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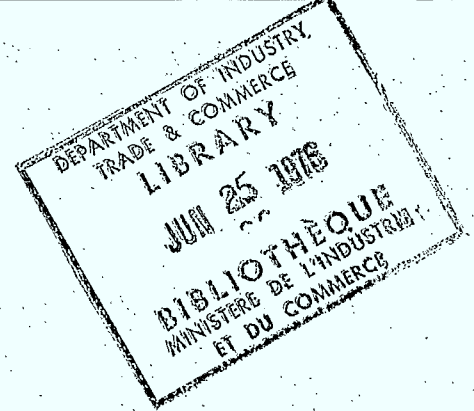
**CANADIAN TRADE DEVELOPMENT MISSION
TO CZECHOSLOVAKIA, BULGARIA AND POLAND**

May 23 to June-4, 1975



**Industry, Trade
and Commerce**

**Industrie
et Commerce**



REPORT OF THE
TRADE DEVELOPMENT MISSION TO
CZECHOSLOVAKIA, BULGARIA AND POLAND

LED BY

T.M. BURNS
SENIOR ASSISTANT DEPUTY MINISTER
INTERNATIONAL TRADE
INDUSTRY, TRADE AND COMMERCE

MAY 23 - JUNE 4, 1975

INTRODUCTORY NOTE

During the course of the Trade Development Mission which I had the pleasure of leading to Czechoslovakia, Bulgaria and Poland, I believe all mission members detected a genuine desire in each country to expand and further diversify trade with Canada.

This desire reflects, in the broader context, a recognition in these countries that further rapid industrialization of their economies (as envisaged in their next five-year plans) will require an increase in imports of Western plant, machinery, technology and know-how. It also reflects a growing awareness of Canada's capability to supply a portion of these requirements. This development is to be welcomed, though much work remains to be done.

A constant theme raised by officials in these countries was that planned large industrial complexes, particularly in the resource sectors, will open up new opportunities for Canadian exporters. There was also a strong interest expressed in importing high technology goods as well as more traditional imports. During my discussions I repeatedly emphasized the availability on a case-by-case base and international competitiveness of Canadian export financing and its potential contribution to facilitating our exports.

It was encouraging to note that mission members appeared to be making some headway in developing acceptance for two aspects of the consulting engineers' work: feasibility and design work and provision of project management. Government officials seemed to recognize the real potential for such activities in their industrial development projects.

While the mission did uncover some definite export opportunities, and more undoubtedly exist, prospective exporters should be aware that developing business in these countries, as in other Eastern European countries, is a time consuming and sometimes frustrating exercise. However, I believe all mission members would agree that if actively and thoroughly pursued substantial and profitable sales can be made to these markets.

Businessmen interested in pursuing sales opportunities in the markets visited, as well as in Eastern Europe in general should contact the Eastern Europe Division of the Department for marketing booklets as well as advice on how best to approach this market.



T.M. Burns
Senior Assistant Deputy Minister
International Trade

C O N T E N T S

	<u>PAGE</u>
A. GENERAL BACKGROUND	1
1. Eastern Europe: Some Common Characteristics	1
2. Canada - Eastern Europe Trade	4
3. Departmental Marketing Strategy	5
B. MISSION OBJECTIVES	7
C. COUNTRY REPORTS	8
1. Czechoslovakia, May 25 - 28	10
2. Bulgaria, May 29 - 31	18
3. Poland, June 2 - 4	24
D. MISSION MEMBERS	33

A. GENERAL BACKGROUND

The May-June Trade Development Mission to Czechoslovakia, Bulgaria and Poland forms only a part of Canada's overall and continuing marketing effort in Eastern Europe. The purpose of this section of the Mission Report is to attempt to put this Mission into perspective in terms of this broader marketing effort being made by the Canadian government and, more importantly, the Canadian business community in Eastern Europe and to briefly touch on the framework within which this effort is being made.

(1) Eastern Europe: Some Common Characteristics

(a) Introduction

All three countries visited, Czechoslovakia, Bulgaria and Poland, are centrally-planned economies in which foreign trade transactions are a state monopoly and are based on a five-year plan. Each is also a member of the Council for Mutual Economic Assistance (CMEA or COMECON).

The following is a very brief resumé of some of the common characteristics influencing the foreign trade of the three countries the mission visited (as well as the other members of the CMEA - East Germany, Hungary, Romania and the USSR). Businessmen wishing more detailed information on each of the markets visited (as well as the other CMEA countries) and the best way to approach them should note that the Department of Industry, Trade and Commerce publishes a number of marketing booklets for these countries.

