipment (especially washing equipment)

POLAND

The Market

- Motor and Special Vehicles — Poland is committed to a major expansion of its automotive industry through licensing arrangements with Fiat of Italy for passenger cars, with Berliet of France for buses and with Steyer of Austria and other European manufacturers for general duty trucks. Little equipment is manufactured locally in the special vehicles sector, with the exception of garbage trucks, military vehicles and special purpose trailers.
- Recreational Vehicles — Poland manufactures golf carts for export (there are as yet no golf courses in Poland) and for use in transporting tourists in historical areas closed to ordinary vehicles, and a wide range of well-made pleasure and marine craft for the export and domestic markets. Some Canadian designs are being used in the manufacture of pleasure craft.
- Urban Transportation — Polish urban transport depends on a combination of buses, street cars and suburban communication trains all of which are feeling the strain of growing urban populations and low investment in the urban transport sector.
- Aerospace — Poland manufactures a variety of specialized light aircraft such as crop sprayers, trainers, sport planes and gliders. It has begun manufacturing parts for the Russian designed Il-88 airbus, and production of the Russian designed AN-28 aircraft for domestic passenger flights. Production of the Piper Seneca II will soon begin. Jet aircraft for military purposes are also manufactured, and Pratt and Whitney engine parts are being produced under licence.
- Marine — Poland is a major shipbuilder concentrating on cargo, container ships, and fishing vessels, but has also built ferries, tugs, LNG carriers and other specialized vessels. It is also a major importer of ships for the growing domestic fleet.
- Rail — Poland operates a dense passenger and freight railway network and manufactures locomotives and rolling stock. However, the freight carrying capacity of the railways has been strained by the recent rapid pace of industrialization and the lack of a developed inland waterway to carry bulk commodities. The passenger network has been improved by the introduction of more express trains, but the frequently poor quality of

Poland — The Market (cont'd.)

the trackbed and the slow development of high-speed passenger equipment have hindered improvement of the passenger network.

Import Policies

There is a growing realization that the Polish transport system has become a major hindrance to the achievement of Polish economic goals. Deliveries of essential supplies to industry and construction projects are frequently subject to serious delays. Importers of Polish goods complain of delays in export shipments. The problem has also had an overall effect on distributors of goods to the common market.

Major investments to improve the efficiency and capacity of the railway system are required. The development of the Vistula river system to ease the railway's freight burden was announced in mid-1978, but will not have any real effect until the mid-1980s.

Air transport was once seen as the answer to the problem of high-speed passenger movement, but has been reassessed in the light of financial constraints and the growing realization that it is very energy intensive. More attention will probably be paid to improving the passenger railway system.

The beginning of the building of a subway system for Warsaw will probably be included in the 1981-85 economic plan.

Polish involvement in construction projects in remote and poor terrain areas of the Soviet Union and other countries may open up a market for Canadian off-highway vehicles.

Poland is reassessing its need to import cargo vessels, but despite the current glut of cargo vessels on the world market will continue to import as her yards are committed to export orders; import terms are very attractive as hard-pressed Western shipbuilders compete for Polish requirements and there is a strong commitment to enlarge the fleet which is an important earner of foreign exchange.

If Hungary can purchase American passenger aircraft and Romania can build British passenger aircraft under licence, then Poland may be able to follow in their paths if financing can be arranged.

Export Opportunities

Canadian firms have prospects of selling further cargo vessels and of co-operating with Poland on ship repairs and the construction of fishing vessels and large specialized vessels for Canadian and foreign operators.

The development of the Vistula River system may provide opportunities for Canadian manufacturers of dredging equipment, barges, and inland vessels.

Poland has expressed some interest in co-operating more closely with the Canadian shipbuilding industry and has expressed interest in learning more about Canadian marine electronics.

There may be a requirement for forest firefighting aircraft in the future, and for the purchase or co-production of such aircraft as the Twin Otter and Dash 7.

As attention turns towards improving the railway system there may be opportunities for consultant service in railway organizations and management; track welding and repair equipment; high-speed passenger rolling stock, and possibly specialized freight cars.

The development of a Warsaw subway system may also provide opportunities for Canadian consultants and equipment suppliers.

Some interest has also been expressed in Canadian airport firefighting equipment and for off-highway vehicles for Polish construction projects outside of Poland. There may be some prospects for sale of snowmobile type vehicles to the Polish winter resorts.

ROMANIA

The Market

Potential limited in the sector.

Some possibilities for off-highway trucks of between 80 and 100 tons.

UNION OF SOVIET SOCIALIST REPUBLICS

The Market

Greatest successes to date have been sales of large all-terrain vehicles for use in northern development areas, and for oil and gas pipeline work and very large mining trucks of 50-80-ton capacity for coal and other mining projects. There have also been some sales of forest harvesting equipment, e.g., log skidders.

Import Policies

All imports are controlled by state monopoly foreign trade organizations (FTOs). Equipment incorporating the latest

design and technology is sought to speed development of natural resources, increase efficiency and productivity.

Export Opportunities

Best potential exists for specialized vehicles of the type described above and for exploration work where vehicles would carry supplies and exploration equipment or portable drilling equipment. There is special interest in vehicles tailored for certain special projects in oil and gas, forestry, mining and construction projects especially in remote northern areas.

YUGOSLAVIA

The Market

Strong industrial and infrastructure growth in the Yugoslav economy has strained domestic industries' ability to meet requirements in the general category of transportation industries. This in turn has led to excellent market potential for Canadian suppliers. The Yugoslav automotive industry is capable of manufacturing most European makes of cars under licence and exports trucks and buses. The railway industry is not as well served. Domestic production of freight cars is adequate but most locomotives are imported. Canada has supplied GM and MLW locomotives to this market. Yugoslavia manufactures small agricultural planes and some military aircraft but passenger aircraft are generally of U.S. origin with Canadian content limited to components. The shipbuilding industry is cost and quality-competitive internationally and forms a major portion of Yugoslav exports.

Import Policies

The Yugoslav government policy of import restrictions and development of domestic industry makes continuing trade difficult to maintain. However, foreign exchange is

available if the government is convinced that a requirement exists.

Export Opportunities

Canadian companies have been successful in export sales in the transportation sector. Some 123 locomotives have been sold with excellent possibilities for future sales. Specialized heavy-duty trucks for the mining industry have good potential. Opportunities for Canadian manufacturers exist in supplying spare parts for heavy duty vehicles. Equipment for oil exploration and offshore research is usually leased rather than purchased or built locally. Canada may shortly penetrate the Yugoslav market with new STOL passenger aircraft and waterbombers, for forest fire fighting. Canadian manufacturers may find excellent market opportunities in the supply of components such as electronic equipment for navigation of ships and aircraft, steering gear for ships and tires for large trucks. Specialized vehicles for airports, off-highway vehicles for construction projects and road construction machinery all offer good potential for interested Canadian firms.

WESTERN EUROPE (EEC)

BELGIUM/LUXEMBOURG

The Market

The transportation sector is an important one in the Belgian economy and this importance is reflected in the high volume of trade. Imports and exports of transportation material and equipment in 1977 each amounted to almost \$6 billion. Approximately 95 per cent of this trade occurred in the automotive sector.

Canadian exports to this market in 1977 amounted to a modest \$7.3 million, with the main items being motor vehicles and parts, aircraft engines and parts, and aircraft assemblies and equipment.

Import Policies

There are no significant import policies or restrictions limiting Canadian sales in this sector.

Export Opportunities

Partly as a result of mergers and rationalization of municipal purchasing organizations in Belgium, there are growing

opportunities for fire trucks, road sweepers, garbage collectors, including electric/battery-powered vehicles, salt spreaders, snow removal equipment — all of which have to comply with stringent specifications. If plans develop to upgrade several regional airports in Belgium, opportunities will occur for sales of mobile airport equipment.

With more than 3.5 million motor vehicles registered in Belgium, there is a growing market here for automotive parts and accessories, including batteries, shock absorbers, exhaust systems, brake, fuel and oil systems. The fact also that trucks and cars are being kept longer increases the replacement demand for such products. Due to the highly competitive nature of the market, factors of interest to the buyer are price and quality. A growing interest has been noted in recreational vehicles, particularly motor homes.

In the aerospace, shipping and railway sectors, opportunities are more numerous for sales of components and assemblies than for major pieces of equipment.

BRITAIN

The Market

Despite Britain's considerable manufacturing capability in the transport sector, Canadian companies have found markets there. Sales in 1977 were: aircraft, parts and engines \$18.7 million, vessels, marine engines and parts \$41.2 million, motor vehicles, parts and accessories \$5.8 million.

British shipyards are suffering from the worldwide downturn in shipbuilding. Some selective opportunities exist however, for shipboard equipment, particularly if specified by ship purchaser. In the aerospace sector, parts and O and M services will continue to provide markets. Foreign automobile manufacturers have made deep penetrations into the British market. Canadian suppliers of aftersales automotive parts and accessories, including garage equipment stand a chance. The British are virtually self-sufficient in railroad equipment.

In the North Sea, a renewed surge of exploration reversed, at least for a time, a serious absence of work during 1975-

76 which resulted in scores of rigs being sent elsewhere or converted to modes other than drilling. This improved market stemmed chiefly from developments in the British sector. For instance, oil operators, aware that they would have to turn back half of all acreage awarded to them in Britain's Fourth Round of licensing (in 1971 and 1972), began an intensive last minute acreage evaluation effort.

New drilling and political conditions in the North Sea created what was to become a growing shortage of semi-submersible units. By July 1977, an actual shortage of semi-submersibles existed in the North Sea, with additional semis being moved there from other geographical areas.

In the North Sea, 62 rigs were working in July 1977, compared with only 47 during the same month a year before. Some 40 of the 62 rigs working in July 1977 were located in the British sector.

DENMARK

The Market

Greenlandair Inc. have purchased two DASH 7 aircraft. The Canadian Challenger is being considered by the Royal Danish Air Force, and is also being promoted for commercial uses. Denmark has no passenger car manufacturing or assembly facilities and is entirely dependent on imports. Canadian exports of parts and accessories for motor vehicles amounted to \$1.2 million in 1977.

Export Opportunities

Opportunities exist for DASH 7 and Challenger aircraft, for aircraft assemblies and spare parts, and for parts and accessories for motor vehicles.

FRANCE

SURFACE TRANSPORTATION

The Market

The modern and highly developed French industry has become renowned worldwide, especially for automobile and urban and highway transportation equipment. In 1977, French exports amounted to approximately \$12 billion and imports were valued at close to \$6 billion, of which roughly 90 per cent was in the automotive sector. Following the concluding of a contract for exporting ships, Canadian exports decreased from \$61 million in 1972 to approximately \$17 million in 1977.

The shipbuilding crisis is still going on, and the French industry is in the process of reorganizing in order to withstand foreign competition. The automotive sector is still thriving and increasing its production and export markets.

In urban transportation, too, French engineering firms and manufacturers are turning to foreign markets in order to expand. The same applies to firms that specialize in making equipment for offshore operations.

Export Opportunities

The most promising sectors are those of automobile parts and accessories and oceanology equipment such as measuring and sampling instruments, detection and location devices, equipment for exploring the seabed and acoustical navigation systems.

There are also possibilities for joint ventures between Canadian and French firms for projects in third countries.

AERONAUTICS

The Market

The French aeronautical industry (50 per cent nationalized) is the third largest in the world with a \$5 1/2 billion business turnover in 1977. In recent years, the industry has undergone reorganization and considerable centralization and is now mainly export oriented, its exports accounting for more than half of its business turnover. Aircraft comprise more than one-third of its exports, with another third made up of guided and other missiles and the rest consisting of motors, electronic equipment and helicopters.

This high level of activity also makes France an important market with imports totalling in excess of \$750 million in 1977. Foremost among its current suppliers are Britain and the United States.

Import Policies

There is no special legislation, nor are there any special measures to surmount. The close relationships between the various European producers are often hard to explain to newcomers, and a great deal of patience and perseverance is required to establish similar relationships.

Export Opportunities

The main items of which France is a net importer are motors (including turbo-jets) and everything connected with aircraft structure. There are still long-term opportunities for STOL aircraft and light business and commercial aircraft.

Also, avant-garde electronic equipment and advanced technology products embracing new features are those with the best chances of penetrating the French market.

GERMANY, FEDERAL REPUBLIC OF

The Market

The Federal Republic of Germany has an extremely efficient and well-utilized government-operated railway network. As a result of the government's financial involvement and of the sophistication of the German industry, little business connected with the railways leaves Germany.

The German aviation industry, however, is more international in nature and many Canadian companies are already active as suppliers to the three principal airframe manufacturers or the two engine manufacturers. The German government has recently proclaimed support for this industry with the intent that it not be relegated to the position of a subcontractor. At the same time, in order to compete with American companies, the Germans have turned to international partnerships (mostly European) for their civilian and military aircraft programs. In these international programs, companies based in participating countries usually have a competitive edge, particularly if government bids are involved, but this does not exclude attractive contracts being awarded to Canadian firms. Despite strong competition from German companies dependent on government defence contracts, several Canadian companies have been able to win bids. The best opportunities are present at the very early stage of any

project but there are also requirements for work in the repair and after-sales markets.

The West German government has a policy of maintaining a domestic commercial fleet and hence subsidizes German shipowners in the purchase of ships. German industry supplies some 80 per cent of the marine components used in the German shipbuilding industry, but the remaining 20 per cent represents a good potential market for Canadian suppliers. The German shipbuilding industry continues to suffer from the worldwide depression and competition from low cost producers, although orders expected from the FRG navy may help to brighten the picture. The demand for Canadian marine components will gradually rise with the recovery of local industry.

The Germans are most active in the area of oceanographic research and development. They wish to ensure that they remain at the forefront of technology in this area in order to gain access to foreign seabed resources through co-operative ventures with foreign countries. The German ocean research and technology development budget for the period 1976-1979 has been set at \$400 million. These efforts should provide many opportunities for Canadian firms manufacturing oceanographic instruments and offshore equipment. In addition, the general area of marine

Germany, Federal Republic of — The Market (cont'd.)

technology is one sector under the Canada/FRG Science and Technology Agreement which possesses opportunities for joint research and development.

The market for vehicles is almost exclusively in pleasure craft, particularly non-motor pleasure craft of low/medium value. Because of high freight costs, some Canadian firms have set up production facilities in the EEC. The market for other special vehicles in the FRG is highly developed

by local industry and the competition renders it a difficult market for overseas production.

Auto parts can be sold to OEMs, primarily VW, Daimler Benz, Magirus and West German subsidiaries of Ford and General Motors. The after-sales market is very price competitive with German buyers preferring to deal with domestic firms which can supply on short notice. However, opportunities have recently become evident in rebuilt automotive parts.

IRELAND

The Market

Highway vehicles: Domestic assembly of passenger cars has generally declined during the past two years with an offsetting increase in imports. The future for this assembly is not optimistic, due to dis-economies of small scale. There is a stronger base for constructing commercial vehicles, trailers, containers, buses, ambulances, etc., using varying basic imported components, e.g., engines.

Off-highway vehicles: Demand, largely in the forestry sector, is quite modest and is usually supplied by Canada through a British distributor.

Railways: There are no immediate major programs scheduled. The U.S. supplied a substantial diesel engine complement for the railroad last year. Since Dublin's population has reached almost one-third of the country's, an incity rail system is becoming essential. CIE recently announced plans for a new electrified rapid transit system, part of which will be underground. The plan is phased over 20 years and is flexible to adapt to future changes. Some Canadian consultants have been exploring possibilities vis-à-vis a signals operation system.

Water transport: There are many small boatyards producing trawlers, yachts and pleasure craft. There are two

medium-sized shipyards which have diversified into such areas as barges and accommodation modules for offshore oil platforms. Opportunities for Canadian boat builders are negligible in view of the existence of domestic industry. The last order placed abroad to a Japanese shipyard resulted in public protest. However, there is some opportunity in the component supply area, e.g., Canada has usually supplied hydraulic steering gear.

Aircraft and ground-support equipment: Aer Lingus is not expected to increase its fleet in the near future. The three Irish international airports are modern and have capacity to handle increasing business. There is a somewhat vague speculation about developing in-territory flights between larger towns and cities. Demand for such services is not great since one can drive from one corner of Ireland to the other in less than three hours.

Export Opportunities

Demand in this sector has usually been for limited quantities of specialized products. For example, in 1977, imports from Canada included off-highway vehicles and parts, aircraft engines and parts, aircraft accessories, some bus chassis, boat parts and accessories, truck and solid tires. Irish Helicopters (owned by Aer Lingus) also placed a "wet lease" contract for helicopter services in Canada.

ITALY

The Market

Italy enjoys a robust, export-minded, self-sufficient transportation industry in land, rail and water transport vehicles and systems. Apart from special requirements, it is a far better source of supply than a market in these areas of industry.

Most of Italy's transportation industries are virtually state-controlled, the major exception being Fiat. Fiat's market share in Italy is 55.8 per cent, with total production in 1977 of 1.6 million cars (of which 50 per cent are exported) and 113,000 trucks. The second largest, Alfa Romeo, produced 185,000 cars in 77, a 10 per cent drop from 1976, of which 58 per cent is exported.

