



**REPORT of the**

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**CANADIAN TRADE DEVELOPMENT MISSION  
to the SOUTH PACIFIC**

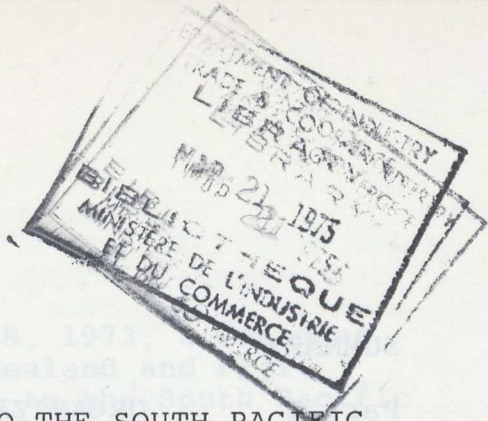
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**Industry, Trade  
and Commerce**

**Industrie  
et Commerce**





Canada

REPORT OF THE  
CANADIAN TRADE DEVELOPMENT MISSION TO THE SOUTH PACIFIC

LED BY

J. F. GRANDY

DEPUTY MINISTER OF INDUSTRY, TRADE AND COMMERCE

OCTOBER 20 - NOVEMBER 8, 1973

The mission's objective was to establish and strengthen trade relations between Canada and the South Pacific. The mission was organized to provide a comprehensive overview of Canadian trade opportunities and to identify areas for potential cooperation. The mission was led by J. F. Grandy, Deputy Minister of Industry, Trade and Commerce, and consisted of a number of other officials from the Department of Industry, Trade and Commerce. The mission was organized into two main parts: a general overview of Canadian trade opportunities and a detailed examination of specific trade areas. The mission was organized into two main parts: a general overview of Canadian trade opportunities and a detailed examination of specific trade areas. The mission was organized into two main parts: a general overview of Canadian trade opportunities and a detailed examination of specific trade areas.

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## CONTENTS

	<u>PAGE</u>
SUMMARY	1
Part I ORGANIZATION OF THE MISSION	3
Theme	3
Objective	5
Membership	6
Part II CANADA'S TRADE WITH THE SOUTH PACIFIC	8
A. Canada-Australia Bilateral Trade	8
B. Canada-New Zealand Bilateral Trade	9
C. Canada-Fiji Bilateral Trade	10
Part III MISSION APPROACH	13
Part IV MISSION FINDINGS: SECTOR REPORTS	15
General	15
Forest Products	17
Chemicals	23
Soft Floor Coverings	26
Textiles	29
Commercial and Institutional Food Preparation Equipment	31
Medical Equipment	33
Consulting and Engineering Services	36
Power Generation and Distribution Equipment	43
Part V CONCLUSIONS	47
Part VI FOLLOW-UP	48
APPENDIX Canadian Trade Offices in the South Pacific	50

### Summary

From October 20 to November 8, 1973, a Canadian trade mission visited Australia, New Zealand and Fiji. The Canadian Trade Development Mission to the South Pacific was sponsored by the Department of Industry, Trade and Commerce and was led by Mr. J. F. Grandy, Deputy Minister.

The mission's membership comprised 13 senior Canadian businessmen and a small number of government officials. The businessmen represented a wide range of Canadian industry sectors, including forest products, textiles, chemicals, machinery, medical equipment and engineering services.

The mission travelled approximately 22,000 miles and visited a total of six different cities. In terms of itinerary, duration, and level of representation (membership), it was one of the most ambitious missions of its kind ever sent out from Canada.

The mission's objective was to promote increased commercial exchanges between Canada and the countries of the South Pacific. The timing of the mission was considered to be opportune because of a number of factors -- including tariff preferences applicable to imports from Canada, currency exchange rate movements favourable to Canada, and generally improved access for imports into Australia and New Zealand -- which appeared conducive to a new Canadian export thrust into these markets.

In recent years, Canada's bilateral trade with countries of the South Pacific has become increasingly significant. In 1973, it reached a record of more than one half billion dollars. The volume and quality of this trade is quite significant. In fact, Australia and New Zealand rank among the most important customers of Canadian goods and services in the sense that more than 80 per cent of our exports to these markets consist of processed or fully manufactured products. In terms of market share, however, Canada has a relatively small portion of the \$7 billion plus import market in these countries.

The mission confirmed that there is considerable potential for expansion of Canada's share of South Pacific imports. Especially in Australia and New Zealand, a tremendous demand for imports was observed. The mission found that tariff and currency advantages generally placed Canadian goods and services in a unique competitive position in these markets. Furthermore, the mission noted an apparent receptiveness in these countries to things Canadian.

The mission's main conclusion was that the prospects for Canadian exports to the South Pacific have probably never been better and that increased promotional efforts in these markets by Canadian exporters would be desirable.

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DEPUTY MINISTER OF INDUSTRY, TRADE AND COMMERCE  
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## PART I ORGANIZATION OF THE MISSION

### Theme

Australia and New Zealand have traditionally been important markets for Canadian exports. Fiji, while a relatively small market, offers significant scope for an increased Canadian commercial presence. In 1973, total Canadian exports to these three countries were valued at \$317 million, a large majority of which consisted of fabricated or fully manufactured products.

A number of developments in recent years have enhanced the immediate and longer term prospects for Canadian sales in these markets:

#### (a) Currency Exchange Rate Movements

From the fall of 1971 to the fall of 1973, both the Australian and New Zealand dollars appreciated, relative to the Canadian dollar, by approximately 30 per cent. During the same period, the Fijian dollar appreciated by about 5 per cent in terms of the Canadian dollar. These changes, coupled with the realignment of the currencies of some of the leading suppliers of these markets (notably Japan), brought about a dramatic improvement in Canada's competitive position. (Editor's note: Since the mission, the currency advantage has altered somewhat -- for example, the Canadian dollar has strengthened relative to Australian and New Zealand currency and the Fiji dollar has been revalued again by 8 per cent).