Interested individuals are invited to write to:

Chief,
Eastern Europe Division,
European Bureau,
Industry, Trade and Commerce,
Ottawa, Ontario
K1A 0H5

(b) Foreign Trade Plan

The five-year economic plan of each country governs the level, composition and direction of its trade and provides the overall framework within which annual import requirements are established. While the degree to which these parameters, once set, are rigidly adhered to varies from one CMEA member to another, in general export opportunities are limited to imports so designated in the country's annual import plan and possibly some unscheduled imports, such as those necessitated by unexpected short-falls in domestic production. Such rigid planning is, in part, due to the inconvertibility of CMEA currencies and the necessity for these governments to control and conserve foreign exchange and the extent to which credit is sought. (It is against this background that potential Eastern European customers will emphasize "cooperation" - which can include co-production, product-buy-back arrangements, joint ventures etc. - as a means to facilitating purchases of Western goods).

(c) Ministry of Foreign Trade

The highest governing authority responsible for foreign trade transactions in each of the CMEA countries is the Ministry of Foreign Trade. The Ministry determines national foreign trade policies, establishes the domestic legal framework within which trade is conducted, issues the import (and export) licences which are mandatory for each transaction, and in general supervises the foreign trade enterprises.

(d) Foreign Trade Enterprises

The foreign trade enterprises are the state monopolies responsible for all import (and export) transactions and negotiations for specific commodity sectors. In effect they act as the sole purchasing and selling agents for all domestic end-users and production units. Only authorized foreign trade enterprises can negotiate and sign contracts with foreign firms. They consequently tend to be one of the first points of contact for a foreign businessman interested in exporting to (or importing from) the market. The Canadian Trade Commissioner covering the individual country can usually advise an interested businessman of the appropriate foreign trade enterprise for his products. (See individual country marketing booklets).

(2) Canada-Eastern Europe Trade

Total trade turnover between Canada and Eastern Europe* was valued at \$382 million last year, down 32% from 1973. The main reason for this was that total trade with USSR fell by 84% due to significantly reduced grain sales (which were \$285 million in 1973 and only \$10 million in 1974). Among the nine countries in the area total trade exchanged with Poland increased by 72% and with Czechoslovakia by 60%.

Canadian imports from Eastern Europe grew by 38% to \$197 million. On the other hand Canadian exports to the region decreased by 56% in 1974 to \$185 million (exports to Eastern Europe excluding the Soviet Union were up by 22%). As a result Canada's sizeable trade surplus with the region of \$275 million in 1973 was reduced to a small deficit of \$12.5 million last year.

Canadian imports from Eastern Europe tend to be broadly based and comprised mainly of semi-and fully-manufactured goods. Principal import items include fabrics, textile products, footwear, bicycles, steel, specialized machinery and equipment foodstuffs and wines.

On the other hand, over 80% of Canadian exports to Eastern Europe in 1973 were grains (including oil seeds). Last year this figure was reduced to 58% (due to reduced grain sales to the USSR).

.../5

*. Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, USSR, and Yugoslavia

Main exports (excluding grains) included cattle hides, asbestos, wood pulp, steel, metal ores, forestry equipment, agricultural equipment and selected sales of machinery.

(3) Departmental Marketing Strategy

Against the above background, the Department's major trade objective in Eastern Europe is, while maintaining Canada's position as a traditional supplier of grains and industrial raw materials, to improve the composition of our exports by increasing the semi- and fully-manufactured component in our sales.

With this end in view, Canada has in place a series of bilateral consultative arrangements with Eastern European countries designed to encourage greater participation by both Canada and these countries in each other's markets. Most elaborate of these is the Canada-USSR Agreement on Cooperation in the Industrial Application of Science and Technology (INDEXAG) concluded in January 1971. Activities under this agreement as well as our other agreements with the Eastern European countries are intended, inter alia, to identify export opportunities for high technology machinery and equipment and therefore facilitate the development of these exports to Eastern Europe.

As well, the Government has a wide range of tools at its disposal which it uses actively to promote further increases in bilateral exchanges with Eastern Europe including an active programme of incoming

and outgoing missions, participation in trade fairs, both officially and through support of individual company's participation, risk-sharing with Canadian exporters (the Programme for Export Market Development), and facilitation of financing for projects of mutual interest (not the least of which is the \$500 million line of credit extended to USSR in May of this year).