Italy's aircraft industry had a turnover of \$1 billion dollars in 1977, an increase of 23.3 per cent over 1976. Employment reached 34,500, with 60 per cent in aircraft construction, 17 per cent in engines, and 23 per cent in general equipment, spares and technology. Outlook for 1978 is still strong for military and civil equipment, with a recent con-

tract by Aeritalia for extending its activity with McDonnell-Douglas from DC-10 parts to body parts for possibly 300 new DC-9 stretched body planes.

Import Policies

There are no import restrictions.

Export Opportunities

Opportunities exist for Canadian industries and services in special equipment requirements for Italian engineering projects abroad, including offshore petroleum engineering activities by the state-owned hydrocarbons industry (ENI). Such items include:

- Heavy-duty off-track vehicles
- Compensatory vehicles
- Two-man submersibles
- Cranes and thrusters
- Oceanographic equipment.

Italy — Export Opportunities (cont'd.)

There will continue to be a market for PT6 aircraft engines for Agusta AB212 helicopters.

The "Twin Otter" aircraft was demonstrated in Italy, in the spring of 1977 and, although there is interest in it, financing is a problem. Similarly, sale of CL-215 aircraft will

be difficult under the present political and economic climate in Italy.

Recently Fiat has been showing an increasing interest in Canadian automotive parts suppliers.

NETHERLANDS

The Market

Dutch imports of transportation equipment in 1977 were \$4.5 billion. About 80 per cent of these imports consisted of automobiles, tractors and other surface vehicles, mainly from EEC sources. Canadian exports of these products to The Netherlands were \$10.5 million of which just more than half was made up of aircraft parts.

The Dutch transport equipment and vehicle industry has been particularly hard hit over the past year due to increased foreign competition. The shipbuilding sector has been especially affected and the government and industry have agreed upon a major restructuring program. The government is to provide various subsidies and incentives, including subsidies to enable Dutch shipbuilders to accept unprofitable new orders. The ship repair business, on the other hand is in relatively good health. The local DAF-Volvo truck/car manufacturing facilities have also been hurt by increased imports from abroad, particularly Japanese automobiles. Fokker-VFW, with its F28 and F27 aircraft, has managed to maintain about 25 per cent of the international medium-haul passenger aircraft business. Fokker-VFW continues to obtain sales in the developing world but like most aircraft firms needs to find new orders to maintain current production levels and employment.

Export Opportunities

Based on the well-established competence of the Dutch

shipbuilding sector and the large unused shipbuilding capacity in almost all shipbuilding yards there are no realistic expectations for Canadian shipbuilders to sell vessels to this market. Canadian manufacturers of ship and marine components however can realize sales in those areas where Canadian firms have special technological competence to offer. Suppliers to the offshore and oceanographic equipment markets could improve their sales in the future as Canadian capabilities in this sector are becoming better known in The Netherlands. Sales prospects for Canadian automobile manufacturers have not been favourable due to lower-priced sources. However, the decline of the dollar against the major European currencies has caused one North American producer to enter the market with some U.S.-type models and some benefit to OEM and after-market manufacturers may be expected in the short to medium term. Sales of Canadian aircraft to The Netherlands are unlikely, though sales of STOL aircraft to Dutch firms operating in the developing world have occurred in the past. Sales of aircraft parts and components continue and specialized Canadian systems have been used on local F-28's and specialized versions of the F-27 aircraft.

The overall export prospects for Canadian firms in the transportation industries sector will probably remain limited in The Netherlands for the foreseeable future, with no indication that the situation is likely to alter appreciably.

WESTERN EUROPE (NON-EEC)

AUSTRIA

The Market

In 1977 total imports of transportation equipment amounted to \$2.1 billion, most of which was for road vehicles. Austria has no car production and only a small truck production. The railroad coach industry and the diesel/electric locomotive industries are well developed and active exporters. Austria is also a leading exporter of track maintenance equipment. Because the country is landlocked, there are few opportunities for marine components, although two shipyards on the Danube are well-known builders of river craft.

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. 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.

Export Opportunities

Potential exists for small airplanes, accessories for small river boats, snow removal equipment, pleasure boats.

FINLAND

The Market

Finland imports \$500 million worth of road and off-road transportation equipment and parts annually. Railroad rolling stock worth \$10 million was imported in 1977, all from the U.S.S.R. Germany, Britain and Sweden are also suppliers. For airplanes, the U.S. is the main supplier. Nineteen out of a total of 34 small aircraft imported in 1976 were of U.S. origin. In 1977, 8 of 10 aircraft imported came from the U.S.

Import Policies

The government restricts the imports of motor cars by heavy taxes which rise progressively according to car size. Only small Japanese and European cars have any sales potential.

Export Opportunities

The largest potential for Canadian transportation equipment lies in the off-road sector. Canadian-made snowmobiles are well represented on the market which is not very large because the use of snowmobiles for recreation is

restricted. According to Finnish import statistics, 300 snowmobiles, 23 passenger cars and 21 tractors of Canadian origin were imported in 1977. Also, tracked vehicles and other special purpose tractors of Canadian origin have found a market in Finland. Timber harvesting has been rather slow during the past two years but seems to be picking up now and opens possibilities for increased sales of Canadian forest tractors.

Automotive repair equipment has possibilities for Canadian exporters and this sector will offer a continuous market for development as car maintenance and repairs are very necessary due to the high purchase price of the vehicle and the fact Europeans generally must keep their cars longer. The mandatory yearly car inspection tends to make Finnish automobile owners more aware of the defects of the vehicle, and to have them attended to.

Some interest has been shown for Canadian air cushion vehicles for transportation on the coastal regions during the spring thaw and in the fall.

GREECE

The Market

Greece imported \$589 million worth of transportation equipment in 1977 including \$104 million worth of trucks and buses. The balance included railway rolling stock, aircraft and parts, ships, and special purpose vehicles. In addition, \$291 million was spent on passenger automobiles and \$134 million for auto parts and accessories.

Canadian share of this trade in recent years has been encouraging, covering railway rolling stock (30 diesel/electric locomotives valued at \$12 million), ships, and seven fire-fighting aircraft.

Canadian sales to Greece during 1977 included passenger motor vehicles, engines and parts, truck and bus tires, railway rolling stock and parts, and two water bomber aircraft (\$4.4 million).

Import Policies

Although there is no outright ban on the import of any item of transportation equipment and materials, various forms of import restrictions are practised by the Greek authorities to control the overall level of imports of such products.

For instance, importers of passenger automobiles are obliged to arrange advance deposits amounting to 200 per cent of the CIF value of the vehicle, and these amounts are "frozen" in a commercial bank for eight months from the issue of the import permit.

Commercial vehicle importers are not subject to this advance deposit requirement nor do they pay the onerous import taxes and other miscellaneous charges, over and above the ordinary custom duties, which can double or

Greece — Import Policies (cont'd.)

even triple the landed cost of a small European passenger car over its original factory price.

The Hellenic Railway Organization has been obliged by government policy in recent years to obtain the bulk of its freight cars from Eastern European sources under bilateral clearing account financing arrangements, saving on foreign exchange payments. Fortunately, for technical reasons and uniformity of operation diesel/electric main line and shunting locomotives have been purchased through competitive international tenders, with Canada the most successful supplier.

Export Opportunities

- **Aircraft:** seven firefighting amphibious aircraft have been supplied to the Greek Forestry Directorate since 1973. The spate of forest fires which continue to plague Greece could result in further orders for firefighting equipment.

STOL aircraft were demonstrated in Greece in 1977. Olympic Airways, since it became state-owned a couple of years ago, has expanded both its domestic and international network with the result that future prospects for sales of STOL aircraft for the Greek islands and other mainland short-runway airports could materialize.

- **Rail:** plans for the Greek Railway network to be electrified and improved to take high-speed trains have been postponed indefinitely. Ten diesel locomotives will be purchased in 1978/79.
- **Buses:** the Athens urban transportation agency (EAS) will likely issue a tender in late 1978 for 800 transit buses.

ICELAND

The Market

Based on past export activities, potential exists for tires,

equipment, and parts for ships, boats and aircraft and various other types of vehicles.

NORWAY

The Market

- **Aircraft:** Norway has been a good customer of the Canadian aviation industry, particularly for STOL aircraft. There are good prospects for future STOL aircraft as well as water bomber sales. Norway also contracts with Canadian facilities for aircraft accessory and engine R & O work.
- **Automotive:** Norway has no auto industry. Some commercial vehicle bodies and a few OEM components are made domestically under licence of foreign manufacturers. Local conditions restrict the use of large vehicles. Almost all commercial vehicles are imported from Europe. The private passenger car market is dominated by European and Japanese imports. The number of cars on the road in Norway totals one million. Repair shops must be licensed and usually specialize in one or two makes. Replacement parts are purchased from the manufacturers' main dealers. The market for non-brand name replacement or bolt-on parts is therefore restricted. Accessories, trims and "car care" items are popular. Strict regulations introduced in 1978 have caused automobile sales to drop substantially.
- **Special Vehicles:** The use of air cushion vehicles is not authorized. The use of small all-terrain vehicles is normally not permitted. Snowmobile use is confined to commercial purposes.

- **Ships and Components:** The present slump in shipping threatens to affect Norwegian yards which are anxious for new orders. To offset high labour rates, special favourable financial terms are offered to buyers. Alternative manufactured opportunities are being sought.
- **Ocean Industries:** Offshore oil exploration and development in the North Sea present a potential market for Canadian equipment. Sales will depend on superior technology, competitive prices and aggressive marketing. The recent blow-out in the Norwegian sector stressed the necessity for highly advanced oil recovery equipment.

Import Policies

There are no import licensing restrictions. However duty and tax on motor vehicles, especially private cars, are high. Vehicles must also meet Norwegian specifications re manufacture, use, etc.

Export Opportunities

Special opportunities exist in aircraft and parts, offshore equipment and technology, oil pollution equipment and aircraft such as the DASH 7 and firefighting aircraft during the 1980's.

PORTUGAL

The Market

No market exists for Canadian passenger and commercial vehicles because of local assembly of all makes of European cars. The market for North American spare parts is limited due to the small number of North American cars in Portugal.

There is a market for special vehicles but prices must be competitive as most of the purchases are made by government procurement entities through international bidding.

The Portuguese Railways (CP) recently awarded a contract to a Canadian firm for 13 locomotives and to a French manufacturer for 30 locomotives. It would appear that CP locomotive requirements are now fully met for several years to come.

The Portuguese home merchant fleet is due for thorough revision. This expansion and revision should offer some prospects for Canadian marine equipment.

A market exists for scanning sonar, the market being substantially supplied at present by a Norwegian manufacturer. Canadian marine diesel engines and diesel/electric units should find a market in Portugal with competitive prices and aggressive sales promotion.

Import Policies

There are no restrictions on imports of products in this sector with the exception of passenger vehicles. The government recognizes the need to modernize and expand the transport (air, rail and marine) industry.

Export Opportunities

Portugal will eventually require small aircraft (STOL) for the mainland and more specifically for the islands of the Azores and Madeira. The present difficult economic situation will most likely delay eventual purchases of such aircraft for some time, but plans to develop small airports in the islands and in Portugal should create a market for that type of aircraft.

Expansion of the home merchant fleet should offer opportunities for some items of Canadian marine equipment.

Special vehicles such as graders, specialized vehicles for power transmission lines, and construction and maintenance machinery offer opportunities for Canadian exporters.

Limited opportunities do exist for Canadian automotive parts suppliers who can provide products for European vehicles.

SPAIN

The Market

The recession in Spain has continued to affect demand for transportation equipment. Nevertheless, the Spanish authorities are fully aware that efficient transportation facilities are essential to the economy of a country with the topography of Spain, which is in the process of developing its industrial, tourism, export and natural resources sectors.

Canadian firms should, therefore, be making arrangements now to establish themselves in this market in anticipation of the gradual improvement in business conditions and order-placing.

Import Policies

The Spanish government (principally through the National Institute of Industry — INI) has an equity in many firms

manufacturing transportation equipment. As a result of this and purchasing policies of the authorities it is practically impossible to sell certain lines (e.g., railway rolling stock). It also means that since the client is a state or semi-state organization exports must be supported by competitive long-term financing and could involve the question of barter or partial or off-set manufacturing locally.

Export Opportunities

Canada is currently selling to Spain parts and accessories for motor vehicles, aircraft assemblies and parts, log handling equipment and special type tractors. More can be done in all these areas and there are additional opportunities for off-highway vehicles, utility-type trucks and specialized equipment for airports.

SWEDEN

The Market

Sweden, with a population of 8.2 million and a GNP in 1976 of some \$73 billion, has developed an impressive industrial capacity in the transportation industries sector. Sweden, once the world's second largest shipbuilder, launched 4.5 million tons DWT in 1976. In the automotive field, Volvo and Saab-Scania are internationally known for their automobile, bus and heavy truck production. Sweden also has a significant military aircraft production capability and in addition is an international supplier of electric locomotives and subway cars.

Auto parts constitute the largest manufactured item in Canada's trade to Sweden, amounting to \$6.26 million in 1976. The Swedish market for transportation equipment

within the leisure products field has lately attracted the interest of Canadian manufacturers. Canadian sales of snowmobiles amount to more than \$3 million annually of a total market of some \$11 million. The Swedish pleasure boat market which is expected to reach more than one million boats in total by 1980 is also attracting Canadian attention.

The Swedish economy is passing through serious difficulties at present. As a result, the area of transportation has been forced to undergo considerable reorganization. The government is financing a major restructuring of Swedish shipyards with the establishment of a government-owned holding company which will control most of Sweden's production capacity.

Import Policies

Sweden maintains low tariff barriers for products in this sector. Sweden is a member of EFTA and has negotiated a free trade agreement with the EEC. Sweden also levies a value added tax of 20.63 per cent on all goods. On imported products, this tax is added to the CIF price, including customs duties and other fees.

Restrictions have been placed on the use of specialized vehicles such as snowmobiles for recreational purposes.

Export Opportunities

Sweden is a worthwhile market for Canadian automobile parts manufacturers. It is expected that opportunities for Canadian suppliers should increase.

In the aircraft sector, Sweden has some market potential for joint product development. STOL requirements are being investigated and appear promising. Swedish developments in the military aircraft field indicate a growing market potential for Canadian aerospace sub-systems and components, particularly if a decision is made to proceed with a new Swedish fighter (B3LA).

The Swedish market for transportation equipment within the leisure products field is an extremely interesting one. Canadian snowmobiles and more recently Canadian boat manufacturers have enjoyed the upswing brought about by the high standard of living and large amounts of leisure time available to this sophisticated society. The Swedish market for snowmobiles is already well represented by Canadian snowmobile manufacturers. Restrictions on the use of snowmobiles for recreational purposes may be a damper to the growth of the total Swedish market, but this should not preclude an increase in the Canadian share of the market. There is also an increasing interest on the part of the Swedish government to utilize snowmobiles as a transportation mode and potential exporters should direct their efforts to Swedish government departments including the military and police as well as local administrations.

The Swedish shipbuilding industry, although one of the largest in the world, has been operating in an extremely depressed market situation. Efforts are now being made to develop alternative products. Opportunities exist for Canadian firms to enter into joint ventures and licensing involving icebreaking or new off-shore products.

SWITZERLAND

The Market

- Aircraft: The market for aircraft in Switzerland is very limited. Public transportation companies purchased only three aircraft in 1976 and 1977 for a total value of \$25 million compared with eight in 1975. The only supplier was the United States. On the other hand, Switzerland imported 119 smaller planes in 1977, for a total value of \$57 million. The main supplier was the U.S. (77 planes), followed by Germany and France. Canada sold three airplanes.

Imports of engines and parts amounted to \$77 million. The main supplier was the U.S. Canada exported aircraft engines to Switzerland for a value of \$2.4 million in 1977.

The Swiss air force has chosen the U.S. F5E to replace the obsolete "Mirage" and "Venom", leaving little funds for other projects.

- Guided Ground Systems: A few large Swiss companies supply the Swiss federal railway system and the few minor privately-owned railways with locomotives and rolling stock, and also sell these products world-wide. In 1977, exports amounted to \$46 million, compared with \$39 million in 1976. However, some freight cars, as well as parts and components are imported. In 1977, imports amounted to \$28 million. EEC countries supplied about 80 per cent of this total and EFTA countries 15 per cent. There were no imports from Canada.
- Motor Vehicles and Parts: After the recession of 1973/75, the import of motor vehicles and parts is increasing again. Switzerland has no passenger car factory, but there is some production of buses, trucks and tractors. Total imports under this heading amounted to \$1.7 bil-

lion in 1977, compared with 1.3 billion in 1976. EEC countries supplied 82 per cent and the EFTA countries 6 per cent. Canada's share was 0.2 per cent of the total.

- Marine: Since Switzerland has no sea coast, although numerous lakes, there is only a limited market for boats. The larger ships for passenger transport on Swiss lakes are built in Switzerland. Imports are limited to small boats (motor, sailing and rowing). Total imports amounted to \$32 million in 1977. EEC countries supplied 76 per cent, EFTA countries 16 per cent, Canada 0.2 per cent.