#### (b) Improvements in Market Access

In July 1973, Australia cut its tariffs across the board by 25 per cent (revenue and dumping duties were the only exceptions). This action was intended to stimulate import competition and was expected to result in increased demand for goods from all countries supplying the Australian market.

Also during 1973, as part of an anti-inflationary program, New Zealand announced an additional \$NZ 70 million of licensing allocations for fiscal year 1973/74, under its import licensing system. The licensing system has for many years restricted New Zealand's purchases from overseas and this ad hoc increase in licenses was regarded as a positive sign. This represented an improvement in access to the New Zealand market for a number of products of interest to Canada.



(c) Continuation of Preferential Tariffs  
Applicable to Canadian Products

Canada has bilateral trade agreements with both Australia and New Zealand which provide for the mutual exchange of preferential tariff treatment. In addition to preferences specifically listed in these agreements, certain other tariff preferences have been exchanged as a result of each country's bilateral trade agreements with Britain. In light of Britain's entry into the European Economic Community (EEC) and the consequent termination of these latter agreements with Britain, Canada entered into new arrangements with both Australia and New Zealand during 1973 which sought to preserve, "to the maximum extent feasible and desirable," the preferences exchanged between them. Preferential access to Australia and New Zealand is expected, therefore, to continue to apply to a variety of Canadian products. (Until the beginning of 1973, when Fiji introduced a new tariff, Canadian products also enjoyed tariff preferences in that country.)

As a consequence of Britain's accession to the EEC and termination of the U.K. - New Zealand Trade Agreement, the New Zealand Government decided to remove the tariff preferences accorded British goods. It was decided to accomplish this by tariff restructuring which would provide, in general, a gradual merging of the British preferential tariff rates and the Most Favoured Nation (MFN) rates in phases starting July 1, 1974 and ending July 1, 1977. This tariff restructuring will, however, take into account New Zealand's preferential obligations to both Australia and Canada.

In the case of the Australian tariff, while no definite decision has yet been announced, some steps have been taken to phase out preferences to British goods and it is expected that all preferences for British goods will gradually disappear.

In light of the above considerations, it was felt that excellent opportunities existed for new and increased Canadian exports to the South Pacific. However, there was an obvious need to identify the sectors that offered the best potential and to demonstrate to end-users in those sectors Canada's ability to meet their import requirements. It was intended that the mission would obtain an overview of the export opportunities available and that it would identify techniques by which to exploit these opportunities and improve Canada's performance in these markets. As well, it was felt that the mission would serve to emphasize Canada's interest in these markets and provide a vehicle for demonstrating Canadian supply capabilities.

### Objective

In absolute terms, Canadian exports to Australia and New Zealand have been substantial. However, the growth in these exports has been uneven. Considering the competitive edge Canadian exports have enjoyed as a result of preferential tariff access to these markets, Canada's export performance there has been relatively disappointing and seemingly well below potential.

A number of reasons might account for a lack of dynamic growth in Canadian exports to the South Pacific: large distances and communication problems; insufficient promotional effort; inadequate shipping services. In addition, high levels of tariff protection in Australia and import licensing in New Zealand have been cited as obstacles to Canadian sales. However, many of these factors also apply to Canada's major competitors, who have had much greater success in these markets than Canada has had. For example, in spite of the distance factor, supposedly high tariff walls, and even the lack of preferential tariff access, the United States has become the leading supplier to the Australian market.

In an attempt to improve Canada's export performance in South Pacific markets, the Canadian Government undertook to mount a trade development mission to that area. The basic objective of the mission was to promote the expansion of Canadian trade by:

1. drawing to the attention of Canadian exporters the excellent potential existing in these markets, particularly with respect to processed and manufactured goods;
2. acquainting the South Pacific business community with the export capabilities of Canadian industry through exposure to Canadian businessmen representing a wide range of industry sectors;
3. identifying the market segments that offer the greatest opportunities for new or increased sales of Canadian goods and services, and in which future Canadian marketing and promotion efforts should be concentrated; and
4. exploring directly any barriers that limit Canadian access to these markets, and seeking ways to lessen or remove the effects of such barriers on Canadian exports.



MEMBERSHIP

Department of Industry, Trade and Commerce

J. F. Grandy (mission leader), Deputy Minister of Industry,  
Trade and Commerce  
D. H. Gilchrist, General Director, Office of International  
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J. L. MacNeil, Chief, Pacific Division, Pacific, Asia and  
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Industry Representatives

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Du Pont of Canada Limited  
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A. Davidson  
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Chairman  
Project Planning Associates  
(International) Limited  
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R. C. Hall  
Manager, International Sales  
Westinghouse Canada Limited  
Hamilton, Ontario

H. Saaltink  
Director of Marketing for  
South East Asia  
Surveyer, Nenniger, Chenevert Inc.  
Montreal, Quebec

## PART II CANADA'S TRADE WITH THE SOUTH PACIFIC

### A. CANADA-AUSTRALIA BILATERAL TRADE

#### General

Trade relations between Canada and Australia are governed by the General Agreement on Tariffs and Trade (GATT) and by the 1960 Canada-Australia Trade Agreement as amended. Under the latter agreement, the countries exchange preferential tariff treatment covering a large portion of the trade between them.