B. MISSION OBJECTIVES

Considering the overall marketing strategy for Eastern Europe briefly outlined above, the May-June Trade Development Mission to Czechoslovakia, Bulgaria and Poland had as its objectives:

- (1) To demonstrate in each of the countries Canadian expertise and international competitiveness in the supply of semi- and fully-manufactured goods and to identify new export opportunities for these goods;
- (2) To provide an opportunity for Canadian companies to follow-up at a senior level, specific sales opportunities which they and government officials had previously identified in each of the markets;
- (3) To demonstrate to East European government officials and the foreign trade organizations concerned (which, as noted, monopolize trade) Canadian government and business interest in actively pursuing export opportunities in these countries so as to ensure that future trade opportunities are brought to the attention of the Canadian government and business community.

C. COUNTRY REPORTS

The following is only a brief resumé of the general impressions of and specific trade opportunities uncovered by mission members in each of the countries visited. Businessmen wishing further details on the opportunities noted or wishing to pursue other sales opportunities in these countries are invited to contact the Eastern Europe Division of the Department (address on page 2).

A common frustration experienced by businessmen approaching an Eastern European market is the difficulty of contacting end-users for their products. In general the businessman must rely on the foreign trade enterprise concerned (as his primary point of contact) to pass information on their products to the potential end-user. In some instances there may be apprehension that this information is not reaching all potential end-users. During the course of the mission, members noted that the ease with which end-users could be contacted (or even brought to light) varied from country to country and indeed from industry to industry. Overall there was a general impression that current internal developments in the countries visited, particularly Poland, might, in future, facilitate contact with the end-user. While emphasizing that foreign trade organizations should not be bypassed, mission members were informed that the various industrial Ministries in each country could prove helpful in facilitating accesses to potential end-users. (As an aside, recent experience has shown that an excellent way to cultivate

contacts with end-users is the technical seminar. The Eastern European Division of the Department can advise businessmen how to arrange and pursue such seminars.)

(1) Czechoslovakia, May 25 - 28

(a) Background

Czechoslovakia's population of 14.6 million places the country fourth among the European CMEA members. However, with the possible exception of the GDR, Czechoslovakia is proportionately the most industrialized of the CMEA countries. Industry generates about 67 per cent of national income and industrial employment accounts for 37.7 per cent of the work force; 35.7 per cent of those employed are in service industries, etc., and only some 16 per cent in agriculture. The economy is noted both within the CMEA and globally for its production of engineering goods, vehicles, chemicals, coal, glass and ceramics, textiles, etc.

Czechoslovakia is more oriented toward foreign trade than most of the other CMEA countries (according to Czechoslovak trade figures). Total imports and exports equal roughly 45 per cent of national income (by value) and per capita trade is three times the average figure for the CMEA region as a whole. Potential Canadian exporters therefore experience strong competition the Czechoslovak market, notably from West German, Austrian and British suppliers, especially in view of traditional trade patterns (Czechoslovak purchasers tend to turn to these suppliers first when import requirements arise).

Canada and Czechoslovakia exchange most-favoured-nation treatment on the basis of a pre-war Convention of Commerce signed in Ottawa, March 15, 1928, and entering into force October 30, 1928 and the GATT to which Czechoslovakia was an original contracting party.

(b) Trade Patterns

Czechoslovak foreign trade turnover in 1973 was 71 billion crowns (approximately \$12 billion) roughly balanced between imports and exports. The CMEA countries accounted for 65% of this turnover while industrialized Western countries accounted for 24% (\$3 billion).

Czechoslovak imports from all sources in 1973 totalled 36.8 billion crowns, an increase of 16% over 1972 levels. Preliminary 1974 figures indicate a further 26% increase of total imports over the 1973 level. Roughly 23% of these 1973 imports were sourced from industrialized Western countries, an increase of 62% over 1972 levels. Canada's share of total Czechoslovak imports is less than 0.3%.

Total Canadian exports to Czechoslovakia in 1974 were \$22.8 million (up 130% from 1973 primarily due to increased flax and sunflower seed shipments). Major items exported include flax and sunflower seeds, pulp recovery boiler, raw cattle hides, purebred cattle and aircraft engines and parts. These five items accounted for roughly 92% of Canadian exports during 1974. Czechoslovak sales in Canada during 1974 were \$61.8 million

(a 44% increase over the 1973 level). These included a broad range of semi- and fully-manufactured items ranging from rubber shoe bottoms, textile fabrics, ceramic tiles and carbon steel to clothing, ice hockey equipment, electronic speakers and sport guns.

(c) Opportunities uncovered

During the course of the mission's visit to Czechoslovakia each business representative had an extensive programme of calls arranged for him which included end-users and foreign trade enterprises responsible for their products and/or services as well as calls on industrial Ministries accompanied by government officials.