Import Policies

Railway equipment from EFTA and EEC countries is duty-free. No import permits are needed. Road motor vehicles have to be adapted to Swiss safety standards and emission norms. There are limits as far as weight, length and width are concerned. There are reduced duty rates for passenger cars from EEC and EFTA countries. Buses and trucks up to a weight of 1,600 kilos from all sources pay the normal duty rate. Heavier buses and trucks are duty-free from EFTA and EEC countries. Customs duties on import of aircraft, railway equipment, motor vehicles and boats from Canada range from Swiss Francs 1.80 to Swiss Francs 190 per 100 kilos gross weight. No import permits are needed. There is a maximum noise level for motor-boats, and safety regulations have to be observed. Imports from EFTA and EEC countries are duty-free. No import permits are required.

Export Opportunities

American car manufacturers are already shipping some cars from their Canadian plants. Possibilities exist for sailing boats. Swiss businessmen are prepared to examine any offer. Price and quality are the deciding factors.

PACIFIC

AUSTRALIA

The Market

Australians in 1977 imported from Canada \$3.5 million in motor vehicle engines and \$49 million in motor vehicle parts and accessories. Most imports were intra-company transactions between Australian and Canadian subsidiaries of the major North American auto manufacturers (General Motors, Holden and Ford) as was a smaller proportion of the \$13.1 million worth of light and commercial trucks. Imports from Canada of shipping and railway equipment during 1977 were minimal as Japanese and British suppliers remained well entrenched in the licensing field. State government expenditure on improvements to public transport systems continues, highlighted by a new underground system for Melbourne and a new bus fleet in Sydney (555 Mercedes Benz by 1980), and \$200 million rail improvements throughout New South Wales.

Import Policies

By 1980, all automobiles manufactured in Australia must meet an 85 per cent local content ruling, which is below the current average of 88 per cent local content. Thus the market for imported original equipment may be broadened although volume will be affected by a possible continuing decrease in car production. A relatively small market for add-on accessories and repair and maintenance supplies exists for cost and quality competitive imports which meet GM-H and Ford model specifications. The Australian government in its latest budget, August 15, 1978, has lowered the sales tax on all new automobiles from 27.5 per cent to 15 per cent, simultaneously increasing the customs duty on imported fully manufactured autos from 45 per cent to 57.5 per cent. These moves are obviously designed to strengthen the domestic car industry, and if they prove successful, the prospects for the sale of Canadian original

equipment, accessories and repair and maintenance items should improve.

A tariff reference on commercial vehicles is pending. The government has announced that existing tariff provisions on light commercial and four wheel drive vehicles will not be changed. No decision has been made yet, however, on heavier commercial vehicles where Canada's trade interests are concentrated and where we have a 7.5 per cent tariff preference.

Export Opportunities

The decrease to 85 per cent in the local content legislation for motor vehicles opens up a market for Canadian OEM suppliers dealing through well established Australian part specialists, e.g., REPCO, Borg-Warner and Girlock Engineering Ltd. The after market is small but steady with considerable import potential where price and quality meet specifications for GM-H and Ford model parts.

Mining developments, especially in Western Australia, will expand the market for highly specialized trucks and special purpose railway rolling stock. Improvement of urban transportation systems, now planned or under way in most states will provide market opportunities for truck and urban rail components such as windows, air conditioners, etc. Certain specialized segments of the marine industry, such as tug production are well developed and the import market for original equipment and components for propulsion system, steering gear and marine hardware is currently around \$12.5 million. Limited import markets also exist in the field of special vehicles, particularly for off-highway mining vehicles, certain items of airport equipment and some varieties of sport tracked and small wheeled vehicles.

NEW ZEALAND AND THE PACIFIC ISLANDS

The Market

The major market for Canadian vehicles has been heavy logging trucks for highway use. The market for automobiles is generally for those brought in from Australia, Britain, Japan and Europe for local assembly. Twin Otter airplanes are used in the Pacific Island countries.

Import Policies

The import of commercial vehicles is not subject to import licensing restrictions, but a duty preference for heavy vehicles from Canada is available only on those vehicles having a Canadian content, (which includes elements entitled to BP preferences) of not less than 65 per cent. In this case the New Zealand duty is 16 3/4 per cent when compared with the 45 per cent for equivalent vehicles from the U.S.

Vehicles, other than commercial road vehicles, including log skidders, are subject to import licensing. Applications to import are assessed on a case-by-case basis.

Export Opportunities

A continuing market exists for heavy trucks made in Can-

ada, as the Preferential Tariff gives the products a competitive edge over other foreign competition.

A market exists in New Zealand for most specialty motor vehicles such as skidders, stackers, and log loaders but these generally require local assembly. It is expected that with development of the Fijian forests, a good but limited market for the same logging vehicles will exist in Fiji.

With the announcement of the 200-mile maritime economic zone, the New Zealand fishing fleet is undergoing rapid expansion and modernization. As a result, it is expected that a good market will exist for high technology ship fittings (if the equivalent is not locally made) and enquiries have been received for these products.

A limited market will continue for the supply of railway locomotives and rolling stock to the government-owned Railway Department. When tenders are called for the supply of these items Canadian bidders could face stiff international competition.

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 overriding 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 transportation industries 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 Transportation Industries Branch of the same Department.

CHINA, PEOPLE'S REPUBLIC OF

The Market

Transportation is easily the weakest link in the Chinese economy and this sector will have to be improved and expanded extensively to cope with the increased volumes of freight resulting from a general modernization of the economy. The recently unveiled Ten Year Economic Plan calls for the realization of some 120 major capital projects by 1985, including five new trunk railways and six major ports.

Air service in China is provided with Russian Anaton and British Trident aircraft for short and medium routes and Ilyushin 62s and Boeing 707s on the longer routes. The Boeing 707s are also used for service on international air routes. Utilization of the Trident and Boeing Aircraft is very low.

China has a very large ocean shipping fleet which is continuously being expanded through the purchase of used 10,000 to 30,000 DWT vessels. China has some shipbuilding capacity in the 15,000 to 20,000 DWT range and has recently exported some of these vessels.

China plans to substantially expand mineral production by the mid 1980's. This could create a large market for Canadian mining equipment including off-highway trucks.

Export Opportunities

The most promising export opportunities appear to be in the rail transportation sector. Some 75 per cent of China's motive power still consists of steam engines and current plans call for a rapid conversion to diesel electric and electric locomotives. China is producing some diesel electric locomotives, but the demand far exceeds domestic production capacity. Principal competitors are Western and Eastern European and Japanese suppliers. Significant export opportunities also appear to exist for ore and other bulk-carrying rolling stock.

Requirement may also exist for small aircraft for specialized applications such as geophysical survey work and for short take-off and landing aircraft of the DASH-7 type for domestic air service.

Given the priority which China is according to the development of its mining and petroleum industries, it is considered likely that the country will need off-highway vehicles for use in open pit mining projects as well as for pipeline construction. This market may also hold potential for suppliers of marine equipment, including submersibles for use in the development of China's offshore oil and gas reserves.

HONG KONG

The Market

The two largest transport projects in Hong Kong involve the Mass Transit Railway (MTR) and the Kowloon and Canton Railway (KCR). Contracts for the first stage of the MTR, valued at \$1.2 billion, have almost all been awarded and plans for an extension are now being prepared. The second project involves a \$200 million phased expansion involving doubletracking, electrification and new rolling stock.

The market for automobile and bus parts is limited by the number of vehicles (170,000) and the prevalence of European and Japanese models. Occasional opportunities arise for special vehicles. Fire services have more than 500 fire appliances operating in Hong Kong with 21 new units ordered in 1976. Large construction projects continue to require heavy off-highway equipment.

There are substantial shipbuilding repair facilities in Hong Kong as well as 130 minor shipyards. These cater to the full range of shipping from pleasure vessels to large ocean freighters. All consume considerable amounts of replacement parts.

Import Policies

There are no government import policies or legislation that affect Canadian exports. However, the Fire Services Department has shown a preference for European specifications.

Export Opportunities

Specific export opportunities include tenders for the proposed 10 KM/MTR extension and tenders for the KCR railroad equipment. Limited opportunities exist for vessel replacement parts and deck gear.

INDIA

The Market

India, a vast and heavily-populated country, has developed an impressive transportation network as well as extensive manufacturing capability to provide much of its needed technology and equipment. Two large airlines operate in the country — Air India, an international IATA carrier using an all-Boeing fleet of 16 aircraft, and Indian Airlines, the domestic carrier serving 93 routes with a fleet composed mainly of A300's, Boeing 737's and HS-748's. More than 80 domestic airports are serviced by regular commercial flights, although only four — Delhi, Bombay, Calcutta and Madras — are considered international. The proposed feeder service will require 150 twin turbo aircraft.

Indian Railways, one of the largest railway systems in the world, carries between two and three billion passengers each year and operates 11,000 trains daily. To support this huge system, India has developed a major manufacturing sector producing (and exporting) most of the necessary rolling stock, track equipment and signalling gear.

Although India has an extensive highway system, the vehicle and automotive component market for Canada is negligible due to local manufacturing self-sufficiency. Domestic production of off-highway vehicles, however, is not as well developed and there may be potential for sales of Canadian all-terrain vehicles, heavy duty mining trucks and airport equipment providing prices are competitive.

India's four major shipyards and cottage boat building industry have been largely adequate to supply ongoing requirements for its inland transportation needs, fishing requirements and international trade, the latter serviced by a fleet of 354 ocean-going vessels. Isolated opportunities occur from time to time for design collaborations or supply of specialized vessels.

Import Policies

Although there are exceptions, Indian import policy normally prohibits the use of foreign exchange for purchases of items which are, or could be, locally produced. Access to the market however can often be gained through joint ventures, or alternatively, through the sale of designs or technology on a royalty or lump sum basis.

In spite of the developed state of the transportation infrastructure, the current five year plan (1974-79) has set aside nearly \$7 billion for investment in the transportation sectors. Some Canadian manufacturers of specialized or technically advanced products may find markets in India. Any major sales of equipment, however, will almost invariably require a collaboration agreement with a local manufacturer, which will probably preclude long-term imports.

Export Opportunities

Of potential interest to Canadian firms are the plans for "third level air operations" or a system of feeder routes into the extensive Indian Airlines domestic air network. Equipment requirements, including aircraft, for this system are now in the process of being developed.

India Railways is currently the recipient of World Bank funds for expansion and upgrading of rail facilities. Approximately \$30 million is destined for imports of specialized equipment, including signalling and other electronic systems.

The Oil and Natural Gas Commission, a separate Indian government entity for the exploration and production of oil, has ready access to foreign exchange and is occasionally on the market for ATV's and specialized barges. Several Canadian firms, including one which is leasing helicopter services, have been successful with this customer.

INDONESIA

The Market

Indonesia is, and will continue to be, an important market for transportation equipment of all types. Because of Indonesia's large population (140 million people), its size (3,000 miles by 1,000 miles) and the fact that it is a nation of almost 14,000 islands (of which 6,000 are inhabited), transportation infrastructure is being given a high priority in Indonesia's development plans. The many objectives are the development of an adequate air fleet, an adequate inter-island shipping fleet, adequate port facilities, sufficient and adequate airports, major improvements in the highway systems in many islands and railroad systems improvements, particularly in Java and Sumatra.

A major cause of Indonesia's requirement for large amounts of transportation equipment is a relatively new policy of transmigration. In order to expand food production and lessen the pressures of population of Java, Indonesia is attempting to move millions of people from Java to other islands. In the Third Repelita (third five year development plan starting April 1979), plans call for moving 500,000 families compared with 300,000 families during the previous two Repelitas. This policy of transmigration will require expenditures of hundreds of millions of dollars including the procurement of transportation equipment such as aircraft and vessels.

These conditions and programs should enable Canadian manufacturers to enter the Indonesian market on a major scale in the very near future.

Import Policies

The Indonesian Government is giving strong encouragement to the domestic production of transportation equipment. At the moment, Indonesia assembles light aircraft (20 passengers) and helicopters, and imports competitive with these models are precluded. Indonesia now is able to assemble trucks and buses. Import of trucks and cars is forbidden except as part of a development project incorporating a contract with the Indonesian Government.

Export Opportunities

During 1979 alone, Indonesia will be purchasing 250 locomotives along with several hundred railway wagons. In addition, the demand for other transportation equipment is high. For example, the following items of equipment are required: four 16,000 DWT semi-container vessels, 300 small patrol vessels, 80 customs vessels, log carriers, bulk carriers (e.g., for fertilizers), railroad equipment, Buffalo Aircraft and the CL215.

JAPAN

AEROSPACE

The Market

In 1977, Japan imported aerospace products to a total value of approximately Cdn. \$118 million. Of this, imports from Canada were approximately Cdn. \$1,627,000, covering aircraft parts, turbo-prop engines and parts and radar.

Japan's aircraft industry is dependent upon the Japan Defence Agency for approximately 85 per cent of its sales. The JDA decision to purchase 45 P-3C and 100 F-15 aircraft will give a needed boost to the domestic industry because most of these aircraft will be built in Japan under licence. As many parts may be imported by Japanese licensees for these two programs, a market will exist for certified Canadian-produced aircraft parts and avionics.

These limited opportunities, plus the policy of the Defence Agency to buy domestic products, limits market opportunities in the military field.

In the commercial field, U.S. products, such as the B-747, DC-10, L-1011, B-727, and DC-9 dominate except for business planes being built by Mitsubishi (MU-2) and Fuji (FA-700). The deHavilland DHC-6 has been sold.

A potential market for the DASH-7 also exists. The JT15D engine of Pratt and Whitney Canada Ltd. has been selected for Mitsubishi's new business jet (MU-300) prototype.

The Japanese Government has decided to pursue the YX program with Boeing of the U.S. and Italy. Potential for this program will be limited and must be pursued on a three country (company) basis.

Import Policies

Aircraft, aircraft engines and parts are subject to import quotas and discretionary licensing.

Export Opportunities

Opportunities do exist for certified Canadian components incorporated into U.S. defence products and commercial aircraft sold to Japan.

During 1977 Japan's imports of aircraft and related products, where Canadian suppliers may find market opportunities, were as follows:

Item	Total Cdn. \$
Aircraft and aircraft parts	106,761,920
Internal combustion engines for aircraft	1,527,400
Parts of engines for aircraft	141,200
Turbo-props for aircraft	1,131,400
Engines for aircraft n.e.s.	2,075,700
Parts of engines and motors for aircraft	141,200
Radar apparatus for aircraft whether for mounting on the aircraft or on land	5,613,500
Radiotelegraphic and radiotelephonic transmitters, receivers for aircraft whether for mounting on the aircraft or on land	1,865,800
Radiotelegraphic and radiotelephonic receivers for aircraft whether for mounting on the aircraft or on land	141,800
Loran receivers for aircraft whether for mounting on the aircraft or on land	131,900
Direction finders for aircraft whether for mounting on the aircraft or on land	460,850
Radio navigation aid apparatus and radio remote control apparatus for aircraft whether for mounting on the aircraft or on land	2,951,900

Canadian sales to Japan included in the above are turbo-prop for aircraft, aircraft engine, n.e.s., engine parts, radar, and radio transmitter/receiver.

OCEAN INDUSTRY AND SHIPBUILDING INDUSTRY

The Market

Ocean Industry — Japanese ocean development activities include cultivated fisheries, exploitation of offshore petroleum and natural gas, improved use of offshore areas and the research and development necessary to support this work. The ocean industry in Japan is composed of major industries such as shipbuilding, steel, non-ferrous metals, machinery, electrical appliances, construction, chemical and fisheries together with financial organizations and trading companies acting as organizers. Japan is now starting a program of ocean development which is likely to provide opportunities in areas where Canadian technology is in advance of that of Japan, such as in products to combat ocean pollution, to permit exploration of the ocean floor and to combat ice conditions.

Shipbuilding Industry — The Japanese shipbuilding industry is now going through one of the most serious business slumps in its existence. New order backlog for ships which totalled more than 50 million gross tons in a peak year (1974) slumped to less than 18 million tons by the end of 1976, to 10 million tons at the end of 1977 and the prospects for 1978 are even worse, about five million tons. In addition to a shortage of orders, the trade war with the EEC caused Japanese shipbuilders to raise the average ship prices by five per cent and to institute export controls. The rapid rise in the value of the yen will also play a part in curtailing sales.

As a result, the Transport Ministry is in the process of advising the 40 major Japanese shipbuilding companies, including 23 top member shipbuilding companies of the Japan Shipbuilders Association, to cut back on their operations by an average of 35 per cent. The shipyards in question account for 95 per cent of the nation's shipbuilding capacity.

Import Policies

In general, there are no Japanese government policies or legislation which are major deterrents to the import of foreign ocean industry products.

Export Opportunities

Ocean Industry — As a result of a recent Ocean Technology Mission to Canada, licensing and joint venture opportunities for Canadian suppliers lie in the areas of ice and cold water technology; deep diving techniques and hardware; oil and gas drilling activities in the North Arctic Sea area; deep underwater drilling systems; construction of man-made islands; and pollution control systems.