The bulk (almost 83 per cent) of Canadian exports to Australia consists of fabricated materials and end products. Canadian imports from Australia consist largely (almost 93 per cent) of food products and crude materials.

Australia is Canada's 11th largest export market and eighth largest supplier.

#### Canada-Australia Trade in Selected Years (\$Cdn. Millions)

	<u>1950</u>	<u>1962</u>	<u>1965</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Exports	35.3	105.0	140.4	197.8	180.0	153.9	204.1
Imports	32.7	45.2	47.4	146.1	125.7	193.4	236.0
Balance (Cdn.)	2.6	59.8	93.0	51.7	54.3	-39.5	-31.9

#### Leading Canadian Exports to Australia (\$Cdn. Millions)

	<u>1971</u>	<u>1972</u>	<u>1973</u>
Canned Salmon	.6	1.1	2.0
Rapeseed	-	1.3	3.0
Asbestos	10.0	9.7	8.2
Sulphur	2.8	3.5	7.5
Lumber	16.0	18.0	33.8
Wood pulp	10.2	9.9	12.8
Newsprint	23.1	18.2	24.2
Ground wood printing paper	.5	2.0	3.4
Writing and reproduction paper	1.0	1.3	2.2
Plastic film and sheet	2.3	3.7	4.8
Nickel anodes, cathodes, ingots, rods	4.7	2.8	5.5
Glass basic products	.5	.3	3.9
Parts and accessories for motor vehicles	22.7	11.3	11.8

	<u>1971</u>	<u>1972</u>	<u>1973</u>
Electric typewriters	1.1	1.5	2.1
Carpets in rolls	.6	1.0	2.1
Total specified goods	96.1	85.6	127.3
as a per cent of	53.4	55.6	62.4
total exports	180.0	153.9	204.1

Leading Canadian Imports from Australia (\$Cdn. Millions)

	<u>1971</u>	<u>1972</u>	<u>1973</u>
Butter	-	-	10.6
Canned fruit	5.2	7.6	10.2
Beef, fresh or frozen, boneless	12.0	28.4	49.4
Mutton, fresh or frozen, boneless	5.9	12.4	16.8
Lamb, fresh or frozen	4.2	4.5	4.8
Raisins	3.6	6.0	8.6
Raw sugar	29.4	55.2	61.4
Wool tops	3.0	2.8	1.7
Alumina	19.8	15.7	24.2
Nickel in ores, concentrates and scrap	17.5	18.4	4.6
Total specified goods	100.6	151.0	192.3
as a per cent of	80.0	78.1	81.5
total imports	125.7	193.4	236.0

B. CANADA-NEW ZEALAND BILATERAL TRADE

General

Trade relations between Canada and New Zealand are governed by the GATT and by the 1932 Canada-New Zealand Trade Agreement as amended. The latter agreement provides for the mutual exchange of preferential tariff treatment covering a large proportion of the trade between the two countries.

Approximately 75 per cent of Canadian exports to New Zealand are of a processed or fully manufactured type. Almost 90 per cent of Canadian imports from New Zealand are agricultural products.

New Zealand ranks 28th in the list of Canada's export markets and 22nd in the list of Canada's suppliers.



Canada-New Zealand Trade in Selected Years (\$Cdn. millions)

	<u>1950</u>	<u>1962</u>	<u>1965</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Exports	10.9	26.8	36.9	42.7	34.6	38.2	49.3
Imports	11.8	12.0	14.9	43.1	40.3	42.7	73.1
Balance (Cdn.)	-.9	14.8	22.0	-.4	-5.7	-4.5	-23.8

Leading Canadian Exports to New Zealand (\$Cdn. millions)

	<u>1971</u>	<u>1972</u>	<u>1973</u>
Pork, fresh or frozen	-	.1	2.8
Canned salmon	1.0	1.2	4.0
Asbestos	1.0	1.0	1.3
Sulphur	2.5	2.3	2.6
Newsprint	-	-	1.8
Broad woven fabric	.5	.7	2.7
Potassuim chloride, muriate	3.0	1.6	1.2
Plastic film and sheet	1.2	1.7	1.7
Sheet and strip, steel	.7	2.3	2.8
Copper pipe and tubing	.7	.9	1.6
Woodland log handling equipment	.7	.5	1.1
Pulp and paper industry machinery	-	4.0	2.0
Total specified goods	11.3	16.3	25.6
as a per cent of	32.6	42.7	51.9
total exports	34.7	38.2	49.3

Leading Canadian Imports from New Zealand (\$Cdn. millions)

	<u>1971</u>	<u>1972</u>	<u>1973</u>
Butter	-	-	12.2
Beef, fresh or frozen, boneless	27.9	26.6	37.6
Lamb, fresh or frozen	3.2	4.2	7.5
Sausage casings, natural, cleaned	3.4	4.2	4.4
Wool, scoured or washed	1.0	1.7	2.8
Apples	.5	.7	1.0
Total specified goods	36.0	37.4	65.5
as a per cent of	89.3	87.6	89.6
total imports	40.3	42.7	73.1

C. CANADA-FIJI BILATERAL TRADE

General

Trade relations between Canada and Fiji are governed by our mutual adherence to the General Agreement on Tariffs and Trade.

Until January 1973, when Fiji introduced a new tariff eliminating tariff preferences for Commonwealth countries, Canada and Fiji exchanged preferential tariff treatment. Prior to Fiji's independence in 1970, the basis for this exchange had been the 1937 Canada-United Kingdom Trade Agreement. Following independence, Fiji continued to extend preferences to Canadian products on a de facto basis. Fiji's exports to Canada continue to be eligible for preferential entry.