Throughout these discussions and separate calls by government officials, it was confirmed that there was considerable room for increases in Canada-Czechoslovakia bilateral exchanges, and, in particular for an improvement in the composition of Canadian exports to Czechoslovakia. There was common agreement that the various projects being actively pursued by some mission members as well as the specific product lines discussed by other members could meet Canadian concerns regarding both the level and composition of our exports to Czechoslovakia if these reached the stage of concrete sales.

An interesting point that came out of a number of discussions with the Czechoslovaks was their apparent real desire to further diversify their trade markets, particularly as amongst their

traditional Western trading partners. The similarity between this Czechoslovak attitude and the Canadian desire to diversify our trade markets should contribute to an environment in which Canadian exporters' offers are given serious consideration (assuming quality, price and delivery terms are competitive) by potential Czechoslovak end-users.

During the course of the mission government and industry officials determined that considerable scope existed for an expansion of Canadian exports to Czechoslovakia particularly in the following areas:

Agricultural Machinery:

Although the Czechoslovaks have had only limited experience with Canadian agricultural machinery to-date, mission members reported end-users were very satisfied with the performance of this machinery and were very interested in exploring new areas in which Canadian agricultural machinery could be utilized in Czechoslovakia. It was noted that while Czechoslovak agricultural production has risen sharply over the past decade, their expressed goal of self-sufficiency has yet to be accomplished. This, in turn, has lead to increasing stress in development plans on mechanization of (eg. tobacco and potato harvesting) and application of technology to (eg. protein utilization) agricultural production. Mission members felt this trend and past experience should continue to open new opportunities for Canadian exporters.

Airport-related Equipment:

Mission members found that Czechoslovakia has plans to upgrade domestic and international airports and felt this should open up new export opportunities for the supply of airport-related equipment. Specific requirements noted include crash vehicles, all forms of (interior and exterior) firefighting equipment and systems, snow clearing equipment, refueling equipment, and baggage handling systems. Opportunities would also appear to exist for airport-related electronics (see Electronics below).

Consulting Engineering:

During the mission it was confirmed that the Czechoslovaks do not, as yet, accept the need for outside consulting engineers as "project managers" for domestic projects in the same way consulting engineers operate in North America. They prefer instead to consider consulting engineering services as an integral element in the supply of turnkey projects or to consider separate technology or equipment transfer proposals which they then design and engineer into their projects. This would seem to result, in part, from Czechoslovakia's domestic capability in the area of engineering services and their ability to supply a large portion of own domestic equipment requirements. However, the Czechoslovaks did express enthusiasm about cooperation with Canadian consulting engineers in projects in third countries noting the following areas of interest:

- complete cement plants
- ceramic facilities
- steam-generating facilities
- iron and steel complexes
- mining and metallurgy projects

Chemical:

During the mission opportunities were uncovered for the supply of complete chemical plants (eg. polyester) as well as for equipment and techniques for utilization of chemicals (eg. firefighting and agriculture).

Electronics:

Czechoslovak domestic expertise in the area of electronics is internationally recognized. Mission members confirmed the resulting limited import market to be highly competitive. It was indicated that further development of the domestic electronics industry will be highlighted in the next five-year plan. However mission members expressed the view that definite opportunities exist for the sale of high technology equipment not available domestically (or in the CMEA countries) particularly geophysical equipment, soldering and cleaning units for use in computer and automotive manufacture, airport-related electronics and avionics.

Forestry:

Czechoslovakia has embarked in a wide-ranging plan to rationalize the domestic forestry industry with a view to increasing overall production of wood and wood-fibre products. This will be done by utilizing present wood reserves more efficiently as well as more extensively. Included are plans to shut down some obsolete

polluting facilities, upgrade and expand existing facilities and construct new forestry (pulp and paper and sawmilling) complexes. It was confirmed that a large portion of the equipment necessary to implement these plans will be imported both from CMEA and Western sources. Competition amongst prospective suppliers is and will continue to be fierce. Notable import requirements are equipment and services for (complete pulp and paper complexes, sawmills and forest harvesting.

Other Projects:

The Czechoslovaks confirmed that (in addition to projects already noted) the next five year plan will focus among other areas on:

- development of the domestic mining industry
- construction oil and gas transmission and distribution systems (both domestically and abroad)
- construction of (four) continuous steel casting facilities
- development of long-distance high voltage transmission systems
- development of numerically controlled production methods.

Livestock:

Recent Canadian sales of hereford cattle have been enthusiastically received and mission members indicated that a Czechoslovak market for these and other cattle will continue to exist.

Other Opportunities:

Other export opportunities uncovered during the course of the mission which might be of interest to Canadian companies include Czechoslovak requirements for deep drilling systems and equipment, health products, machine tools, bearing and hydraulic manufacturing equipment, rolling stock, urban transportation systems (including trams), electro-motors (up to 6000 H.P.) and gas turbines.