Shipbuilding Industry — Because of the worldwide recession in shipbuilding and recognized Japanese expertise in this sector, few export opportunities exist except for components of a unique, very high technological and/or highly competitive nature.

AUTO PARTS

The Market

Following the initial shock of the OPEC announcements in late 1973, the Japanese automobile industry entered a period of sluggish demand both in domestic and export markets. However, through a vigorous export program, the industry was quick to recover and had record production years in 1976 and again 1977. This vigorous export activity has not been without problems. Many countries adversely affected by Japan's growing automobile trade have brought increased pressure to bear, and some have requested that Japan curtail exports. At the same time, the push is on to have Japanese companies source more component parts in foreign markets. This continued pressure has increased opportunities for Canadian exports of auto parts since manufacturers in Japan, concerned about their position in world markets, will now seriously consider quotations from overseas suppliers or manufacturers. Most manufacturers have also established overseas procurement divisions in order to increase purchases.

Canada first started to ship auto parts to Japan in 1973. By 1976 exports had reached approximately \$2 million. It is a very difficult market to penetrate due to existing strong relations, including financial, between car makers and their

parts suppliers. However, as costs of production continue to rise in Japan, auto manufacturers are beginning to consider much more seriously overseas competitive sources of supply, especially when coupled with the situation, as noted above, of increased pressure from the EEC and the United States.

Import Policies

In general, there are no policies or NTB which deter access to this market although it should be noted that the tariff on autos was recently suspended while auto parts are still subject to tariffs of 6-15 per cent.

Export Opportunities

With respect to the OE market, since close and continued discussions are required between a parts supplier and the automaker for any engineered parts, it would seem that the greatest chance for exporting to Japan is in add-on items, such as windshields, mirrors, wipers and headlamps. As far as the aftermarket is concerned, any company that can supply components or replacement parts at competitive prices and high quality should be able to establish themselves in this market.

KOREA

The Market

There is virtually no market for imported passenger and commercial vehicles and/or components, as the Korean automotive industry (which currently has the capacity to produce 50,000 units per year) continues to localize production. Almost 95 per cent of all components are now domestically manufactured.

The Korean shipbuilding industry continues to expand with rated capacity now standing at 2.39 million gross tons. Korea's low wages plus high productivity combine to make Korean yards extremely competitive and it is virtually impossible for Canadian shipbuilders to compete.

Korea's domestic air routes are basically uneconomical because of the artificially low rate structure imposed by the Korean Government. Consequently, the only Korean air carrier (Korean Airlines) has no interest in expanding or upgrading its domestic fleet, but rather is endeavouring to

expand its international arm through the purchase and/or leasing of additional DC-10's, A-300's and B-747's. As a result, there are virtually no opportunities in Korea for Canadian commercial aircraft (including STOL).

Import Policies

The Korean government, at least on paper, regulates the import of all transportation equipment, in order to protect domestic manufacturers; however, since few suppliers can compete with Korean vehicle or shipbuilders, this has relatively little practical meaning.

Export Opportunities

Select opportunities arise from time to time for the sale of specialty vehicles such as airplane refuellers and air service cars to Korean Airlines. An opportunity now exists for the supply of components and infrastructure expertise for their subway expansion project.

MALAYSIA

The Market

Malaysian development programs for the period 1976-80 for transport and communications are aimed at consolidating and making further improvements to existing facilities and services to meet the requirements of social and economic development. The capacity of transport and communication facilities on the west coast of Peninsular Malaysia, although already well developed, will be further improved and upgraded to meet normal traffic growth. In East Malaysia, the rapid rate of land development and the projected expansion of urban and industrial growth will require the rapid extension and upgrading of transportation and communication facilities.

With the rapid expansion of Malaysia's international trade, efforts will be directed toward the development and expansion of port facilities and related maritime services.

Import Policies

Importers may require a licence. Locally manufactured automotive parts are protected by either a high import tariff or the total prohibition of importation of foreign parts.

Export Opportunities

- Studies have been completed for a projected \$2 billion mass rapid transit system for Kuala Lumpur and the Klang valley. The project is divided into three stages covering a period of 12 to 15 years.

Malaysia — Export Opportunities (cont'd.)

- A potential market exists with the Malaysian Airlines System (MAS) for the sale of Twin Otter and DASH-7 aircraft in conjunction with the establishment of six new STOL airstrips.
- There is a good potential for the sale of forest harvesting equipment and logging trucks in Peninsular and East Malaysia.
- There is interest by the Federal Police and Customs Branch in Canadian-built patrol boats.
- Joint ventures are encouraged for the manufacture of components, accessories, spare parts and fittings for motor vehicles.

NEPAL

The Market

Nepal's transportation infrastructure remains undeveloped. There are no railways, very few roads and a few isolated airports. The government operates a national and international airline with one 727, three HS748's, four Twin Otters, and one Boeing 737. Road connections are gradually being built but most of Nepal is still linked only by footpath.

Import Policies

Free foreign exchange is severely limited and the market is

dominated by Indian products. Some opportunities arise in connection with international and bilateral aid projects. All items must be shipped via Calcutta.

Export Opportunities

Canada has been successful in marketing STOL aircraft and can look forward to further sales. There may also be a small demand for off-highway vehicles in connection with mining and forestry projects.

PAKISTAN

The Market

All the major means of public transport (land, air and sea) are owned by the government. Pakistan Railway is currently implementing a program of track renewal, acquisition of new diesel-electric locomotives, re-engining of old locomotives, and the modernization of its workshop facilities in various locations. A subway system for Karachi is in the initial planning stages. Pakistan International Air Lines, operating with a fleet of Boeing 747s, DC-10s, Boeing 727s, and Fokker aircraft, is examining the possibility of acquiring a flight simulator for DC-10 aircraft. A limited interest also exists in STOL aircraft for both civil and military use.

Import Policies

The government policy is to obtain soft-term development loan financing or concessional credit from suppliers to cover the import requirements of the transportation sector. IBRD recently announced a loan of \$60 million for Pakistan Railway, to be used in importing track material, telecommunication equipment and materials and components for manufacturing passenger coaches.

Export Opportunities

There are good opportunities for Canadian diesel locomotives and spares, steel rails and other track material. Possibilities also exist for a Canadian flight simulator to be sold to Pakistan International Airlines. Promotional efforts for STOL aircraft may also lead to business in the long run.

PHILIPPINES

The Market

The importance of land, air and water transportation in a country comprising over 7,000 islands speaks for itself. In view of the developing nature of the Philippines, several international organizations such as the IBRD, the Asian Development Bank and the World Bank have provided development assistance loans to improve transportation. Almost all of the transportation equipment required by the Philippines is imported. There is a local automotive and vehicle manufacturing industry which can supply part of the vehicle requirements of the country and also shipbuilding has developed to the extent that certain types of vessels for coastal operations can be constructed locally. The government's responsibility for internal, economic and political stability depends on how effectively the distribution net for goods and services can serve the archipelago. With external sources of financing, the development and rehabilitation plans for the transportation industry offer opportunities for both Canadian suppliers and expertise.

Selected Statistics of Philippine Imports of Transport Vehicles and Parts (1975 f.o.b.)

	(dollars)
Trucks, buses and lorries, diesel or semi-diesel	13,827,186
Trucks, buses and lorries, diesel or semi-diesel (unassembled)	6,450,365
Trucks, buses and lorries, other than diesel or semi-diesel	7,514,037
Motor platform trucks with upwing and handwing equipment (e.g., dump trucks)	39,833,278
Trucks, buses and lorries, other than diesel and semi-diesel unassembled for assembly	13,234,060
Specially fabricated logging trucks chassis with engines mounted	1,161,176

Philippines — The Market (cont'd.)

	dollars
Other than diesel or semi-diesel	2,730,299
Chassis with engine mounted, diesel or semi-diesel	16,589,500
Motor vehicle bodies stand/or shells for trucks and buses	1,682,500
Chassis, frames and other parts for trucks	16,855,591
Chassis, frames and other parts for road motor vehicles	2,870,830
Oil seals, grease retainers for all makes and types of cars and trucks	567,798
Chassis, frames and other parts for automobiles	12,358,731
TOTAL	135,675,351

Import Policies

Since the transportation sector is an important one for the Philippines, the government gives priority to imports of equipment related to it. However, foreign exchange requirements result in priorities being assigned for the import of certain types of equipment. These priorities usually give preference to that type of equipment most urgently needed or which ties in with government programs and development plans.

Export Opportunities

Heavy trucks and off-road vehicles — There are opportunities for mining vehicles, logging trucks and off-road construction and transportation equipment. Opportunities

exist in both government and private sectors. Price is a consideration and most of the sales are effected through commission agents and representatives.

Marine equipment — Water transportation accounts for about 85 per cent of total commodity movement in the country. It is considered vital to the national economy as the country is comprised of more than 7,000 islands with a combined coastline of approximately 10,859 statute miles. The aggregate tonnage of the 131 local ocean-going vessels is 272,935 grt. Compared with an estimated 1,019,524 grt. requirement of the Philippine Maritime Fleet, every indication points to the fact that the ocean-going vessel capacity is small. Inter-island shipping, with a registry of 457, has an aggregate tonnage of 366,284 tons. In 1975, about 65 per cent of these vessels reached the end of their commercial life.

In 1975, the government organized the Maritime Industry Authority (MARINA) to stimulate local shipbuilding and facilitate the acquisition of the necessary financial and technical assistance to modernize and expand the antiquated and inefficient merchant marine fleet. To encourage joint ventures, the government also announced a policy of not allowing domestic shipping operators to buy new vessels abroad if they can be built locally. Both Keppel Shipyard of Singapore and Kawasaki Shipyard of Japan have entered into shipbuilding and ship repairing ventures with local firms.

SINGAPORE

The Market

Singapore has developed a very sophisticated shipbuilding and ship repairing industry which is now its number one industry in terms of employment, and contributes 10 per cent of the GDP. Singapore specializes in supply vessels, mini-bulk carriers, LPG tankers, barges, tugs, coastal vessels, naval patrol craft, and refrigerated fish carriers. The largest ship constructed was 91,600 DWT tanker. With the general economic slowdown and stiff competition from Japan and Korea, the Singapore shipbuilding industry has diversified into smaller craft, barges and dredging equipment. It has also developed into a major manufacturer of offshore oil rigs. Although this activity has slowed down recently, Singapore has produced drillships, drilling tenders, jack-up rigs and semi-submersibles. The country's expertise and experience combined with a location near major exploration areas has enabled it to become a major supplier to the oil industry of vessels, platforms, accommodation modules and single buoy mooring systems, and heat-exchangers. In other words, Singapore is a major competitor of Canadian industry primarily due to inexpensive, yet skillful fabrication. The market for marine equipment and technology is tremendous, but implies a joint venture arrangement with some local yards rather than direct sale. Using Singapore as a base for third country bids is becoming a more common technique for western marine countries.

Singapore provides a limited opportunity for Canadian aircraft sales because of its small size, but the aircraft repair

and maintenance sector is very important. Last year, Canada supplied approximately Cdn. \$1.5 million worth of aircraft engines, parts and assemblies, primarily for maintenance of Bell helicopters and Twin Otters.

There is no local requirement for special vehicles. There may be a requirement for subway rolling stock if the proposed M.R.T. project is approved.

Import Policies

No restriction or duties except for airport fire vehicles (British specs.).

Export Opportunities

- Oil exploration equipment (direct sale and joint venture)
- Marine equipment (direct sale and joint venture)
- Oceanographic instruments
- Pollution control equipment
- Aircraft engine accessories
- Gear boxes
- Test equipment
- Port handling equipment

SRI LANKA

The Market

Sri Lanka has a well developed transportation base including the national and international carrier, Air Ceylon (currently being reorganized), an extensive, broad gauge railway, and a good system of all-weather roads. The Sri Lankan air force and navy both maintain a small fleet of equipment. While there are repair shops in the country, there are no manufacturing facilities for any of this equipment.

Import Policies

All transportation equipment and spare parts are imported. As foreign exchange is scarce, most requirements are ten-

dered by government organizations or state trading corporations. Bilateral and international credit schemes are an important source of funding and CIDA lines of credit can play an important part in clinching a sale. The market is extremely price conscious.

Export Opportunities

Canada has successfully entered the market for locomotives and can look forward to future sales. There are also opportunities for automotive spare parts, specialized vehicles (e.g., tanker trucks), railway rolling stock, and several kinds of boats (e.g., patrol boats and trawlers).

THAILAND

The Market

There are 17 small automobile and truck assembly plants in Thailand. Imported units face a duty of 250 per cent. Parts are invariably supplied by original manufacturers, mostly Japanese, who supply CKD units to the assembly plants. North American automobiles are rare in Thailand.

Thai shipyards can build ships of up to 2,000 tons at prices roughly half those quoted by North American yards. The fishing fleet, which has excess capacity owing to the 200-mile territorial limits imposed by Thailand's neighbours, is composed primarily of small, locally-produced, wooden boats, many of which will be replaced under a project financed by the Asia Development Bank.

The State Railway of Thailand runs locomotives from France, Germany, Japan, Britain and the U.S. A stated requirement for 36 additional units is unlikely to be filled from a sixth source as concern about the lack of standard-

ization has already been expressed. The SRT assembles rolling stock using undercarriage components imported from Japan. A future requirement for imported ore carriers may materialize.

The market for civilian aircraft is limited to the future requirements of Thai Airways, the domestic airline, which will gradually expand operations to outlying towns. No private aircraft may be flown in Thailand. Local maintenance facilities are good. Training and spare parts are provided by foreign aircraft suppliers.

Thailand has a liberal and non-discriminatory import policy with no restrictions or barriers other than the tariff. Foreign investment is welcomed, incentives are available. Foreign exchange is freely granted to importers.

There are limited opportunities for Canadian-made automotive spare parts.

AFRICA AND MIDDLE EAST

ALGERIA

The Market

The country has a relatively well developed transportation infrastructure: 80,000 kilometres of roads; 4,000 kilometres of railway track; eight seaports including two modern oil ports now under construction; and a half-dozen international airports. Future developments will centre on highway maintenance, extension of railway lines which are largely tied to the transport of ore in the eastern part of the country and improvement of port and airport equipment. Transportation in the desert regions of the country is also gaining in importance.

Contracts for technical studies are expected to be awarded by the public agencies controlling the air transport (ENE-MA), railway (SMTF) and port infrastructure (ONP) sectors. The following equipment may be required: commercial and short-range aircraft, locomotives, railway cars and related materiel, commercial vehicles for mineral and oil prospecting in the desert regions and buses. CMAN, the national ocean shipping company, will complete a fleet of freighters, methane tankers and oil tankers on tenders called by the country's shipyards.

CYPRUS

The Market

Imports in this sector were \$30.4 million in 1977. There are

no import restrictions but there is little potential for Canadian exporters.

EGYPT, LIBYA, SUDAN

The Market

Libya and the Sudan are both large countries with long distances between major cities. Libya has a relatively well developed road transport network and has vast oil resources to finance further expansion in the transportation field. Sudan has acute transportation problems but has less financial resources to overcome these problems. Egypt and the Sudan are both receiving World Bank bilateral assistance to rehabilitate their railways, and increased use of the Nile for river transport is planned. Air transport is growing in all three countries as new airports are built. Libya is especially active in airport construction.

Import Policies

Imports are, at least unofficially, controlled in all of these countries. This takes the form of foreign-exchange and letter-of-credit controls. Libya is moving quickly towards a tightly-controlled, centrally-planned economy with government companies often granted a monopoly on imports in particular sectors.

Egypt is moving in the opposite direction with the private sector becoming more and more active. Sales to government entities must now be done through a local agent.

Except for Libya, which has access to vast oil revenues, financing is often required. Egypt and the Sudan, however,

are receiving assistance from oil-rich Saudi Arabia and the Arabian Gulf states. In addition, a soon-to-be-finalized \$200 million credit protocol between Egypt and the Export Development Corporation will make Canadian commercial financing available to Egypt for use in purchase of capital equipment and related services. In general, sales should be made in all these countries on a confirmed letter-of-credit basis in hard currency.

Export Opportunities

Libya: Aircraft, aircraft spare parts, airport vehicles and equipment; off-road trucks for the oil industry, municipal vehicles, trailers; marine equipment for offshore oil and gas contractors.

Egypt: Aircraft, aircraft spare parts; off-road trucks for oil industry, locomotives, all railway and railway maintenance equipment and rolling stock; tugs, steering gears for ships, ship components, marine equipment for offshore oil and gas contractors.

Sudan: Aircraft, aircraft spare parts, airport vehicles and equipment; off-road trucks, locomotives, track maintenance equipment, rolling stock; steering gears for barges, barge components.

IRAN

The Market

Though the automotive industry is one of the most developed in Iran imports for the year ended March 20, 1977 were still \$1,620 million, including components for local assembly lines which are procured from the joint venture partner or licensor. In addition to prestige passenger cars and components for local production, specialized heavy vehicles are imported in large numbers. Total imports in the

remaining transport sectors were only \$124 million, though current development plans include railway improvements, a Tehran subway, port and shipping development and expansion of local air services.