Canada-Fiji trade has traditionally been balanced heavily in favour of Fiji. The range of products traded has been fairly limited, with Fiji's sales to Canada concentrated in raw sugar and Canadian sales to Fiji concentrated in a relatively small number of manufactured items (mainly forest products).

Canada-Fiji Trade in Selected Years (\$Cdn. millions)

	<u>1960</u>	<u>1965</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Exports	.8	1.1	.9	.8	.8	1.0
Imports	6.5	4.8	6.9	8.7	6.9	7.8
Balance (Cdn.)	-5.7	-3.7	-6.0	-7.9	-6.1	-6.8

Leading Canadian Exports to Fiji (\$Cdn. '000)

	<u>1971</u>	<u>1972</u>	<u>1973</u>
Canned salmon	41	49	44
Canned sardines	6	61	87
Douglas fir lumber	149	82	132
Hemlock lumber	-	-	98
Western red cedar shingles and shakes	9	16	97
Newsprint	25	45	103
Sanitary paper	79	88	77
Woodland log handling equipment	19	45	-
Saws, sawmill machinery, equipment and parts	39	1	1
Marine engines and parts	86	1	-
Domestic laundry equipment	37	25	19
Non-electric lighting fixtures and parts	67	101	93
Commercial communications equipment	-	118	-
Contractors' equipment and tools	82	13	-
Total selected exports	639	645	759
as a per cent of	76.0	77.3	75.9
total exports	841	834	989

<u>Leading Canadian Imports from Fiji (\$Cdn. '000)</u>			
	<u>1971</u>	<u>1972</u>	<u>1973</u>
Fresh or chilled vegetables	4	2	31
Raw sugar	7,782	6,735	7,107
Cane or beet molasses	-	-	498
Ginger	18	31	96
Coconut oil	800	72	-
 Total selected imports	 8,604	 6,840	 7,732
as a per cent of	99.3	98.6	99.6
total imports	8,664	6,936	7,764

### PART III MISSION APPROACH

In keeping with the "long-term" nature of its objectives, the mission was designed to lay the groundwork for a future expansion of Canada's commercial relations with South Pacific countries, as distinct from obtaining actual sales orders. Consequently, its activities were directed, primarily, at achieving maximum exposure for Canada's image as a potential supplier of a major share of these countries' import requirements.

The mission members were chosen on the basis of their ability to promote the interests of broad sectors of Canadian industry, rather than merely the interests of their individual firms. The sectors represented on the mission had been identified as being those which appeared to offer the greatest potential for future export sales to these markets. An overall mission program, and individual programs for each industry representative, was organized to provide effective contacts with key representatives of business and government in the countries visited.

The itinerary included most of the major market centres of Australia (Sydney, Melbourne and Perth), New Zealand (Wellington and Auckland) and Fiji (Suva). In each city, individual mission members made a series of business calls which had been prearranged by the resident Canadian Trade Commissioners. (In Suva, members met jointly with businessmen and government representatives; few individual business interviews were possible because of time constraints.) In addition to the business interviews, of which there were approximately 225, members met large and diverse groups of government officials and businessmen through official receptions held in each city.

The leader of the mission also followed a busy personal program. In addition to being the host at the civic receptions, Mr. Grandy conducted press interviews in each city, (which obtained for the mission considerable news coverage in all three countries) paid courtesy calls on various representatives of banking organizations and state and federal government departments, and addressed several associations of businessmen. In the three capitals, he held discussions with senior government officials, and while in Canberra attended the signing of the October 25 Canada-Australia Exchange of Letters concerning preferential tariffs.



Essentially, the mission provided a channel of communication between its members and their various contacts. The primary task of the members was to convey a message to the South Pacific business community -- a message that Canada was a competitive source of a wide range of goods and services. At the same time, members were expected to gain an appreciation of existing import requirements and how Canada might enhance its role as a supplier. Each member completed reports on his various business interviews and on his overall assessment of Canada's trade prospects in Australia, New Zealand and Fiji. These assessments and findings are summarized in the following "Sector Reports."

PART IV MISSION FINDINGS: SECTOR REPORTS

General

(i) Australia and New Zealand

At the time of the mission, the economies of both Australia and New Zealand appeared to be strong and expansionary. Subject to the effects of the world energy situation, the long-term economic prospects of both countries seemed bright.

Following a period of slowdown in 1971/72, Australia's economy was operating at full capacity and was under stress in some sectors. In response to strong demand, both from domestic and external sources, output was increasing; the employment situation was very tight; there were signs of a recovery in private investment expenditure; and public expenditures were rising. The most significant problems facing the economy were inflation and industrial labour unrest.

The state of New Zealand's economy was quite similar. The major economic problems confronting New Zealand appeared to be inflation and energy shortages.

A major factor in the strength of both economies was the improvement in external accounts. Exports were strong as a result of high overseas demand for agricultural exports (e.g. meat, wool and dairy products) and, in the case of Australia, mineral resources. At the same time, imports reached record levels fostered by a high level of consumer demand, currency revaluations and tariff reductions in Australia. However, imports were not expected to reach the level of their true potential because of constraints imposed by world-wide shortages of many commodities.

In view of the favourable business conditions prevailing in these countries, there appeared to be excellent potential for Canadian exporters to share in meeting the great demand for imports accompanying the rise in prosperity. It was apparent that imports would be required to sustain the expansionary thrust of these economies. Consequently, there was no sign of the demand for imports subsiding.

(ii) Fiji

Prospects for increased Canadian exports to Fiji have improved in recent years. Prior to the mission, Fiji had indicated an interest in increasing its purchases from Canada. Also, currency adjustments had made Canadian exports more attractive and caused Fiji to consider Canada more favourably as a possible source to meet a greater portion of its import requirements.