(2) Bulgaria, May 29 - 31

(a) Background

Of all members of the Council for Mutual Economic Assistance, Bulgaria has the closest ties with the USSR. During the next five-year plan (1976-80), the GNP is programmed to grow at a rate of 8-10% a year. Annual industrial production should grow at a rate of 10-12% while some sectors such as electronics, chemicals, and machine-building may increase at a 20-25% annual rate.

During the 1976-80 period the planners expect foreign trade to grow by about 15-17% annually, and project that about one-fifth of this trade will involve Western countries. Total foreign trade for 1975 should be about \$8.5 billion, and is expected to grow to \$15-16 billion by 1980.

Bulgaria is interested also in trade in technology, and has budgeted \$30 million for purchases of Western licenses during 1975. During the 1976-80 plan, annual outlays for such licenses reach \$50 million. Bulgaria also exports technology, and claims to have registered 400 patents in Western countries.

Capital investment over the 1976-80 period is expected to reach about \$30 billion, concentrated in plant and equipment in machinery building, electronics, and consumer goods sectors. Other priority sectors include chemicals & ferrous metallurgy.

There is presently a bilateral trade agreement in force between Canada and Bulgaria which provides for the exchange of most-favoured-nation (MFN) treatment. In addition, Canada grants Bulgaria beneficiary status under our General Preferential Tariff in favour of developing countries. Bulgaria is not a member of the GATT, but attends as an observer.

(b) Trade Patterns

As mentioned, Bulgaria does about one-fifth of its trade with Western countries, and in 1974 imports from this group amounted to \$1.1 billion. Although this proportion is not high among Eastern European countries, the continuing growth in total Bulgarian imports will provide an expanding market for Western firms.

In 1974 Canadian exports to Bulgaria were \$4.6 million, largely accounted for by barley, white pea beans, purebred dairy cattle, and agricultural machinery. Bulgarian sales in Canada totalled \$4.1 million, chiefly including processed food products, wines, lathes, antibiotics, clothing, and textiles.

(c) Opportunities Uncovered

During the course of the mission business representatives and government officials met at a senior level with end-users, foreign trade enterprise and a number of industrial and policy Ministries including the Minister of Foreign Trade. It was

confirmed that Bulgaria fully supports expanded trade with Canada. Bulgarian economic plans were described and the mission was informed that from 1976-80 Bulgaria plans to spend about \$30 billion on plant and equipment. It was confirmed that concentration of this investment would be in machinery-building, electronics, metallurgy, chemicals, and the general application of labour-saving automation and mechanization. In this regard Bulgaria is seeking the latest machinery and equipment, including complete plants, some of which will be sourced from the West.

During the course of the mission individual businessmen and government officials uncovered a good range of possibilities for trade including:

Agricultural Machinery:

Canada's best success in Bulgaria in this field was the recent sale of tobacco harvesters, but mission members reported there is also interest in other lines. They indicated that these include large tractors; combines; machinery for planting wheat and corn, and for collecting and bundling hay and; equipment for the mechanization of large cattle and pig farms.

Agriculture is a priority sector, since a large proportion of Bulgarian exports fall into this area and import opportunities for agricultural equipment should therefore continue to come to light.

Consulting Engineering:

Discussions held during the mission indicated Bulgaria is willing to consider the use of consulting engineering services in conjunction with the import of plant or equipment, and a great number of possibilities were discussed (some including collaboration in third countries):

- new steelmaking processes are of interest, and with respect to product the Bulgarians are importing some specialty steels.
- municipal projects such as automatic control systems for city transport; waste disposal systems; water supply automation; rapid transit; and air pollution control methods.
- in transportation, modernization of the road, rail, air and port facilities may provide possibilities for engineering assistance.
- some engineering and equipment will be imported for thermal power plants and for chemical plants (eg. chlor-alkali, ammonia, urea).

Electronics:

It was learned that there are some specialized applications for which Bulgaria has import requirements. Among these are machines used in the production of electronic equipment, and instruments for use in geophysical exploration. Equipment for the modernization of the telecommunications system is also required.

Forestry/Pulp & Paper Equipment:

Bulgaria is currently building a large pulp and paper complex, and mission members were able to pursue actively opportunities for the supply equipment and services which had been previously identified. More such projects are apparently in the planning stage (eg. a plant for the production of cigarette paper). These developments will provide opportunities for Canadian suppliers of equipment and services. It was also learned that there are likely to be substantial requirements for forest harvesting equipment.