Import Policies

To protect and expand local industry, import tariffs on passenger cars and trucks are high with the exception of

Iran — Import Policies (cont'd.)

four-wheel drive utility vehicles, though foreign vehicles continue to be imported in large numbers. Automotive components are often purchased by the foreign licensor or joint-venture partner. As the Iranian government has instructed all ministries and agencies to procure from local suppliers where possible, even the imports of specialized equipment may be reduced.

Export Opportunities

Joint ventures for local production of automotive components would be encouraged by the Iranian government. Special vehicles are the most likely area of market opportunities. Some opportunities exist in the supply of components for the Tehran Metro system.

IRAQ

The Market

In 1975, Iraq imported transport equipment valued at some \$658 million. The 1977 investment budget allocates some \$1.2 billion to the transport and communications sectors.

Import Policies

Iraq is a socialist country, consequently nearly all imports are made by state organizations and usually through secret tenders. The one exception is that private dealers may import replacement auto parts. Credit is not usually a factor in exporting to Iraq as its revenues from oil production are sufficient to pay for imports on a letter-of-credit basis. While foreign (meaning non-Arab) investment as such is not allowed in Iraq, licensing and production/assembly ar-

rangements may be pursued and time-limited management contracts related to projects are possible.

Export Opportunities

There are major market opportunities related to railway construction and expansion including locomotives and rolling stock, the proposed Baghdad rapid transit system, and cars, trucks and buses. In addition, there are requirements for certain special vehicles, pollution equipment, tugs and barges, large specialized ships, as well as aircraft. The start of truck, car and bus assembly may mean opportunities for components and there is a steady demand for replacement parts for North American cars.

ISRAEL

The Market

Imports total \$270 million. Passenger vehicles predominate at \$53 million in a market shared by Volkswagen, Fiat and Simca. Commercial vehicles at \$30 million are imported from Britain and Germany and \$6 million in special-purpose vehicles are supplied primarily from Sweden. Some \$40 million in tractors are purchased from Italy, Belgium and Canada. Chassis with engines at \$13 million and spare parts at \$12 million are supplied by the EEC countries and the U.S. Passenger and private aircraft (\$35 million) and parts (\$35 million) are supplied by the U.S. and Britain. Ships, boats and floating structure imports total \$10 million, currently supplied by Japan.

Import Policies

Imports are not restricted but tariffs are extremely high on

road vehicles. The average small or medium-sized passenger car costs at least twice as much as in Europe or North America.

Export Opportunities

There is currently a strong market for automotive parts, particularly for small/medium-sized European models.

Planned expansion of the state railway will generate requirements for locomotives, track, track maintenance equipment, rolling stock and signalling equipment.

There is interest in a joint venture or licensing agreement for production of a wheeled all-terrain-vehicle for use by municipalities and for sports activity.

IVORY COAST, SENEGAL, NIGER

The Market

Although both the Ivory Coast and its neighbours have varying requirements and financing possibilities, they are in need of equipping and extending their transportation services. Ships, railway equipment, planes and off-highway

vehicles are all in demand, although attractive financing packages are nearly always essential. At present, Canada, through EDC and CIDA, is engaged in a vast railway project linking the Ivory Coast and Upper Volta.

LEBANON, SYRIA, JORDAN

The Market

Lebanon, Syria, and Jordan all have relatively well developed road transport networks and expansion in these countries will be gradual. A new international airport is being built in America.

Import Policies

Imports are, at least unofficially, controlled in all of these countries except Lebanon. This takes the form of foreign-exchange and letter-of-credit controls in Jordan and import licences in Syria.

Export Opportunities

Lebanon: Aircraft, aircraft spare parts, pleasure boats.

Syria and Jordan: Aircraft, aircraft spare parts, airport vehicles, off-road trucks, trailers.

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. Total imports by Malawi in 1975 (latest figures available) amounted to only \$295 million. South Africa, Britain and Rhodesia together supplied more than 60 per cent of the total.

In the transportation industries sector, however, Canada has been particularly active. Under the CIDA program, Canada has financed the construction of the Salima-Lilongwe Railway extension and has just signed an agreement to construct a further extension to Mchinje. Again with CIDA financing, negotiations have begun for the supply of a substantial number of locomotives from Canada.

Whether there will be commercial spin-offs from Canadian involvement with Malawi Railways remains to be seen but certainly Canada's presence in this sector is well established.

Import Policies

Railway development has been accorded top priority by the Malawi government. Canada can expect continuing requests for Canadian involvement in this sector. The Malawians make good use of developmental assistance and consequently CIDA will in all probability maintain or expand its current program in that country.

Export Opportunities

As long as there is an active CIDA program in Malawi, there will be opportunities to supply railway construction equipment, rails, rolling stock, signals, and maintenance equipment.

MOROCCO

The Market

There is a requirement for railway rolling stock, right-of-way equipment and systems for 800 kilometres of extensions planned for 1978-82 and the development of substan-

tial phosphate mining. There is also the need for transportation equipment for desert operations, in view of Morocco's emphasis on consolidating its position in the Saharan provinces.

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 transportation equipment must be regarded as closed or very limited.

NIGERIA, GHANA

The Market

Major opportunities are presented in Nigeria and, to a lesser extent, Ghana. Nigeria's revised Third National Development Plan (1975-80) now allocates considerable resources to the transportation sector of which the major portion will be for road construction. Other projects include an airports construction program, three new ports plus the revitalization and expansion of existing facilities, procurement of additional ships and port equipment for the Nigerian National Shipping Line and Nigerian Ports Authority, and an expansion of services by Nigerian Airways requiring an increased number of aircraft. The Government of Ghana is proceeding, with international financing, on projects aimed at improving road, rail and air transportation facilities.

Import Policies

Due to limitations in Nigeria on displacement for engines in private automobiles there is virtually no opportunity for cars of Canadian origin. Nevertheless, North American manufacturers are making inroads as a result of the acquisition by the Nigerian army of a very significant number of military vehicles from Ford, Mack and other North American suppliers. Almost all transportation equipment has hitherto been imported into Nigeria until the recent establishment of car assembly (Peugeot, VW and Nissan) and commercial vehicle assembly (British Leyland, Fiat, Daimler Benz) plants. These companies undoubtedly will be protected by government tariffs and/or import licensing. Opportunities also exist for port expansion and modernization, navigational aids, barges, tug boats, dredgers, car and passenger ferries and cargo handling equipment as part of the Nigerian Development Plan.

Nigeria — (cont'd.)

Export Opportunities

These exist in Nigeria for the sale of aircraft to the military and Nigerian Airways, barges and other floating equipment for the various ports authorities and off-highway vehicles for specialty application in forestry, mining, oil exploration, etc. The Nigerian National Shipping Line re-

cently awarded a contract for the supply of 19 general cargo vessels to Korean and Yugoslav interests. Further orders, however, are expected in due course, and Canadian companies should indicate interest. Specialized airport vehicles and auto spare parts warrant close attention in Nigeria.

SAUDI ARABIA

The Market

Saudi's national airline Saudia is expanding rapidly. However, this expansion is channelled mostly towards large jet aircraft like Boeing 747 or Lockheed Tri-Star. There is also a limited market for executive type jet aircraft used by many Saudi firms with worldwide connections.

The Saudi railway system is rather small, but, a considerable expansion of the network is being planned in the near future.

Motor vehicles represent a lucrative market in this country. Most imports are from Japan, the United States, the Federal Republic of Germany and Canada.

Import Policies

None apparent. The market is wide open. Mercedes trucks are assembled locally.

Export Opportunities

Sales of Canadian aircraft have not developed mainly be-

cause of the Saudis strong preference for jet aircraft. Some possibilities exist, however, for Canadian STOL type aircraft to be used primarily by individual companies or smaller government agencies.

It is anticipated that some Canadian firms may become involved in the contemplated expansion of the Saudi railway system.

Motor vehicles continue to be one of the major imports of this country, with sales exceeding \$27 million in 1976. Concept of local assembly is being considered but it is very unlikely that it will materialize because of excessive costs. In the circumstances, prospects for continuing sales of Canadian-made motor vehicles and spare parts appear very good.

Specialty vehicles such as ambulances and off-highway oil field vehicles are likely to find a market. Prospects for interurban and city buses are promising following the formation of a government-backed company for mass transit.

SOUTH AFRICA

The Market

Automotive parts continue to be a substantial part of Canada's exports to South Africa, principally in the form of inter-company transfers. There is a market for accessories. Due to a reduction in new construction and mining developments, requirement for heavy off-road vehicles has deteriorated but should recover with an upturn in the economy.

There is interest in the manufacture of fibreglass pleasure boats under licence and components for ships built by South African shipbuilders and marine pollution control.

There is no interest in imported locomotives or rolling stock but there is a continuing interest in components, spares and maintenance equipment.

Import Policies

The South African government is at present enforcing re-

straints 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.

Export Opportunities

Opportunities arise from time to time for aircraft, but competition from American and British manufacturers is severe. Occasional opportunities arise for licensing manufacture of pleasure craft. There is at present an opportunity for licensing agreements with a major South African shipbuilder who is also interested in oil and gas exploration equipment.

TANZANIA, UGANDA, ETHIOPIA, MADAGASCAR, SOMALIA, SEYCHELLES

The Market

The breakup of the East African Community has lent an urgency to Tanzania's need to update and re-equip its rail and air services. Financing, however, is one of the main obstacles. Tanzania Airways are operating limited services

only since the demise of East African Airways, and will eventually be in the market for additional aircraft. The railways are badly in need of locomotives, rolling stock, signalling equipment and heavy workshop repair facilities. A proposed CIDA loan toward the repair facilities and the ac-

Tanzania — The Market (cont'd.)

quisition of railway equipment should provide a market for Canada to supply some of the equipment.

Because of the collapse of the East African Community, Uganda, like Kenya and Tanzania, has a requirement to upgrade and re-equip its transportation services. However, lack of financing, save some Arab assistance, and lack of aid donors along with the unstable political situation and poor state of the economy, make the markets for railway equipment and aircraft very uncertain.

The Ethiopian railway system is in a run-down state and badly in need of upgrading. There is also a requirement for new aircraft for Ethiopian Airlines.

Madagascar needs aircraft of the DASH 7 variety. Recent delivery of six Twin Otters to Air Madagascar has filled the immediate requirement for that type of aircraft. A \$10 million World Bank railway program should offer some opportunities for Canadian industry.

Seychelles requires small aircraft for inter-island service.

Import Policies

A change in the political situation in Uganda and Ethiopia could have a bearing on the Canadian access to the market for transportation equipment in these countries. Without

such a change, there appears to be little opportunity for sales in the transportation field.

Since transportation equipment is not manufactured in Tanzania, the rigid exchange control and import licensing regulations do not affect the importation of this type of equipment. No policies or legislation are known which would present any barrier to importation of Canadian transportation equipment.

Export Opportunities

Potential opportunities (particularly in Tanzania) exist in the transportation industries sector for railway equipment (locomotives, rolling stock, signalling equipment, workshop repair facilities), for aircraft (Dash 7 and Twin Otter) and for the continued supply of spares for locomotives sold to Tanzania in earlier years.

In the other countries, the only reasonably good potential for the export sale of transportation equipment is for aircraft and railway equipment to Madagascar, Seychelles and, possibly, Ethiopia.

Joint ventures and licensing opportunities do not exist in the transportation industry sector. Consulting and engineering services in this field offer potential opportunities for Canadian consultants in Tanzania and Madagascar.

TURKEY

The Market

Although the Third Five Year Plan (1973-77) stressed the importance of developing the transportation infrastructure, progress has not been extensive in this sector.

In the air transportation sector a fledgling feeder-line service has emerged in the private sector, and regular scheduled services are planned to begin soon between Bursa, Istanbul and Ankara. Even though Bursa Airlines has already leased or purchased two Spanish Casa Aircraft and one Viscount there could be further potential for Canadian-built aircraft which are ideally suited for STOL airports. Turkish Airlines are also most likely establishing a feeder-line service sometime in the future serving eastern Turkey. This would also offer a potential for Canadian industry.

The Turkish railway's tender of 45 shunter locomotives was cancelled but will be recalled in the near future, offering a second opportunity for Canadian industry to participate. Credit offers are, however, expected to be virtually mandatory.

Continued opportunities will exist for the supply of off-highway trucks which are expected to be tendered by state mining enterprises such as Etibank, TKI and possibly the State Hydraulic Works (DSI). All major purchases in the transportation sector will require foreign financing in view of Turkey's present balance-of-payments situation.

ZAIRE, CAMEROON, CHAD, CONGO, GABON

The Market

On average, transportation equipment accounts for 15 per cent of total imports by the countries of Central Africa. (In dollar terms this represents an annual figure in the \$15 million-to-\$80 million range for each credit-receiving country.)

A future decline in this market is not anticipated. On the contrary, the heavy investment of capital planned for the

railway (Gabon, Cameroon, Congo, Zaire), highway, air (Air Gabon International, Cameroon Airlines) and inland navigation (Chad, Congo, Zaire) sectors will maintain activity at a high level.

After sales service is essential in this market. Managers and executives will be trained locally by teams of foreign specialists. Most of the companies have used, or will use, this transition formula to help them meet their human resource needs.

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 payment 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 ten months depending on the currency involved and the priority of the imported goods in the pipeline.

In the transportation industries sector, however, there are good prospects for some categories of Canadian equipment. CIDA has extended a \$16.5 million development line of credit to Zambia for the purchase of railway rolling stock. Negotiations are currently underway for the supply of various types of box cars. Aside from this instance, the market for transportation equipment in general is very limited.

UNITED STATES AND BERMUDA

WASHINGTON

The Market

This post reports only on the general market climate. Specific markets are identified by the individual Canadian Trade Commissioner posts within the United States. Areas of interest are urban transport systems and elements thereof.

Import Policies

The federal government establishes standards and guidelines for procurement of urban transport systems through the Urban Mass Transportation Administration (UMTA).

UMTA is responsible for assisting state and local agencies in the development of improved mass transportation facilities, equipment, and techniques. It encourages the planning and establishment of area-wide urban mass transportation systems and provides financial assistance to state and local governments for such systems.

UMTA has to date resisted pressure to make its loans to local government conditional upon discrimination in favour of U.S. suppliers in the purchase of transport equipment by such local governments.

ATLANTA

The Market

With large UMTA funding, southeastern cities are upgrading and expanding transit system. Marta will begin first phase operations at the end of 1978. Dade County voters have voted continued bond financing for Dade's Rapid Transit Project. The Memphis system is staying with a bus system for the foreseeable future, but it is engaged in an extensive bus renewal program to reduce the average age of its fleet. Automotive aftermarkets show promise due to aging of vehicles.

Import Policies

There are no import restrictions on transportation products.

Export Opportunities

The Southern Automotive Show in Atlanta April 18-20/79, holds good prospects for aftermarket suppliers. Initial contact with the aftermarket distributors and representatives indicates that Canadian producers with good representation would enjoy reasonable market success.

BOSTON

AUTOMOTIVE

The Market

In the automotive after-market to date, Canadian products have had limited success. The manufacturers' representatives in New England are sincerely interested in Canadian products. There are approximately five million cars, trucks and buses registered in this market territory. There are about 30 warehouse distributors, 800 wholesaling outlets, 1,300 car dealers, 755 truck dealers, 7,500 service stations and 4,300 auto repair shops. A substantial market already exists and it can be expanded.

Import Policies

The only limitation to successful entry into this market territory is pricing. Prices must be competitive.

Export Opportunities

The New England market offers substantial opportunities for the Canadian exporter. The best sellers appear to be mufflers, tail pipes, ignition parts, spark plugs, filters and cartridges, batteries, motor and chassis parts, paint and body supplies, shock absorbers, fan belts, radiator and heater hoses, brake linings, remanufactured units, equipment, gaskets and oil seals, chemicals, brake parts, small hand tools, small engines and parts, clutch assemblies, fuel pumps, carburetors, front end parts, anti-friction bearings, piston rings, wire and cable products, wipers and blades, motor bearings, power tools, thermostats and automatic transmissions and parts.

PUBLIC TRANSIT

The Market

The Mass Bay Transit Authority (MBTA) is in the midst of an extensive rehabilitation program on all aspects of the Boston Public Transit system supported to a large extent by UMTA funding. The MBTA has recently made some major purchases from Canada.

Import Policies

There is no major barrier to exporting Canadian transportation equipment to the U.S., but there is currently

under consideration in the U.S. Congress a "Buy American" Act amendment that would have serious implications for potential Canadian sales. Many manufacturers use American subcontractors in their bids in order to minimize customs duties and therefore be competitive.

Export Opportunities

The MBTA has plans to continue their major upgrading program over the next five years.

RECREATIONAL VEHICLES AND BOATS

The Market

Due to non-competitive pricing and the dip in the economy, recreational vehicles and boats from Canada slipped in their share of the market. Lately there has been a resurgence in the recreational vehicle market and in the market for sail boats. There are several major boat shows in this market territory which is an excellent forum for the introduction of new products.

Import Policies

A major deterrent in the marketing of recreational vehicles

and large boats in New England is the inability of Canadian companies to secure financing for floor planning at a dealership and the lack of resources to launch and maintain an advertising campaign. Major boat dealers are generally looking for a line of boats, not just a single boat.