This new interest in Canada was demonstrated, during 1973, by a visit to Canada of Fiji's Permanent Secretary (Deputy Minister) for Commerce, Industry and Co-operatives. The purpose of this visit was to seek out new sources of supply and to discuss investment opportunities in Fiji. Interest was shown, at the time, in a range of Canadian consumer goods and food products.

While in Fiji, the mission witnessed in particular the dynamic growth and potential of Fiji's tourism sector. Opportunities were identified for Canadian participation in future projects through the supply of hotel equipment and furnishings, the provision of consulting services related to hotel design and construction and the development of infrastructure.

Forest Products Sector Report

Mission Members:

D. A. Saunders  
Executive Vice-President  
Strategic Planning  
British Columbia Forest Products Limited

J. H. Robertson  
Vice-President and General Manager  
Domtar Fine Papers Ltd.

Organizations contacted:

Australia

Harvey Lie and Company  
Woods Dunlop  
Wiggins Teape  
P. Bellmaine Pty. Limited  
F. Bussel Limited  
Gordon & Gotch Limited  
King & Prior Pty. Limited  
Walter T. Maling Pty. Limited  
Mitchell Ross Pty. Limited  
Alexander Moir & Company Pty. Limited  
Commonwealth Paper Company  
Gollin and Company Limited  
Bowater-Hawthorn Company  
Dalton Industries Limited  
Associated Pulp and Paper Mills  
Wilkie and Company Limited  
Australian Paper Manufacturers  
MacMillan Bloedel Pty. Limited  
Council of Forest Industries of B.C.  
Spicer-Cowan  
TABMA Trading Company Pty. Limited  
Spicers Paper Industries Limited  
Kauri Timber Pty. Limited  
Cedarroof Australia Pty. Limited  
Bunning Bros. Pty. Limited  
Millars Australia Pty. Limited



New Zealand

IBM (New Zealand) Limited  
Wiggins Teape Overseas Sales Limited  
British and Foreign Papers Limited  
New Zealand Newspapers Limited  
New Zealand Timber Merchants Federation  
Carter Holt Holdings Limited  
New Zealand Forest Products Limited  
Fletcher Timber Limited

## Australia

The demand for all products of the pulp and paper industry is at an unprecedented high and is taking up the full capacity of the Australian industry. Consequently, there is a heavy reliance on imports to meet the excess in demand. Extensive export opportunities exist for all chemical pulps and for various paper products, including newsprint, coated publication papers, Kraft and Fine papers. Canada is already a major supplier of forest products to Australia. However, it is recognized that supply problems might prevent Canadian exporters from capitalizing on the present situation and improving their position in this market.

The quality of all Canadian pulp and paper products is well accepted in Australia and is competitive with both domestic and imported supplies. Canadian industry can be price competitive in this market over the full range of Fine paper grades as well as in newsprint, coated publication papers and pulps. Exchange rate movements have been beneficial to Canadian exports, and continuation of tariff preferences places Canada in a favourable position over all other countries except New Zealand. The New Zealand-Australia Free Trade Agreement (NAFTA) is expected to give New Zealand an advantage over all other suppliers of the Australian market, particularly on products such as Kraft softwood pulp, newsprint and some grades of Fine papers. However, given the growing Australian demand, particularly for newsprint, it is uncertain whether the NAFTA arrangement will have as significant an impact on competition as originally envisaged.

Generally, service to Australia from Canada is as good as from other countries except for New Zealand and Japan. At present, service to Australia is being hampered by the lack of both containers and space on ships which can carry containers.

Under present market conditions for pulp and paper, it is recommended that Canadian suppliers do whatever is practical in order to cement relationships for future years with Australian customers.

With regard to lumber and wood products, Australia is almost self-sufficient in hardwoods, although deficient in softwoods (and is expected to remain so for many years). Imports consist mainly of large-sized timbers in Douglas Fir and Hemlock which are remanufactured into smaller sizes for the specific needs of the domestic market (import tariffs on sawn lumber are particularly onerous on smaller sizes). Since supply of Fir from Canada cannot keep pace with increasing demand, Hemlock is being substituted and is being well accepted in certain applications.

Currently, lumber sizes are in the process of being standardized on metric sizes and are not compatible with Canadian Lumber Sizes (CLS). However, there are applications where CLS could be used to advantage -- such as in roof trusses, studs and other prefabricated housing components.

The bulk of the lumber used is in small sizes for home construction. It is anticipated that Government policy will continue to maintain housing construction at a high level for some time which should improve the demand for forest product building materials.

Cedar is very much in demand for use in the manufacture of windows and doors. Some window and door manufacturers are looking for Canadian producers to supply small size pre-cut parts for their growing businesses. Another developing market for the cedar species is shingles and hand-split shakes for prestige homes and special architectural applications.

Canada supplies little plywood to Australia primarily because of a high tariff which is considered by some to be prohibitive. As well, many applications for plywood have been filled by particle board. Exotic plywood for interior panelling, furniture, etc., is supplied by domestic producers who import hardwood logs and veneers. Apart from applications where the structural strength of Douglas Fir plywood provides distinct advantages, it is unlikely this market will be an expanding one for Canadian plywood.

#### New Zealand

New Zealand is a net exporter of all types of forest products and will have the fibre growing capacity to increase forest products' production in the future. Inventories are currently at low levels and the domestic industry can sell everything it can produce.

Due to the relatively low total consumption of Kraft and Fine papers in New Zealand, and the very high extent to which local industry supplies the needs, opportunities for exports of such products to New Zealand have been limited. While demand is beginning to outstrip domestic production, Canada is also experiencing a tight supply situation and is unable, at present, to take advantage of new opportunities to export to New Zealand.