Livestock:

Bulgaria is presently expanding and upgrading her livestock, and mission members confirmed that there will continue to be a market for Canadian beef and dairy cattle in the near future.

Mining Equipment:

Mission members determined that Bulgaria has considerable requirements for mining machinery including excavators for open-pit coal mines, load-haul-dump equipment, deep drilling equipment, ore crushing machinery and other specialized items and components such as drill bits.

Special Vehicles:

The mission was informed that the Sofia airport development currently being pursued may provide opportunities for the sale

of airport-related vehicles such as crash trucks. Certain utilities also have requirements for vehicles for use in pipeline and powerline construction, as well as general construction activity.

Waste Handling Equipment:

There is a need for a variety of equipment for the handling of scrap steel, paper , and textiles.

(3) Poland, June 2 - 4

(a) Background

Poland is currently enjoying the second (after Romania) most rapid industrial growth rate (exceeding 10%) in Eastern Europe and is presently one of the fastest growing industrial economies in the world.

A notable feature of Polish foreign trade policy over the past few years is its re-emergence as a major factor in domestic development plans. Polish enterprises are increasingly looking toward the West for capital equipment, technology, and know-how needed to upgrade domestic industries. The result has been increasingly large deficits particularly in trade with the West, financed by long term supplier credits. This has meant an increased emphasis on industrial cooperation possibilities with Western (so far, notably West German) firms.

The need to service these loans has focused the attention of Polish planners on development of export-oriented and, to a lesser extent, import-substitution industries as a means to increase net hard currency earnings. Particular attention is being paid to the development of the forestry sector, the exploration and exploitation of large domestic lead, zinc, copper and coal deposits, development of domestic (ground and air)

transport infrastructures, expansion of the ship building and maritime industries as well as development of such high technology industries as electronics and computers. In each of these cases, Poland can be expected to look to the West as a source for the latest in equipment, technology, and know-how.

A distinguishing characteristic of the Polish economy amongst the Eastern Europe countries is the preponderance of private ownership in the agricultural sector. The government plans to slowly socialize this sector so as to produce larger and more highly mechanized production units. It can be expected that this will lead to increased opportunities for (Western) Exporters, particularly those willing to enter into industrial cooperation agreements with their Polish counterparts.

Canada and Poland exchange m.f.n. treatment on the basis of a prewar Convention of Commerce signed July 3, 1935 and entering into force August 15, 1936 and the GATT following Polish accession October 18, 1967.

(b) Trade Patterns

The Polish Trade turnover in 1974 was estimated at \$18.8 billion with roughly \$8 billion or 42% conducted with Western industrial countries. Imports from all sources were approximately \$10 billion a growth of more than 30% over 1973 levels. Imports from the West accounted for roughly 50% of this total or \$4.2 billion. The Canadian share accounted for less than 1.6% of Polish imports from the West.

In 1974 Canadian exports to Poland were \$84.2 million (1973 - 45.0 million) Major export items included barley, wheat, flax seed, zinc ores and concentrates, railway rails, rye, cattle hides and log handling equipment. Polish sales to Canada in 1974 totalled \$43.9 million (1973 - \$29.6 million), and included a broad range of semi- and fully-manufactured goods including footwear, broadwoven fabrics, and textile products, steel shapes, fur skins, bicycles, foodstuffs, hardboard, etc.

(c) Opportunities Uncovered

As in the two other countries visited, businessmen and government officials met during the course of the mission with senior representatives of end-users, foreign trade enterprises and industrial and policy ministries. (Note: the mission itself was followed by official government-to-government Trade Consultations during which there were additional calls on Ministries. Some of the comments below as well as the specific trade opportunities uncovered were brought to light during the course of these meetings).

As in Czechoslovakia, there was common agreement that considerable room existed for an improvement in the level and composition of Canada-Poland bilateral exchanges. The Poles received the mission as a concrete effort by Canada to contribute to this increase in trade and indicated they will likely follow-up with an exploratory mission to Canada later this year.

It was obvious during the mission that the Poles are very receptive to Canadian export efforts though the widening deficit with the West (and Canada) is expected to lead to increased emphasis on "economic cooperation", a phase emphasized by the Poles during almost all government and business calls.

The following are some of the trade opportunities uncovered by mission members during their stay in Poland (and during the course of the Canada-Poland Trade Consultations):

Agricultural Equipment:

During the mission, members confirmed that the Polish government's emphasis on mechanization of their largely private agricultural sector is opening a broad domestic market for agricultural equipment (including tractors, harvestors, combines, etc.). The recent conclusion of a joint venture for manufacture of tractors between a Canadian company and its Polish counterpart as well as Polish experience with individual Canadian agricultural equipment to-date is expected to provide a background against which Canadian exporters of farm machinery can increase and broaden their sales to Poland. This is particularly true for those willing to consider industrial cooperation agreements with their Polish counterparts.