Export Opportunities

There is a market for recreational vehicles, boats and marine equipment in New England. The major concern is competitive pricing.

BUFFALO

The Market

Following the boom years of the 60's when seemingly anything could be sold, this sector was one of the most seriously affected by the so-called mini-depression of the past three years. During this latter period, sales from Canada of such products as automotive sub-components, (largely due to an over-capacity in this territory to produce these products), recreational vehicles and sub-contracts within the aircraft sector have all fallen drastically. Of late, however, some upswing has been detected, particularly in pleasure craft and accessories and recreational vehicles. Similarly, an increase in activity in the aerospace sector has been noticed, which should increase the number of opportunities for Canadian firms. Unfortunately, although the automotive sector has experienced a rapid recovery, much of

the increased demand has been filled through utilization of local excess capacity. Should the automotive recovery continue, however, the excess capacity will quickly disappear, thus opening the door for additional suppliers.

Import Policies

For the products of this sector applicable to the potential of Upper New York State, there are no known government policies that would render the marketplace inaccessible to Canadian firms.

Export Opportunities

There are no specific requirements at present. There is, however, a continuing, steady demand that can almost always be matched with an appropriate Canadian supplier.

CHICAGO

The Market

The three segments of the transportation industries market in the Chicago territory that are considered the best candidates for promotional activity are those of automotive aftermarket parts and accessories, the mass transit market, and equipment related to rail freight movement.

The automotive aftermarket is a large, well-structured industry which is easy to approach at whatever level might be appropriate, and which generally seems interested in new or different products. The close similarity of the Canadian and U.S. automotive markets means that most any aftermarket item produced in Canada has a place in the U.S. market as well. The prime factor generally is price, although unique products, if they can be shown to be "demand creating", are often readily accepted. Domestic and import competition is strong so a Canadian supplier, in addition to having to be price-and quality-competitive, must be prepared to provide good continuity of service. It is not a market for any firm only marginally interested in exporting.

Rail mass transit is a field that has received a great deal of publicity, but a lot of activity has also taken place and much more is to come as the U.S. government pushes local governments to plan and develop more efficient means of transporting large numbers of people in their jurisdictions. With the overlapping levels of government involved, in both planning and funding, the market is a complex one to operate in. However, it is one in which a lot of technologi-

cal change and development is occurring, and firms offering new ideas and products with clearly discernible advantages generally find a receptive audience. It requires patience and persistence to follow through to a conclusion. Product opportunities range from rail cars to the most mundane repair and service parts required by the various operating agencies. Purchasing is almost always on an open-bid basis, so potential Canadian suppliers have to be prepared to go through a bidding qualification exercise in most cases. Once that has been done, however, it is simply a matter of quoting to specification — and of course being price competitive.

A substantial market for freight cars has developed as a result of a severe rail-car shortage caused in part by an unusually heavy demand for grain shipments. Domestic car builders are currently operating at capacity and it is estimated that demand for freight cars will exceed domestic manufacturing capacity by approximately 2,000 cars annually through at least 1981. These developments have considerably increased marketing opportunities for Canadian freight car builders in the Chicago territory where a large number of railroads and car leasing firms have their headquarters.

Import Policies

There are no restrictive policies in connection with mass transit at this time. Federal funds are channelled through local agencies eliminating "Buy American" provisions under present law. The automotive aftermarket is wide open.

Chicago — (cont'd.)

With respect to freight cars, a U.S. Senate committee is currently hearing arguments for the temporary suspension of duty. If enacted, the bill would increase the price competitiveness of Canadian manufacturers.

Export Opportunities

In these categories each product needs to be assessed on a case-by-case basis. Generalities are meaningless.

CLEVELAND

The Market

Opportunities for suppliers of automotive parts and equipment are excellent. Assembly and parts manufacturing in Ohio is second only to Michigan, and the industry has been operating at near capacity. Perkins Diesel, a Canadian-owned subsidiary located in Canton, will be sourcing engine parts and castings within North America in the near future. There is an excellent market for castings, forgings and machined parts. Prime contractors and key customers include Eaton Corporation, TRW, Rockwell International, Timken and others. Good prospects exist for after-market automotive parts as well.

Continuing market prospects exist for precision castings and forgings related to the aerospace and defence industries. Major and prime contractors are located within the area (TRW, General Electric, Westinghouse, United Aircraft). Offset agreements serve to enhance access for Canadian manufacturers.

Cleveland's Regional Transit Authority is now engaged in a large urban transportation rehabilitation project involving planning for new track roadbed systems, passenger terminals, ancillary facilities and procurement of 60 heavy rail vehicles. Other urban transportation authorities within

this territory are moving in the same direction, especially Pittsburgh with its 450 million mass transit development project. This business requires long-range development and regular contact with each authority.

Prospects for exports of mobile airport equipment are encouraging.

There is a good market for pleasure boats, particularly sailboats. Local boat shows provide a good means for introducing new lines to this market.

If plans to begin drilling for gas in Lake Erie materialize, drilling equipment and the provision of services may offer some opportunities to Canadian firms with expertise in the field.

Import Policies

None.

Export Opportunities

Castings, forgings, auto parts, assemblies and mass transit equipment. Two seminars planned this fall include one aimed at promoting auto parts and the other non-ferrous castings, forgings and machining.

DALLAS

The Market

Texas is the world headquarters of the offshore drilling business. This was underlined once again with the purchase of \$50 million worth of Canadian business, almost entirely from this one industry. Procurement decisions tend to be made in Houston regardless of the final offshore location. Auto parts and ground transportation systems are not as yet important markets for the Canadian exporter. The overall exports of Canadian transportation-related products into this territory are more than \$150 million annually.

Import Policies

In the area of vessels, there are some restrictions on those to be used in U.S. inter-coastal commerce. Also, U.S. financing of commercial vessels restricts the use of foreign

suppliers. Canadian transportation products imported into the U.S. enter duty-free if they qualify under the Canada-United States Auto Pact Agreement.

Export Opportunities

As outlined, Texas continues to be a major area for the financial decisions and actual purchasing activities for the offshore transportation industry as it relates to the worldwide oil and gas industry. There continues to be considerable opportunity in the Southwest for urban and inter-city transportation. Auto parts could become more interesting with the opening of new assembly plants in Texas and Oklahoma. Canadian-built buses and mini-buses plus auxiliary equipment (bus-washing equipment, bus shelters, etc.) have very clear and immediate possible sales in limited quantities in many cities throughout the territory.

DETROIT

The Market

Michigan, as centre of the continental automobile industry, affords a gigantic market for components. Much of this trade is between plants of the auto producers, but there is also a market for determined independent components makers. The deficit in Canadian auto components trade has been drawn to the attention of the auto producers, and

they are interested in sourcing components in Canada where they can be competitive in price, volume and delivery.

There is also a market for shorter-run components for smaller volume heavy trucks, agricultural and other special-purpose vehicles made by the main vehicle and agricul-

Detroit — (cont'd.)

tural equipment producers as well as by smaller companies. Most of the components sold to these producers can enter the United States free of duty under the Auto Pact and the agricultural equipment tariff.

The mass transit market in Michigan may also afford important opportunities for Canadian equipment and components. The Southeastern Michigan Transportation Authority (SEMTA) has ambitious plans to improve public transportation for the five million residents of the Greater Detroit area. SEMTA already operates suburban bus and train services but sees a need for special vans to meet the needs of the elderly and handicapped, feeder route buses, an improved suburbs-to-downtown (light rail preferred) service, and a downtown people-mover. Substantial U.S. federal funding has been assured in principal and SEMTA

is now completing studies and preparing submissions for final decisions.

The Canadian Consulate is keeping in close touch with these developments and can help vehicle, systems and component producers make appropriate contacts.

The recreational vehicle market has recovered from the 1974-75 recession with new all-time high sales. All sectors are at a high. Canadian sailing craft appear to present good design with manufacturers in close proximity of the Consulate territory market. The larger sailing craft prove most popular (18' and up). Canadian manufacturers should consider exhibiting their craft at The Michigan Boat Show at Cobo Hall in Detroit.

LOS ANGELES

AEROSPACE

The Market

The commercial aircraft industry is experiencing a strong demand for improved performance aircraft. This, combined with increased competition from foreign (European) suppliers has added a new dimension to this market but the track record of U.S. manufacturers will no doubt ensure their strong competitive stance with the airlines.

Import Policies

None.

Export Opportunities

Canadian aircraft manufacturers such as de Havilland and Canadair have good opportunities to sell their DASH 7 and Challenger aircraft to local airlines provided they use aggressive and imaginative marketing methods.

Equipment and components sold to local manufacturers must be very competitively priced.

RAIL

The Market

Commuter rail systems have been discussed and proposed again and again for Los Angeles and suburbs. So far new developments are uncertain and the introduction of a viable metropolitan rail system seems years away. Instead, bus transportation has been accepted as the alternative. The current demand has been met by U.S. manufacturers of diesel-powered buses.

At this point, Los Angeles has been allotted funds by UMTA (Urban Mass Transit Administration) for a \$167 million people-mover system linking several downtown areas. This system, however, is not intended to be a substitute for a comprehensive rail and bus system, but rather an adjunct. It still has to be voted on by the local electorate.

Import Policies

None.

Export Opportunities

Canadian capabilities in transportation systems, specifically mass transportation, are well known and local legislators have been visiting existing installations and manufacturers throughout Canada. The Canadian Consulate General is in close contact with local authorities and keeps track of any new developments which will be passed on to Canadian transportation industries.

MARINE

The Market

Shipbuilding activities are concentrated in two major shipyards, Todd Shipyard, San Pedro, and National Steel and Ship Building Company, San Diego. Vessels are built for the navy and commercial users. Several smaller shipyards are building fishing vessels and other small craft. In addition, pleasure craft are being constructed in virtually hundreds of locations.

Shipyards are in the final stages of completion of existing projects. However, National Steel and Ship Building Co., San Diego, does not have any large contracts on order and does look forward to an improvement in federal expenditures if large scale layoffs are to be avoided.

Import Policies

Major commercial shipbuilding contracts continue to fall under the Maritime Administration Act which excludes foreign participation.

Export Opportunities

Due to these government restrictions, opportunities are limited at the two major yards. However, applications for a multitude of equipment and components can be found with manufacturers of pleasure craft.

As far as the marketing of Canadian produced pleasure craft is concerned, there are limits due to the existence of a highly competitive local boat building industry. An exception would be for a unique type of craft not manufactured nor available in this area.

AUTOMOTIVE

The Market

Southern California has the world's largest per capita car ownership. The entire world of vehicle production looks to Southern California for its conceptual future and response. Statistics indicate a population of 13 million people and seven million cars. This year, new automobile sales will total 700,000 units, out of which approximately 33 per cent will be imported cars. Actual car manufacturing is limited to assembly-type operations as far as passenger vehicles are concerned and all purchasing of components is centralized in Detroit. Recreational vehicles on the other hand are manufactured in great numbers in Southern California and the purchasing of components is done from the local plants.

As far as automotive aftermarket products are concerned, the market for equipment and components is insatiable and a number of Canadian suppliers are doing well.

Import Policies

There are no government restrictions but electrical parts and devices require UL approval.

Export Opportunities

The aftermarket offers tremendous opportunities. The complexity of the market and its channels of distribution demand a readiness on the part of the Canadian manufacturer to play by these established rules. Readiness to enter the market effectively includes (1) price in U.S. dollars f.o.b. L.A., (2) attractive packaging, (3) production capacity to meet a large demand (4) marketing support, e.g., communications, sharing of advertising costs, visits to market area. All these conditions will have to be met. Suitable representation/distribution is the key. Introductions to representatives/distributors can be arranged through the Canadian Consulate in Los Angeles.

MINNEAPOLIS

The Market

With regard to automotive parts, the major market is in the replacement and accessory field as there are only two relatively small truck assembly plants in upper midwest. With several of America's mass-merchandisers headquartered in the twin cities, and dozens of smaller independent distributors and chain-stores scattered throughout this vast and affluent territory, there is a good potential for Canadian automotive parts manufacturers in spite of limited population (seven million).

In the case of boats and recreational vehicles, the sports-loving people of the upper midwest provide one of the best per capita markets in the United States. Bordering two Great Lakes, and having over ten thousand smaller lakes within its borders (and two major rivers, the Mississippi and Missouri, flowing through it), the demand for power and sailboats is tremendous. When winter comes, these same waterways provide huge recreational areas where the snowmobile rivals the ski and the skate for the consumer dollar.

With regard to rail and air transport equipment, two of the country's large railways, and three of its airlines (two of them major), have their buying offices in this area. All five

of these companies are continually going into the market for new equipment and for the 101 accessories required in operating such transport systems. In addition, the city of St. Paul is currently in planning stages of a people-mover system for its city centre.

Import Policies

No problems in private sector, other than UL and various safety standards in the case of consumer goods. In government field, however, the state of Minnesota passed a Buy American Act in 1978 which provides a five per cent price differential protection for sales of equipment (e.g., sirens, flashing lights, etc.) sold to state patrol and other government entities.

Export Opportunities

A wide range of automotive replacement parts and accessories can be offered directly to mass merchandisers (Gamble, Skogmo and Coast-to-Coast Stores) and via manufacturers representatives to smaller outlets. Boats, snowmobiles and their accessories are usually sold directly to dealers. Railway rolling stock, aircraft equipment and other capital goods can only be sold by approaching the major carriers directly.

NEW YORK

MASS TRANSPORTATION EQUIPMENT

The Market

The Canadian Consulate General territory constitutes the biggest market in the United States for mass transportation equipment. The principal components of this market are: Metropolitan Transportation Authority (MTA) (4,800 buses, 1,700 commuter cars, and 6,900 subway cars), the Port Authority of Trans-Hudson (PATH) (buses and commuter cars), and several public and private bus systems.

Import Policies

The refurbishing of Amtrak's Northeast Corridor is underway. Some \$1.75 billion will be spent over the next four years on this project. Rails, signalling equipment and sleepers are some of the materials which could be supplied by Canadian manufacturers.

New York — (cont'd.)

Export Opportunities

The various transit authorities are interested in Canadian products and wish to see Canadian manufacturers bidding.

In this regard, this post is ensuring that interested Canadian manufacturers are informed and provided with relevant specifications when tenders are called.

BOATS

The Market

Not only is the New York area one of the leading U.S. boating centers, but by virtue of its proximity to the boat producing areas of Canada it offers a major market in which Canadian builders can compete without the disadvantage of excessive transportation costs.

Export Opportunities

Due to its salt water orientation, good sales possibilities exist for larger sailcraft while only a marginal potential is seen for canoes and kayaks here.

Both the Norwalk, Connecticut and Stamford, Connecticut Boat Shows, occurring in September each year, offer in-water exhibit space and can be considered separately or together as marketing vehicles. While the Stamford Show places great emphasis on sail, the Norwalk Show is the larger of the two and also attracts considerable interest. Neither in-water show however is ideally suited for small sailboats which tend to be overshadowed by the exhibits of the many deep-water craft which constitute the primary attraction.

AUTOMOTIVE PARTS

The Market

The total vehicle registration in the United States (including trucks and buses) is some 144 million. The tri-state area of New York, New Jersey and Connecticut accounts for 10 per cent of it, making it one of the most highly concentrated markets for the sale of automotive parts. Fortunately, there also exists a well-developed pattern of distribution serviced by numerous sales organizations anxious to expand their activities.

Export Opportunities

Canadian suppliers of automotive parts prepared to quote duty paid landed prices will find a good reception for their offers and can expect favourable sales results with competitively priced products, particularly those having functional applications.

PHILADELPHIA

The Market

Norfolk and Western Railway has expressed an interest in Canadian railroad simulators and concrete railway ties. Airport improvement programs are planned at Baltimore, Richmond and Roanoke, Virginia.

A large market exists for automobile after-market products which are generally sold to wholesalers and distributors in this territory. They procure large quantities of brake shoes

and drums, exhaust systems, mirrors, springs, oil coolers, torsion bars, U-joints, metric parts, castings and forgings. Regarding recreational vehicles, there is considerable interest in Canadian-made sailboats. This field is experiencing considerable growth for both the low-and middle-price ranges and even more significantly for the luxury models. The main boat show for the Mid-Atlantic region is in Annapolis with a new one recently being held in Philadelphia.

AUTO PARTS

The Market

In the Middle Atlantic region, \$2.5 billion is spent for repairs and maintenance on passenger cars and \$730 million on trucks and buses.

Import Policies

There are no governmental restrictions on importing parts from Canada; however, one must be abreast of government projects which usually employ a "Buy American" Act which prohibits use of parts from other countries.

Export Opportunities

Brake shoes, brake drums, exhaust systems, mirrors, springs, oil coolers, torsion bars, U-joints, metric parts and especially all castings and forgings for the automotive after-market are Canadian items generally considered competitive in the U.S. marketplace. There are opportunities in all of these areas.