Canadian products which have been exported to New Zealand have found excellent acceptance, and the currency factor and tariff preferences have made Canadian papers most competitive. However, apart from availability of production, high tariffs and import licensing restrictions which provide effective protection for the domestic industry are other factors which limit Canadian exports.

In the long term, prospects should improve. Since preferences for Britain are being phased-out of the New Zealand tariff, while Canadian products remain eligible for preferences, there are indications that New Zealand companies currently importing paper from Britain would like to switch to Canadian sources. In addition, because of New Zealand's heavy export commitments for newsprint (both now and in the future), there is a shortage of newsprint and some New Zealand publishers would like to contract for Canadian-made newsprint and coated publication paper.

Since the bulk of New Zealand's wood product requirements are met by domestic manufacturers, only specialty forest products not produced domestically have any opportunity of penetrating this market. An expanding lumber industry and new hardboard and particle board plants provide the vast majority of wood products required by all sectors of the construction industry. Western red cedar is the only Canadian species for which there is any significant demand. Demand for Fir has steadily decreased as this species has been replaced by local supply.

The demand for housing in New Zealand is expanding and it is expected that the current high level of housing starts will be maintained. New Zealand housing is of frame construction with single skin weatherboard (bevel siding) applied directly to the studding. Because of the traditional fondness of New Zealanders for weatherboard, this country probably uses more weatherboard per house than any country in the world. The growing demand for weatherboard has been such that the tariff on Cedar has been suspended for several years and all recent requests for import licenses have been granted. Strong demand should continue, therefore, for lumber (e.g. Cedar and Redwood from North America) from which weatherboard is manufactured.

New Zealand importers have traditionally ordered only the highest clear grades of Cedar and demanding size specifications. However, it appears that they are now more willing to relax size specifications and accept remanufacturing grades in order to obtain their share of the available supply.

### Fiji

There is no domestic production of pulp and paper of any significance in Fiji. The Fiji Government indicates considerable interest in seeing a small domestic pulp and paper industry established and appears willing to make concessions to promote such a development.

Because of its size, Fiji can never be a major export market for Canadian pulp and paper. Shipping is a problem as it is difficult to arrange for direct, small-volume shipments of goods from Canada. Few Canadian companies have agents in Fiji and enquiries for paper orders to Fiji tend to come from agents in other countries. In addition, it appears that under normal supply/demand conditions, Canada is not price competitive.

Chemicals Sector Report

Mission Member:

R. C. Finlay  
Director, Chemicals Group  
Du Pont of Canada Limited

Organizations contacted:

Australia

Du Pont (Australia) Limited  
Technipak Limited  
Plastics Institute of Australia Inc.  
Departments of Overseas Trade and Secondary Industry  
Chemical Importers and Exporters of Australia  
Genevieve Knitting Rhapsody Hosiery  
Shell Australia Limited  
Heathcoat Industries  
Monsanto  
I.C.I. Australia  
Australian Chemical Industry Council

New Zealand

Techni-Chemical Products Limited  
Neill, Cropper and Company Limited  
Holeproof Mills Limited



## Australia

The Australian chemicals industry consists of some 300 companies with a total investment of \$600 to \$700 million. The industry operates on a scale well below that of its Canadian counterpart; this applies to all areas including organic and inorganic chemicals, plastics and synthetic fibres. Nonetheless, a range of chemicals is manufactured as broad as that of the Canadian industry. Protected by tariff and non-tariff barriers, the local industry supplies the major share of the Australian market.

Largely because of scale of operations, the Canadian industry experiences generally lower costs than its Australian counterpart. It is expected that it will be some time before the Australian industry can attain either Canadian or world costs of production.

Traditionally, Australia's chemical imports have consisted of three types: requirements above domestic capacity -- nylon filament, fluorocarbons, plastic resins, dynamite, etc; specialty products -- orlon acrylic fibre, some agricultural chemicals, specific plastic films, etc.; and non-manufactured products -- potassium chloride, pentaerythritol, calcium carbide, etc. At present, with the domestic industry working at close to capacity and with most chemicals in short supply around the world, almost any chemical which is available would be saleable.

Canada's share of the Australian chemicals import market is estimated at approximately three per cent. This share is limited, partly, by the small scale (by international standards) of the Canadian industry and by the fact that many products imported into Australia are not manufactured in Canada.

Specific opportunities should continue in future for exports to Australia of synthetic fibres, specialty resin and plastic films, titanium dioxide, dyes and pigments, and possibly pharmaceuticals. However, increasing freight rates will make it difficult for Canada to compete in any area where freight constitutes a sizable portion of the total cost.

## New Zealand

The chemicals industry in New Zealand is relatively small. Paint, synthetic fibres such as polyester, nylon and polypropylene, and chemicals derived from mining activities are some of the chemicals available from domestic production.

Total chemical imports are valued at approximately \$NZ 150 million, six per cent of which are sourced from Canada. These imports span a wide product range -- agricultural chemicals, plastic resins and films, elastomers, dyes, pigments and solvents. In addition, chemicals commonly imported by Australia appear to be imported in proportional quantities by New Zealand.

Imports are expected to continue to play a large role in this sector. Tariff preferences should give Canadian exporters an advantage over major foreign suppliers (except Australia). Provided Canada's chemical industry has sufficient future capacity, it should be able not only to expand exports but to increase considerably the range of products exported to New Zealand.