Consulting Engineering:

It was learned that in general the Polish attitude to using consulting engineers as "project managers" roughly parallel's

the Czechoslovak attitude i.e. indigenous Polish engineering expertise works against its use on domestic projects (where turnkey and separate technology and equipment transfers are preferred) but cooperation in third countries is enthusiastically supported. In this regard (i.e. third country projects) the following areas of interest were noted:

- railroad, road and airport construction
- irrigation system development and river regulation
- electric power plants
- civil construction
- resource development, including coal,
- supply of broad range of equipment (steam turbines, boilers, (coal) pulverizers, oil burners, etc.) for steel industry.
- geophysical exploration cooperation

There are indications that in those production areas where there is little or no indigenous engineering expertise the Poles may prove receptive to the North American project management approach for large projects. At least one mission member appeared to be pursuing this approach productively.

Electronics:

As part of a continuing programme a number of Canadian companies providing geophysical equipment and services held a technical seminar during the course of the mission in addition

to making individual calls. Prospects appear good for continuing sales in this area.

As well, other electronic equipment opportunities were uncovered and explored in more depth including possible sales of soldering and cleaning equipment, particularly for use in the automotive industry, airport-related electronic equipment and avionics. Again prospects were thought good for continuing or new sales in these areas.

Forestry:

It was confirmed that one of the current focuses of Poland's development plans is the forestry sector. Plans call for a number of new pulp and paper complexes during the next five-year plan, increased mechanization of forest harvesting operations, upgrading of existing sawmills, and increased attention to complete wood utilization (i.e. of sawdust, chips and bark). Particular attention will be paid to development of timber of small and medium sizes which is not suitable for lumber production. Mention was also made of the need for complete plants to manufacture furniture, (hardwood) parquet flooring and technology and techniques to convert medium dimensional timber into lumber and wood components (chip board, etc.).

During the course of the mission a number of companies were able to successfully re-assert their positions as potential suppliers of equipment and services to a multi-million dollar

pulp and paper complex which will be built between now and 1980. Other companies pressed their case as continuing suppliers of forestry harvesting and sawmill machinery. Mission members concluded that a broad range of untapped potential exists for the supply of Canadian equipment and know-how to Poland in the forestry sector.

Livestock:

Polish purchasers of livestock expressed complete satisfaction with recent deliveries of Canadian herefords and indeed placed an additional large order for cattle during the course of the mission (conditional upon satisfaction of Polish veterinary regulations). Prospects appear excellent for continuing sales in the area.

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In addition to the above export opportunities, during the course of the Trade Consultations the Poles handed the Canadian government delegation a list of "Polish interests, including complete plants, technological lines, licenses and know-how" which we were informed would likely be imported from abroad. The list is reproduced below (as received) in full:

Heavy industry

Smelting industry complexes

Copper mining and processing

Machines and equipment for the paper industry

Heavy industry (cont'd)

Machines and equipment for the petrochemical industry

Shipbuilding and marine equipment

Machines and equipment for steamelectric stations

Joint deliveries of smelting, chemical and sugar plants

Machine industry

Diesel engines, assemblies and parts

Electronic counting equipment

Machines and equipment for food industry

Machines and equipment for packing industry

Building machines

Machine tools and steering equipment

Machine and equipment for textile and leather industry

Off road vehicles

Light industry

Production of synthetic, chemical, technical fibres and other

Chemical industry

Building, extension and modernization of chemical plants

Mining industry

Designing, building and modernization of mines

Production of equipment for the mining industry, also for
third markets

Food and food processing industry

Meat production

Organization of forms

D. MISSION MEMBERS

(1) Industry Representatives

Mr. J. Balthes
President
Balthes Farm Equipment
Manufacturing Ltd.
81 Lincoln Street
Tillsonburg, Ontario

Mr. R. Pillman
President
Canadian International
Project Managers
20 Victoria Street
Toronto, Ontario
M5C 1Y1

Mr. N.J. Fodor
President
Electrovert Manufacturing
Co. Ltd.
3285 Cavendish Blvd.
Montreal, Quebec

Mr. R.E. Chapman
General Manager
Cancar (Pacific) Div.
Hawker Siddeley Canada
Ltd.
7 King Street East
Toronto, Ontario
M5C 1A3

Mr. J.W. Millington
President
Rockwood International
Livestock Ltd.
Box 67
Georgetown, Ontario