There are two avenues to be taken here:

I. Sell direct to manufacturers on a contractual basis —

Some manufacturers are:

- 1) Mack Truck
- 2) White Trucks
- 3) Sperry/New Holland

II. Sell to wholesalers and distributors —

Some wholesaler/distributors are:

- 1) Fairmount Motor Parts
- 2) Pep Boys
- 3) Penn Jersey Auto Stores
- 4) Hurst Performance, Inc.
- 5) Chepin Brothers Auto Supplies

RECREATIONAL VEHICLES

The Market

This area is restricted to sailboats and some snowmobiles (although the latter industry is suffering and does not do particularly well this far south).

Import Policies

There are no restrictions on importing recreational vehicles from Canada.

Export Opportunities

Outlets for Canadian sailboats are growing and with a new boat show in Philadelphia it should help enhance exposure. The Annapolis Boat Show is always a good key to the Mid-Atlantic Region. Buyers, dealers, and brokers attend both of these shows, which are second only to the shows in New York City and Chicago.

MASS TRANSIT

The Market

Mass transit development in the area is receiving considerable attention. Some of the authorities have "Buy America" policies but there remain considerable opportunities.

A serious shortage of grain-carrying covered hopper cars has developed in the U.S. A senior official of the Norfolk and Western R.R. in Roanoke, Virginia, has stated that the N and W is short 3,000 cars a day. While the N and W has its own car-building facility, there is a distinct possibility that it will go outside to purchase 500 freight cars before the end of 1978. A somewhat similar situation exists with the Chessie System based in Baltimore. It, too, faces the possibility of having to have 500 covered hopper cars built by outside sources.

Export Opportunities

Specific opportunities may lie in:

1. Joint purchase by Baltimore and Miami of some 200 commuter cars in late 1978 or early 1979
2. The interest of the Norfolk and Western Railroad in simulators and concrete ties
3. In late 1978 or early 1979 the Washington Metropolitan area transportation authority expects to purchase 100 subway cars, with an option to buy an additional 82
4. The Southeastern Pennsylvania Transportation Authority (PHILA) hopes to award contracts in late 1978 or early 1979 for 106 to 141 light rail vehicles
5. In addition, the city of Philadelphia intends to purchase 125 subway cars during the first half of 1979.

It is very difficult to be precise in estimating the combined value of these contracts, however, a conservative guess would place the figure over \$300 million.

SAN FRANCISCO

The Market

The major cities in the Bay area, San Francisco, Oakland, and San Jose, dominate the market for transportation equipment. Moving people around and over the Bay has always been a challenge and as a result of increasing environmental, energy and traffic congestion factors, the task has grown in importance in recent years. Today, the Bay area urban transit system incorporates subways, buses, trains and ferries, and is capable, along with the six million cars, trucks and recreational vehicles in the area, of almost doubling the population of the city of San Francisco each morning and returning commuters to the suburbs again in the evening. There is also a highly-sophisticated, inter-urban transportation system in place. Trucks, trains, aircraft and several ocean ports — including one of the world's great intermodal container port facilities at Oakland — link this area with Southern California, other parts of the nation, and foreign countries.

The demand for transportation equipment in the Rocky Mountain region has a slightly different mix. Urban mass transit is a relatively recent priority, brought on by a burgeoning population, major air pollution problems, and the ever-present energy crunch. Because operating conditions and requirements closely approximate recent developments in Canada, Canadian manufacturers are often able to participate at an early stage in new projects in Colorado. The Denver Regional Transportation District (RTD) is currently enlarging and modernizing its bus system and constructing ultra-modern maintenance and storage facilities. Plans for more sophisticated systems such as a light rail system are also well advanced.

The vast number of vehicles registered throughout this territory means an immense ongoing demand for auto parts and accessories and a demand that is accelerating as owners find it increasingly advantageous to hold their cars longer before trading them in. In Northern California alone, annual retail sales of aftermarket parts and accessories is approaching \$400 million, excluding service station sales. The attitudes, preferences and whims of California vehicle buyers for such vehicles as pickups and four-wheel drives and vans often sets the trend for the rest of the nation. The winter conditions and rugged terrain of the California Sierras, Colorado, and Wyoming give Canadian manufacturers of cold-weather parts and equipment an advantage.

Major changes are also underway in Hawaii's transportation sector. Honolulu is planning a \$600 million, 14-mile, fixed-guideway system utilizing a light rail or medium capacity rail vehicle that is expected to receive final approval in late 1978. A substantial expansion of the bus transit system is taking place, and tour bus operators are also continuing to enlarge and update their fleets. Nevertheless, large numbers of people still prefer to drive themselves and a huge demand by tourists for rental cars (usually small Japanese imports) is boosting an already strong demand for replacement auto parts.

Import Policies

Federal tariff and import regulations are the same as those which apply elsewhere in the United States. Federal regulations and standards on such matters as safety and pollution also generally apply, although some states, notably

California, Colorado, and Hawaii, because of conditions particular to their area, have set and enforce more stringent requirements.

Export Opportunities

Geography, and rapidly changing requirements, have created a strong demand for a wide range of Canadian transportation equipment and parts. These include parts, accessories and equipment for automobiles, parts for brakes (including pads, rotors, linings and hydraulics), clutch parts, filter, fuel pumps, fractional hp electric motors, exhaust systems, trim parts, heaters and service equipment. There are also requirements for consulting engineering ser-

vices and replacement parts and equipment to upgrade urban transit systems, for new transit systems, bus-service equipment, passenger-waiting shelters and uniquely-constructed aluminum signs. Opportunities in other sectors of the transportation equipment business are too numerous to list but include equipment, parts and supplies relating to aircraft equipment, parts and supplies relating to aircraft and avionics, recreational vehicles, special equipment for road or airport maintenance and safety, railways and boats.

Successful selling in this complex and fragmented distribution/marketing system usually requires the use of a locally-based manufacturers' representative.

SEATTLE

The Market

Transportation equipment is one of the major sectors in the Pacific Northwest economy. As a consequence, there is a significant amount of existing trade and opportunities for more are substantial. Broad areas already identified include:

1) OEM Truck Parts: Three of the major U.S. truck manufacturers of Class 7 and 8 trucks have headquarters in the territory as well as an important percentage of their total production. All three companies are highly active in the Canadian market and are conscious of their obligations under the Auto Pact to offset their sales in Canada by buying important quantities of parts from Canada. The total market for OEM truck parts in the Northwest is estimated at approximately \$200 million.

2) Aircraft parts, assemblies and subcontracts: The manufacturing facilities of the Boeing Commercial Airplane Company have headquarters in the Puget Sound area. Their 1977 sales totalled \$4.1 billion, representing more than 60 per cent of the western world's commercial aircraft orders in that year. Boeing represents an important market for Canadian manufacturers of aircraft, components and assemblies, and subcontract work.

3) Aftermarket for automotive and truck parts: With a population of seven million people and a vehicle population of approximately 4 1/2 million, the Northwest is not a large aftermarket for parts and accessories in relation to other areas of the U.S. Nevertheless, the estimated value of this aftermarket for automotive and truck parts and accessories is \$250 million.

4) Fixed guideway urban transit systems: Both of the major cities in the territory, Portland and Seattle, are planning in the next four or five years to invest in LRT and/or DPM Systems (LRT — Light Rail Transit and DPM — Downtown People Mover). The total value of the equipment portion of these programs is estimated at \$85 million.

5) There have been some discussions that an offshore oil rig fabrication facility will be placed in the Puget Sound

area by the Kaiser Corporation of San Francisco. The corporation is studying the economics of the project and a determination has not yet been made. Should the go-ahead be given, opportunities for component supply would be substantial.

Import Policies

No known government import legislation and/or major changes in the market would have an effect on Canadian exports in this sector.

Export Opportunities

The Boeing company is at present embarking on its new commercial jet aircraft development programs, 767, 757, 777, that are multi-billion dollar. The 767 program has now officially begun and there is still time for Canadian aerospace and related companies to make themselves known to Boeing. It will be very difficult to enter the program when the aircraft are in production stages because most of the suppliers will already have been identified. If the policy of the major sub-contracts remains unchanged, Canadian participation will be most promising in the following areas: flight controls, avionics, auxiliary equipment, interior equipment (toiletry, air conditioning, galley equipment, etc.) casting, forgings and precision machine shop work. There may also be opportunities for participation of one or more Canadian airframe manufacturers to establish partnerships with Boeing on the 757 program.

There are opportunities for additional exports of Canadian OEM truck parts to the two major truck manufacturers in this territory. The same observation applies to the automotive aftermarket here in the Northwest.

There are opportunities for sales of Canadian expertise in light rail systems for urban transit and related light rail vehicle manufacturers in Canada. The long-range transit plans for both Portland and Seattle call for fixed-guideway transit systems.

GREENLAND

The Market

No relevant information.

Import Policies

No relevant information.

Export Opportunities

Exports to Denmark of aircraft engines, aircraft assemblies, equipment and parts totalled \$678,000 in 1976.

Greenlandair Inc. holds an option on two DASH 7 aircraft

and has recently purchased a Twin Otter aircraft. Canadian exports of motor vehicles are limited, but exports of parts and accessories for motor vehicles totalled \$1.2 million in 1976. Exports of sailing craft amounted to \$259,000. An enquiry for bids on two 4,000-ton vessels has been received. There may be a possibility of sales of railway rolling stock.

There is a small market for snowmobiles for state and geographical organizations operating in Greenland.

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 our 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 that imports from all sources in this sector totalled \$87.5 million in 1975 (Comercio Exterior Costa Rica 1975, publisher: Direccion General de Estadisticas y Censos, Ministerio de Economia, Industria y Comercio). In 1977, Canada's exports in this sector to Costa Rica totalled \$390,000. Datsun, Toyota, Fiat, Volvo and Jeep all have assembly plants in Costa Rica for passenger cars and/or buses. This industry is protected by high tariffs, making imports of other car brands a very costly proposition.

Trucks and highway vehicles are not, however, assembled and are therefore imported duty-free. The most popular brands are Mack, Volvo, Pegaso, Styer, International and GMC. Local distributors must have spare parts, warehousing facilities and post-sale services.

Foreign suppliers interested in the Costa Rican market for spare parts, tooling and engines, must by law operate with

a local partner. The Canadian Trade Commissioner office can provide names of reputable distributors from which interested Canadian firms can select a partner.

There is also a demand for marine equipment for various fishing projects now underway, including a shipyard in Puntarenas for Astilleros Onama SA, Apartado Postal 1256, San Jose, Costa Rica, and for an Inter American Development Bank financed fishing project, also in Puntarenas.

A contract for a rehabilitation project has been signed recently between FECOSA, the national railway and a Canadian consultant. Although rolling stock and locomotive contracts went to non-Canadian companies, opportunities will exist for signalization equipment later on. Also, some talks have started on a trans-isthmian railway passing through the northern, underdeveloped regions of Costa Rica.

CUBA

The Market

In the last few years, Cuba has purchased a large number of Canadian locomotives and track maintenance equipment. Canada has already delivered three tankers and Cuba needs more general cargo ships.

Import Policies

A number of specialized agencies, e.g., Fecumport (railway equipment), Transimport (buses and trucks), Auto-import (cars), handle imports in this sector. All of these come under the Ministry of Transport.

Export Opportunities

Cuba has a requirement for all types of transportation equipment on a continuing basis. The best potential for Canadian manufacturers exists in ships, locomotives and railroad equipment, and automotive spare parts.

Although the U.S.S.R. is now the prime contractor for Cuba's harbor redevelopment program, there are good prospects for Canadian manufacturers of drydocks, dredging cranes and container handling equipment.

EL SALVADOR

The Market

There is a growing market for transportation industry products in El Salvador. Imports of transportation equipment rose steadily through the early 1970's at a rate of 16 per cent per annum.

The government is currently emphasizing public investment in the transportation sector, which is expected to rise at 15 per cent per year through 1981. This will expand the market for transportation equipment.

Canadian sales were up marginally in 1977 to \$298,000.

Competition from the United States, Germany and Japan is intense for sales of vehicles and related equipment.

Import Policies

El Salvador is a member of the Central American Com-

mon Market. The government imposes stiff tariffs on luxury vehicles ranging upwards of 55 per cent for higher-priced cars. On the other hand, tariffs are much lower for transportation equipment and spare parts of a more essential nature.

Export Opportunities

The two principal current opportunities are for 300 San Salvador city transit buses and for 31 fibreglass 33-foot fishing boats.

Contingent upon the recommendation of the CIDA study of the rehabilitation of the Salvadorean railway, there should be significant opportunities in 1979 for Canadian manufacturers of locomotives rolling stock, railway and railway-associated signalling and telecommunications equipment.

GUATEMALA

The Market

There is a large market for imported transportation equipment in Guatemala as the country continues its industrial expansion.

Total imports into Guatemala of transportation equipment have grown steadily from \$15.1 million in 1972 to \$67 million in 1977.

Canadian exports were Cdn. \$1.2 million in 1977, down from 1976 with trucks, auto parts and aircraft parts dominating sales.

The market for transportation equipment is dominated by the United States, Germany and Japan and competition is expected to remain intense among foreign suppliers to increase their sales to Guatemala.

Import Policies

The government imposes high tariffs on imported cars and luxury vehicles ranging upwards from 55 per cent. On the other hand, tariffs are much lower for transportation equipment and spare parts of an essential nature.

Export Opportunities

The new presidential administration has apparently recognized longstanding need to rehabilitate and re-equip the national railway system. Possibility of Canada offering a comprehensive rehabilitation/re-equipment package is being actively investigated with the new railway authorities by the Canadian Trade Commissioner office.

Transport aircraft sales are being actively pursued by Canada as well as established requirements for several hundred transit buses.

HONDURAS

The Market

The market for trucks and cars in Honduras is growing as the country expands and improves its road and related infrastructure facilities, such as ports.

Canada's 1977 exports declined 15 per cent to \$375,000 comprised principally of \$118,000 in truck tires and \$133,000 in auto parts.

Competition is intense for the sale of vehicles and related equipment, with the United States, Japan and Germany dominating the market at present.

Import Policies

The government imposes stiff tariffs on luxury vehicles ranging upwards of 55 per cent for higher-priced cars. On

the other hand, tariffs can be as low as 10 per cent or less for aircraft parts, and ground transportation equipment of a more essential nature.

Export Opportunities

There are opportunities for the sale of transportation equipment related to ongoing and planned infrastructure projects.

The proposed reorganization of the recently nationalized railway system will require future imports of equipment.

There will be a 1979 opportunity for sales of 30 fibreglass fishing boats within an IADB project to develop artesanal fishing.

JAMAICA

The Market

Although upgrading of transportation equipment in Jamaica is long overdue, particularly buses and railway passenger coaches, the current economic situation has caused the government to overlook this sector in favour of funneling its scarce foreign exchange into basic food items, raw materials and petroleum.

In 1977 consumer goods represented 12.8 per cent of total imports with a value of J\$99.9 million. This showed a substantial decline of J\$49.5 million or 33.1 per cent below the total recorded for 1976. Consumer durables which includes motor vehicles, parts and accessories decreased by J\$14 million or 38.0 per cent in 1977.

One major requirement has been identified by the Jamaican officials. The Kingston Port Authority requires two harbour tugs with a combined capacity of 500 hp and three harbour launches — a 65-foot offshore launch servicing navigation aids, a 45-foot harbour patrol launch, a 45-foot wharf boat.

Firm plans to purchase have not been formulated pending a decision on financing but efforts are being made by the Jamaicans to obtain such financing under the EDC line of credit.

From time to time a requirement arises for fishing vessels both in Jamaica and the Bahamas and although the latter has been asking for quotations for 40 to 60 foot boats, it does not have the funds to make an immediate purchase.

NICARAGUA

The Market

Latest Nicaraguan figures show that imports from all sources in this sector totalled \$62.7 million in 1976⁽¹⁾. Statistics Canada figures show Canadian exports to Nicaragua in this sector totalled \$1,044,000 in 1977.

⁽¹⁾Banco Central de Nicaragua, Dirección de Estadísticas y Censos.

Nicaragua — (cont'd.)

Nicaragua imported mainly cars, spare parts and accessories (60 per cent) and trucks and industrial equipment (30 per cent). Canadian exports were made up of spare parts and accessories and aircraft engines and parts.

Canada's major opportunities now lie in Stol aircraft for both military and commercial use, fire fighting vehicles, the continuing market for automobile spare parts and accessories. The government agency responsible for vehicles

purchases is the Ministry of Public Works: Ministerio de Obras Publicas, Apartado Postal 3570, Managua, Nicaragua.

Canadian firms interested in this market should contact a local agent who can monitor opportunities and handle any problems as they develop.

PANAMA

The Market

Latest Panamanian figures show that in 1974, Panama's imports from all sources in this sector totalled \$146.9 million⁽¹⁾. Of this 55 per cent was cars, 20 per cent trucks and 10 per cent spare parts.

In 1977, Canada's exports were \$1,700,000 of which \$900,000 was for aircraft and parts, \$250,000 auto parts and \$185,000 aircraft parts.

Panama does not restrict motor vehicles imports. Panamanian consumers look for brand reputation, price and post-sale service. The United States has greatly influenced Panamanian lifestyle, and U.S. cars are the most popular, closely followed by Japanese, then European models.

Panama imported some \$12.5 million in auto parts in 1974. The major suppliers, again, were the U.S., Japan and Europe. Panamanian distributors are most enthusiastic about dealing with Canadian suppliers. Interested Canadian firms should contact the Canadian Trade Commissioner office for the names of several reputable Panamanian dealers.