Soft Floor Coverings Sector Report

Mission Member:

A. Davidson  
President  
Harding Carpets Limited

Organizations contacted:

Australia

Harding Carpets Pty. Limited  
I & S Distributors - Simon Carpets Pty. Limited  
Camberg Carpets Pty. Limited  
Grace Brothers  
M.N.A. Distributors  
Carpet Manufacturers Limited  
Kornblum's Distributors  
Carpet Wholesalers Pty. Limited  
Laviga  
Winston Carpets Pty. Limited  
Thorald Harper & Company Pty. Limited  
Kornblums Pty. Limited  
Pacific Carpets International Pty. Limited  
Floor Coverings of Australia Pty. Limited  
Columbia Carpet Mills Pty. Limited  
Guilding Guarantee & Discount Company  
W.P. Murison Pty. Limited  
Pattersons  
Westminster Carpets Pty. Limited  
British Carpets (Australia) Pty. Limited  
J.G. Guest and Sons Pty. Limited  
G. Knowles Pty. Limited  
Smyth and Hickman Pty. Limited

New Zealand

Irving and Stern Limited  
Filtex New Zealand Limited  
Radford and Company Limited  
Flooring Distributors Limited  
U.E.B. Industries Limited

## Australia

During 1973 demand for carpets reached an exceptionally high level. As was the case in Canada, the increased demand could not be satisfied because of a tight supply situation.

Since Australian carpet manufacturers are dependent on external sources for an important portion of their spun yarns, the world-wide shortage of yarn has restricted the expansion of the Australian industry. Australian producers urgently require supplies and this represents an opportunity for any Canadian yarn manufacturers with excess capacity to establish a long-term supply arrangement with the Australian industry. However, it does not appear likely that any significant improvement in yarn supply will occur in the near future, meaning that excess demand for carpets can only be met by imports.

The opportunities for Canadian manufacturers to establish a significant position in the Australian carpet market have probably never been better. At the prevailing rate of exchange and rate of duty, Canadian carpets can land in Australia below prices offered by domestic manufacturers; Canadian technology and styling appear to be more advanced than Australian; the Canadian industry generally has lower prices for raw materials (man-made fibres) and either more resources or sources of yarn and filament nylon than the Australian industry; preferential duties provide Canadian suppliers with an edge over suppliers from non-preferential countries (e.g. U.S.A.); and Canadian products enjoy a good reputation in the Australian market.

One possible difficulty is that Australians have traditionally been inclined to accept wool carpets and have only just begun to accept carpets of man-made fibres. Since Canadian carpets are almost entirely of the latter type, promotional efforts will be required to win Australian customers to this type.

Canadian manufacturers should take positive steps to exploit the excellent prospects for sales to Australia. However, it should be recognized that the current abnormally high demand for carpets in Australia will be a temporary phenomenon, and since it is difficult to take advantage of the immediate situation, any approach to this market should be based on a long-term outlook. However, activities should be initiated now to capitalize on the reduction of duties and favourable exchange rates. Opportunities should also be explored for joint ventures and licensing arrangements.

New Zealand

Since Canadian carpets and styling are well received in Australia it might be expected that the same would be true in New Zealand. However, New Zealand has a strong local carpet industry protected by high tariffs and import licensing.

Almost all carpets sold in New Zealand are of wool since the Government does not allow New Zealand manufacturers to market domestically carpets made of man-made fibres. New Zealand production of man-made fibre carpets is permitted providing they are for export.

While it appears that the New Zealand industry is not as advanced as Canada's -- for example, in piece dyeing and printing -- and while currency exchange rates and preferential tariffs exist in favour of Canadian suppliers, import licensing effectively reduces the prospects for Canadian carpet sales. However, it is recommended that, where possible, contacts with the trade in New Zealand should be maintained in the hope the situation will change.

Textiles Sector Report

Mission Member:

R. J. Bruck  
Executive Vice-President  
Bruck Mills Limited

Organizations contacted:

Australia

Textile Council of Australia  
Departments of Overseas Trade and Secondary Industry  
Nock and Kirby  
Marubeni  
Sport Fashions  
Speedo  
Martin and Savage  
Myer Emporium

New Zealand

Snow Rainger  
Maurice Kain  
Palmer and McLaughlin  
Classic Fashions  
Farmer Department Store  
Nuera Fabrics



### Australia

The textile industry in Australia is currently thriving. Mills are in a sold-out position and there is a shortage of raw materials and labour. The Australian industry is more labour-intensive than its Canadian counterpart and labour unrest is causing the industry some problems.

While domestic production has traditionally existed behind a relatively high level of tariff protection, the industry has come under recent pressure from import competition as a result of the July 1973 tariff reductions and the revaluation of the Australian dollar.

The opportunities for textile companies to export to Australia at the present time are more favourable than they have been for years. Textured polyester woven fabrics are in great demand.

### New Zealand

Unlike Australia, New Zealand has no significant textiles industry. The one possible exception would be a knitting operation which is protected by high tariffs.

There are limited opportunities for export to New Zealand. Competition in this market comes from textile-producers around the world particularly Australia, Japan, Taiwan and Korea.

Canadian prices on fashion fabrics, in many cases, are competitive but Canadian sales in this area would have to replace imports from traditional sources such as the United States, Japan and Europe. In print fabrics, the market is not large enough to warrant purchase of complete runs of 3,500 yards and up.

The drapery fabric business offers some potential but Australian suppliers have a geographical advantage. While Australian prices are slightly higher than Canadian, the distance factor gives Australia an edge over Canada in service to such an extent that New Zealanders are inclined to buy from Australia.

On outerwear fabrics, such as gaberdine texturized wovens and cotton fabrics, there are limited opportunities. Competition from Japan and Australia is keen in this area as well.