Mr. A. Winther
President
C-D-N Research and
Development Ltd.
1044 Rangeview Road
Mississauga, Ontario
L5E 1H3

Mr. K.E. Allan
Manager, Special Projects
Combustion Engineering
-Superheater Ltd.
1140 de Maisonneuve Blvd.
Montreal, Quebec
H3A 1N2

Mr. A.S. Harvie
Export Manager
Foremost International
Industries Ltd.
1616 Meridian Road N.E.
Calgary, Alberta
T2A 2P1

Mr. J. Macdonald
Project Financing
H.A. Simons (International) Ltd.
425 Carroll Street
Vancouver, B.C.
V6B 2J6

Mr. H.O. Seigel
President
Scintrex Ltd.
222 Snidercroft Rd.
Concord, Ontario
L4K 1B5

Mr. J.C. Caron
President
SIDAM Inc.
2050 rue Mansfield
Montreal, Quebec
H3A 1Y9

Mr. O. Huck
Project Manager
Stadler Hurter Ltd.
1501 St. Catherine
Street West
Montreal, Quebec

Mr. K.W. Spencer
Vice-President
Project Management and
Steel Industry Technology
Stelco Technical
Services Ltd.
Wilcox Street
Hamilton, Ontario
L8N 3T1

POLAND ONLY

Mr. R.J. Henderson
Manager Exploration
Sales
Barringer Research
304 Carlingview Drive
Rexdale, Ontario
M9W 5G2

Mr. L. Robert
Vice-President
Marketing
Instronics Ltd.
17 Neil Street
Stittsville, Ontario

Mr. J. Dewhurst
Marketing Director
Information Systems
Westinghouse Canada Ltd.
286 Sanford Avenue North
Hamilton, Ontario
L8N 3K2

(2) Government Officials - Department of Industry, Trade & Commerce

Mr. T.M. Burns
Senior Assistant Deputy Minister
International Trade

(Mission Leader)

Mr. M.P. Joyce
Eastern Europe Division
European Bureau

(Mission Secretary -
Czechoslovakia and
Poland)

Mr. G.C. King
Eastern Europe Division
European Bureau

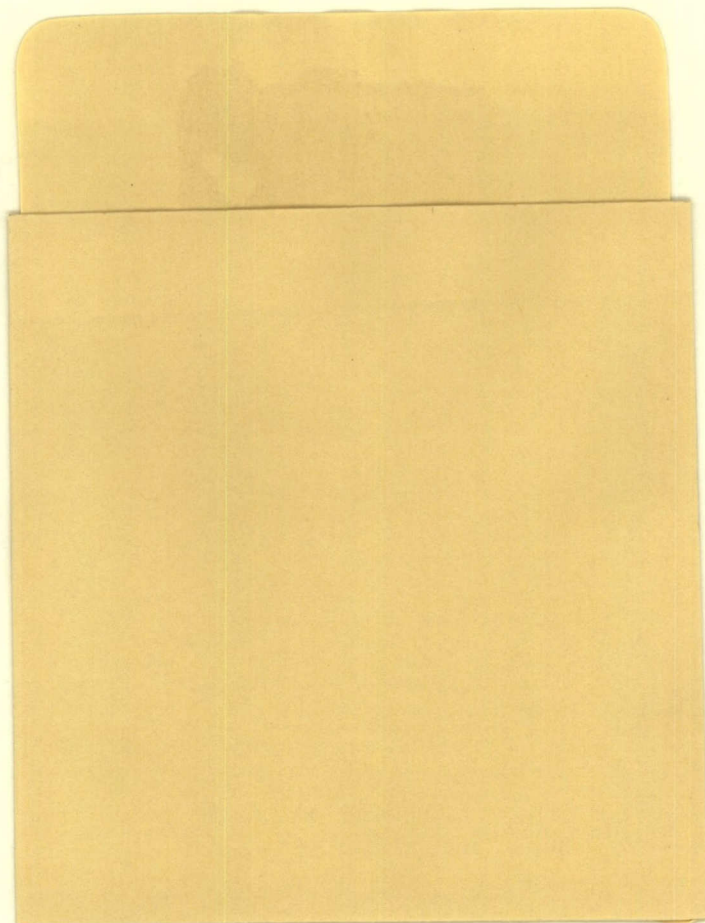
(Mission Secretary -
Bulgaria)

Mr. J.A. Quarrington
Assistant Chief
European Division
Export Programs and Services

(Mission Co-ordinator)

(3) Government Officials - Export Development Corporation

Mr. N.S. Patterson
Director
Corporate Planning and Development



INDUSTRY CANADA/INDUSTRIE CANADA



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