Aggressive marketing efforts by Canadian firms will be rewarded in several specialized areas, including spare parts and tooling for motor vehicles. Panama is also looking for STOL aircraft and spare parts and firefighting vehicles and special-purpose trailers.

⁽¹⁾Anuario de Comercio Exterior ano 1974 publisher: Dirección de Estadística y Censo, República de Panamá.

PUERTO RICO

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

The Market

Canadian-made passenger cars and trucks sold to Puerto Rico account for most of Canada's exports in this sector. With more than 800,000 automobiles on the island, the automotive aftermarket is a large one but Canadian firms have been uncompetitive with mainland and South American suppliers.

While the proposed mass transit system for San Juan appears to have been put off indefinitely, a study of urban transportation requirements in the Dominican Republic is being undertaken by a Canadian firm and this could lead to future opportunities for equipment sales.

From time to time, opportunities arise for sales of special vehicles such as tank trailers and Canadian firms should be more aggressive in pursuing these.

TRINIDAD AND TOBAGO

The Market

At present this sector is not a very active one in the region. It is, however, anticipated that with the implementation of some of the planned industrial and other developments, an upturn in activity will occur.

The Port Authority of Trinidad and Tobago, having received a substantial loan from the central government, has announced plans for the replacement of two unserviceable tug boats. Also an inter-island passenger ferry is expected to be replaced.

The extensive infrastructural development program currently underway in Trinidad and Tobago and the devel-

opment of the lumber industry in Guyana will generate requirements for equipment.

Proposed development of West Surinam will require several new STOL ports, which should provide opportunities for Canadian services and equipment.

Import Policies

In view of the nature of the opportunities identified, a system of prequalification and selective tendering will be pursued.

Export Opportunities

For details interested companies should contact the Canadian Trade Commissioner office.

Trinidad and Tobago — Export Opportunities (cont'd.)

Project Title	Financing	Cdn. \$ Value	Comments/Description
Port Authority of Trinidad and Tobago, tug boats	Govt. of Trinidad and Tobago	\$ 7 M.	These are replacements.
Port Authority of Trinidad and Tobago, passenger ferry	Govt. of Trinidad and Tobago	(Unknown)	Replacement of recently acquired vessel is seriously considered.
Ministry of Works — Trinidad and Tobago, highway construction	Govt. of Trinidad and Tobago	\$15 M.	Increasing equipment inventory to meet current requirement.
Re-development of Piarco Airport — Trinidad and Tobago	(Unknown)	(Unknown)	Airport equipment
Forestry development	Govt. of Guyana	\$12 M.	Trucking, skidders and other handling equipment.
Airport and development	Govt. of Surinam	(Unknown)	Development of new internal airports and acquisition of new aircraft to service interior. Upgrading of existing Zanderij International Airport.

LATIN AMERICA

ARGENTINA

The Market

All requirements for road vehicles are supplied by domestic automaking firms using almost entirely locally-made parts and components. The industry has been protected from foreign competition through import bans, which resulted in over-proliferation of vehicle manufacturers (11) for a small market (some 250,000 units/year) and high costs (more than double world prices). The government has proposed a reduction in the number of manufacturers, and the first company to retire has been General Motors discontinuing auto production in Argentina by October 1978.

There are no manufacturers of off-highway, all terrain or tracked vehicles.

The state railways are continuing their 1978/81 U.S. \$1,000 million program to streamline operations, improve efficiency and update equipment and facilities, with financing from the IBRD and from official and private foreign credit agencies. Contracts for purchasing locally produced main line (General Motors, U.S.) and yard (Cockerill, Belgium) locomotives are being implemented, large numbers of rolling stock will be bought from local manufacturers, and idle equipment will be repaired. Improvement of track, signalling, communications and other facilities are proposed. The turnkey contract to electrify the Buenos Aires suburban Roca Line has been negotiated with a Japanese consortium, and work will begin before the end of 1978. The Buenos Aires subway is gradually being extended, and replacement rolling stock is being produced at a slow rate by local suppliers; plans for important extensions to the system lack financing.

The state shipping line ELMA is expanding its fleet with a large program to purchase vessels, mainly from local shipyards.

No commercial jet or STOL aircraft are yet produced in Argentina, and all must be imported. The Air Force's program to build the G-II light transport plane and the Pucara counter-insurgency plane is being continued, with key components imported from France.

Import Policies

Restrictions on imports of original parts and components for road vehicles are being eased, and the import of finished vehicles at gradually decreasing duties is proposed.

The "Buy Argentine" legislation requires that all government agencies must purchase from local industry when possible. Otherwise they may import free of duty. This system also applies to any government promoted private project.

Export Opportunities

Original components and parts for road vehicles. Off highway, all-terrain and tracked vehicles. Diesel locomotive replacement parts, rolling stock parts, track relaying and maintenance materials and equipment, signalling and communications equipment. Shipbuilding steel plate, components and equipment for ocean going, fishing and coastal vessels. Aircraft, equipment, flight simulators.

BRAZIL

The Market

While some opportunities for exports of Canadian transportation equipment still exist in Brazil, the market is decreasing as Brazil's own engineering and manufacturing abilities continue to expand. Brazil has become almost self-sufficient in the shipbuilding industry, importing only very specialized or technical components. Through the government-owned company, EMBRAER, it produces a number of small aircraft including the Bandeirante which is a direct competitor to the Canadian Twin Otter. Brazil's large railway modernization program calls for substantial investment in improvement of existing lines, the addition of new routes and acquisition of modern rolling stock and supportive equipment. Given Brazil's expanding indigenous production capabilities in this sector, however, few imports will be made. The trend is towards joint ventures and licensing arrangements in Brazil. A similar market situation exists in the urban transportation sector, which is another high priority but for which the government seeks to maximize Brazilian content. Brazil is a major producer of automobiles and parts and while Canada has made some sales in these sectors, these can be expected to disappear as Brazil's own manufacturing capabilities increase.

Import Policies

Virtually all transportation equipment is subject to sub-

stantial tariffs, the prior deposit scheme and restrictions on the issuing of import permits, particularly where similar products are produced in Brazil. The policy promotes the establishment of joint manufacturing facilities in Brazil and, in many cases, imports are restricted to companies that invest in Brazil.

Export Opportunities

The Brazilian Forestry Institute (IBDF), the air force and the State of Amazonas have shown some interest in the CL 125 and further sales of the Buffalo aircraft may be feasible with the air force. Sales of the DHC-7 would likely only be feasible through some joint manufacturing arrangement with EMBRAER.

While in the urban transportation sector equipment sales are restricted to specialized components, there may exist opportunities for the sale of Canadian engineering and systems designs (e.g., UTDC's LRV). The federal government's urban transportation company (EBTU) has shown some interest in this system and opportunities for the sale of UTDC's technology may exist either with the EBTU or in such major cities in this part's territory as Belo Horizonte, Belem, Fortaleza, Recife, Goiania and Manaus. Sales in the rail sector will likely be confined to specialized engineering services and design and components for rolling

Brazil — Export Opportunities (cont'd.)

stock. The approach in both these instances would be through a joint venture arrangement in Brazil.

Oil exploration, construction, mining, inspection of electrical power lines and other functions in the Amazon area may offer sales opportunities for specialized off-highway

vehicles. Even though Brazil is almost self-sufficient in the shipbuilding industry, foreign technology is still occasionally required on specialized ships, such as ferryboats to be used in Rio, Vitoria and Salvador and special boats or rigs for the offshore oil industry.

CHILE

The Market

With the exception of the Santiago Metro and private bus companies' renewals, little money has been invested in the public transport sector during the 1970s. Virtually all the equipment for the Metro was supplied by the French. The state railway system is suffering from critical shortages of equipment and spares as well as capital. Financing will play a most important role in future purchases.

Most buses are supplied from Argentina and Brazil, with some of the larger more deluxe models from Europe and Scandinavia. While a small domestic automotive industry (1977 production 13,089 vehicles) manages to survive, the market has been flooded with low cost imports — 33,768 automobiles were imported in 1977, mainly of Japanese, Argentinian, Brazilian and European origin. There is only one North American firm which is assembling locally, with parts being supplied from Canada.

Import Policies

Government transport companies are being phased in with a resultant cost/quality consciousness. There are no direct impediments to imports other than high duties which remain on automobile imports (now 115 per cent, being reduced to 55 per cent by 1983), in effect subsidizing the local assembly industry and discouraging high cost imports through special additional taxes. The maximum import duty for all other transport equipment and spares will be 35 per cent.

Export Opportunities

Steel rails (railways), locomotives, locomotive spares, other railway equipment, mining trucks.

COLOMBIA

The Market

With extreme variations in terrain, transportation in Colombia lends itself well to air travel. For aircraft similar to that manufactured in Canada, the total annual market potential is about \$10 million. Most of this is with small regional carriers needed to replace aging C46's, etc.

The market for land transportation equipment and parts is estimated at \$300 million per year. The majority of imports in this sector are made by the local automotive assembly plants. Import of finished automotive products is negligible except for trailer trucks (estimated at \$25 million per year).

The railways in Colombia are owned by the national government and sporadic purchases are made through tenders. The Ferrocarriles Nacionales de Colombia Plans to undertake a rehabilitation program with a total estimated cost of \$32 million. Limited possibilities exist for special vehicles. Extremely limited possibilities exist for recreational vehicles. Very limited possibilities at present time for marine products.

Import Policies

Aircraft receive preferential import treatment with low duty or duty free entry as the Colombian Government is encouraging the use of STOL aircraft planes in airlines serving regions located in the eastern plains and southern jungle localities.

For land transportation equipment and parts, the government protects the local industry with prior-to-import licences and extremely high duties. In order to be able to participate in tenders to be issued by public entities, foreign companies must register with each entity prior to the issuance of tenders and appoint a local agent.

Export Opportunities

Opportunities exist for trailer trucks, automotive parts and accessories. The Department of Civil Aviation will be issuing a tender (date unknown) for the purchase of airport firefighting equipment.

National Railways Rehabilitation Program expenditures: large repairs \$1.4 million; infrastructure improvement \$2.4 million; welding \$4.4 million; rail switches \$750,000; benches \$5.2 million; rail cars \$1.5 million; containers \$781,000; rehabilitation of flat cars \$4.1 million; spare parts for passenger cars \$2.2 million; spare parts and repair of flat cars \$6.6 million; telecommunication equipment \$3.4 million. It has not yet been determined when this program will be carried out since the National Railways are presently in a critical financial situation. Final decision will depend on the ministry of finance.

Aircraft offer excellent sales prospects, particularly executive types.

ECUADOR

The Market

The market for land transportation equipment is estimated to be \$100 million annually. The majority of the equipment purchased is for road transportation (public and freight). Land transportation is the major mode of transportation in Ecuador. The Ecuadorian market for spare parts and accessories for automotive products is estimated at approximately \$10 million.

Railways in Ecuador are owned by the national government and are presently in very poor condition. A study made to determine the future of the national railroad recommended that the railways should be rehabilitated. The government has not taken any decision in this respect and there is not at the present time a plan to invest in upgrading the system.

Imports of special vehicles are negligible but due to the development of the country this market might expand.

There are no possibilities for recreational vehicles, and very limited possibilities for marine products.

Import Policies

Aircraft are under import preferential treatment with low duties. Transportation equipment in general has preferential treatment, low duties and is licence free to import with the exception of automobiles and all recreational vehicles, which have very high import duties and from time to time, restrictions on imports.

Export Opportunities

The Government of Ecuador has planned for several months to purchase a total of \$8 million of firefighting equipment through an international tender. Date of issuance of this tender has not been specified.

There are good export opportunities for aircraft, road transportation equipment and automotive spare parts.

MEXICO

The Market

Active planning is now underway in the urban transit field on three major projects: a further expansion of the Mexico City Metro, in addition to the three new lines totalling 42 kilometers which are now under construction; construction of a suburban train system to serve outlying areas; purchase of components for trolley buses. The City of Guadalajara (population two million) is also planning a metro. Canadian firms specializing in urban transportation are already well known but competition is very strong from Europe and Japan.

In the railway sector there is an established market for rails from Canada but sales of freight and passenger cars are becoming more difficult as Mexican industry is now able to manufacture locally. Mexican railways are badly in need of new locomotives. The government has in recent months put off any purchase decision as it is examining the feasibility of a program to electrify main lines.

The Secretaria de Comunicaciones Y Transportes recently announced plans for a high speed rail and road link across the 300 km Isthmus of Tehuantepec between Coatzacoalcos on the Gulf of Mexico and Salina Cruz on the Pacific. The project known as Alfa-Omega would be designed for the rapid transit of containers and could handle approximately 7 per cent of the Panama Canal's present freight traffic. Planning is still in the early stages and it is not clear yet what opportunities there will be for Canadian participation.

Current economic difficulties make it unlikely that Mexico will be a market for Canadian aircraft in the immediate future. However, government efforts in the agricultural field

and the growing need for city-to-city links could turn interest eventually toward smaller specialized aircraft.

Occasional inquiries are received for specialized vehicles such as off-highway rigs for Pemex, the state oil company, or airport firefighting equipment. A wide range of trucks and cars is manufactured here.

Import Policies

In the transportation field all major projects depend upon government economic planning. The administration of President Lopez Portillo has set strict criteria for foreign participation in major capital projects: a high degree of "Mexicanization" or technology transfer and a willingness to provide local cost financing are two of the elements. However, projects in the railway and urban transit field will continue to be of the highest priority to the Mexican Government for many years, given the drive for industrialization and the exploding population (Mexico City 14 million, national population 68 million). The newly published national urban plan highlights the problems attendant upon rapid urban growth, while the national industrial plan expected to be released at year end should provide fuller details on the government's plans for the expansion of its manufacturing infrastructure.

Export Opportunities

There are significant requirements for metro components such as rails, switches, car and shop parts, trolley buses, components and possibly technical assistance in transit planning. EDC and private Canadian banks have provided financing to cover both Canadian exports and local cost content for Mexico City's metro expansion.

PARAGUAY

The Market

Paraguay is a land-locked country, therefore, only river barges are used for water transportation. All cars, buses and other vehicles are imported in increasing numbers as

the highway system is extended. Air transportation is carried by a fleet of aging planes. The railway system requires considerable improvement.

Paraguay — The Market (cont'd.)

Main Imports	1976 (U.S. \$ millions)	1977
Buses and trucks	10.5	21.6
Cars, jeeps and pick-up trucks	6.5	9.1
Other vehicles	2.8	4.7
Spare parts	1.3	2.8

Import Policies

Customs duty is 20 to 200 per cent, according to the type of vehicle. A local agent is essential.

Export Opportunities

Urban transit buses, automobiles and trucks; spare parts. Small and large used aircraft. Small airport equipment.

PERU

The Market

The rehabilitation and expansion plans of ENAFER-PERU, the state railway, will offer interesting opportunities for railway rolling stock from Canada as well as consulting services.

Plans for a Lima rapid transit system are being considered once again.

A continuing market exists for large off-highway vehicles for hauling ore and logging trucks.

Import Policies

The import of a wide range of products is prohibited, primarily luxury goods and anything presently 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 but imports are subject to the availability of foreign exchange.

Export Opportunities

Nothing immediate.

URUGUAY

The Market

Production of transportation equipment is limited to the assembly of road vehicles using imported components.

Import Policies

Imports are limited to market requirements. A well established agent is needed to achieve sales.

Export Opportunities

Good potential for parts and components for highway vehicles, fishing trawlers and coastal and river vessels.

VENEZUELA

The Market

This sector provides the bulk of Canadian exports to Venezuela (\$255 million or 70 per cent), mainly in the form of CKD automobiles. Somewhat paradoxically, it also offers Canada its best opportunities, through the Venezuelan railway project and expanded aircraft sales. Apart from the automotive subsector and some light aircraft, most sales are to government agencies which usually buy by public tender. An agent domiciled in Venezuela is required for sales to government agencies.

Import Policies

Within the context of the Andean Pact, the government policy is to promote local manufacture of a limited range of motor vehicles. Local content should reach 80 per cent by 1983 and the market will be virtually closed to large scale

imports of passenger vehicles from outside the Andean Pact area. A market will still remain for rail, marine and aerospace subsectors, as well as for the automotive after-market and the locally assembled vehicles with 20 per cent foreign content.

Export Opportunities

The Venezuela railing project will probably absorb \$300 to \$400 million worth of Canadian goods and services in its first phase with excellent prospects for additional business in future phases.

Canadian aircraft are also in demand and beginning to achieve sales. The urban transportation and off-road subsectors also offer good prospects.

REGIONAL OFFICES

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

NEWFOUNDLAND LABRADOR	Director 127 Water Street, (2nd Floor) St. John's, Newfoundland A1C 5X8	Tel: (709) 737-5511 Telex: 016-4749
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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	Tél: (514) 283-6254 Télex: 012-0280
	Le directeur Suite 620, 2, Place Québec Québec (Québec) G1R 2B5	Tél: (418) 694-4726 Télex: 051-3312
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INDUSTRY CANADA/INDUSTRIE CANADA



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