Commercial and Institutional Food Preparation Equipment Sector Report

Mission Member:

B. Charlebois  
President  
Escan Metal Inc.

Organizations contacted:

Australia

Quality Cafe and Club Equipment Pty. Limited  
Department of Customs  
Hobart Manufacturing Company Pty. Limited  
Wentworth Hotel  
Dickson and Johnson Limited  
Asian Pacific International Limited  
Waldorf Appliances Pty. Limited  
E.G.A. Pty. Limited  
L.F.R. (Sales) and Associates Pty. Limited

### Australia

Australian and Canadian industries manufacturing commercial and institutional food preparation equipment appear to be quite comparable: material and labour costs are generally about the same and there is little difference in the range of products, the size of the industries is similar; and production facilities are equal in standards. However, it is felt that the quality and craftsmanship of Canadian products may be slightly higher.

While the Australian market for such equipment is competitive, opportunities for Canadian exports exist as a result of an excess of demand over supply. Preferential tariffs provide an advantage to Canadian equipment over competing products from other potential suppliers such as the United States. In addition, the currency exchange rate makes current North American prices for this equipment especially attractive to Australian buyers.

One factor that could delay development of this market for individual product items is the need for compliance with Australian standards for electrically operated equipment. In addition, difficulties in shipping to Australia, depending on the product concerned, might arise from the length of time in transit and the cost of shipping relative to the value of the product.

Medical Equipment Sector Report

Mission Member:

P. Villa  
Vice-President  
International Division  
Bio-Millet Laboratories Incorporated

Organizations contacted:

Australia

D.H.A. Anax Pty. Limited  
Stenning Sinclair  
Ramsay Surgical (NSW) Pty. Limited  
Royal Prince Alfred Hospital  
Sydney Hospital  
St. Vincent's Hospital  
Watson Victor Limited  
Stephenson and Turner  
Leighton and Irwin  
New South Wales Health Commission  
Downs Surgical (Australia)  
Tosco Pty. Limited  
Royal Melbourne Hospital  
Hospital and Charities Commission (Victoria)  
Victorian Hospital Association  
Health Services (West Australia)  
Royal Perth Hospital

New Zealand

Wellington Hospital  
Auckland Hospital  
E.C. Lackland and Company Limited

## Australia

Considering the size of Australia's population (13 million), the market for medical equipment is not as large as might be expected.

Many of the major world-wide manufacturers of medical equipment operate in Australia including Amsco, Castle, Stille, Maquet and Kifa.

In order to develop sales in this market, it is necessary to overcome competition from established suppliers by offering a unique or superior product. Some dissatisfaction with traditional import sources -- attributed to poor after-sales service, slow deliveries, high prices and unavailability of parts -- was noted during the mission and this could favour new suppliers. Excellent after-sales service is usually available from domestic manufacturers, and because of their geographic isolation, end-users are very concerned about obtaining a similar standard of after-sales service on imported equipment.

Procurement of medical equipment takes place at the State Government level and is generally done by tender. In some cases, however, when special items are required, equipment is purchased directly upon the recommendation of practitioners and medical authorities. Large medical equipment suppliers generally have branches in each state and, in most cases, their head offices are located in Sydney.

During the mission, Canadian expertise and capabilities in the medical equipment field were demonstrated to a wide range of important contacts: Board of Health officials, hospital planners and consultants, architects specializing in hospital construction, hospital administrators and hospital medical staffs. This kind of exposure should generate interest in, and facilitate the introduction of, a variety of Canadian equipment.

While the Australian hospital system is fairly modern, it is possible that a number of hospitals will soon undergo expansion and renovation. This could result in increased demand for equipment of a type available from Canada. Apart from this, specific market opportunities were identified for wheelchairs and sophisticated equipment such as specialized operating tables not produced locally.

Tariff preferences and the improved exchange rate give Canadian equipment a distinct advantage in this market. It appears that prospective buyers would be particularly receptive to products of Canadian origin in comparison with imports from other countries. However, to penetrate this market, Canadian equipment will have to gain acceptance by the appropriate health authorities and end-users, and must be competitive (in price, quality and after-sales service) against imported and locally produced equipment.

#### New Zealand

The New Zealand market for medical equipment is limited in size and is heavily dependent on imports. Canadian products enjoy an advantage in this market as a result of the tariff and currency situation.

Specific interest was found in New Zealand for wheelchairs -- the quality of such equipment must be high because of New Zealand's corrosive climate. Interest was also shown in more specialized equipment such as operating tables.

An observation, which is relevant to the medical equipment sector and most other sectors, concerns the appointment of agents. When appointing an agent for New Zealand, Canadian companies would be well advised to take into account the uniqueness of this market and to appoint a locally based representative rather than one based in Australia or another foreign country.

After-sales service is an important consideration when decisions are made about procurement of medical equipment from overseas and this increases the importance of appointing good representatives in New Zealand.



Consulting and Engineering Services Sector Report

Mission Members:

M. L. Hancock  
Chairman  
Project Planning Associates (International) Limited

D. H. Hushion  
President  
Algas Engineering Services Ltd.

H. J. Saaltink  
Director of Marketing for South East Asia  
Surveyer, Nenniger and Chenevert Inc.

Organizations contacted:

Australia

Rankine and Hill, Consulting Engineers  
National Capital Development Corporation  
Cities Commission  
Peko-Wallsend Limited  
International Mogul Mines Limited  
Association of Consulting Engineers  
Australia and New Zealand Banking Group Limited  
Leighton Contractors Pty. Limited  
State Rivers and Water Supply Commission (Victoria)  
Department of Civil Aviation  
Melbourne and Metropolitan Board of Works  
Noranda Australia Limited  
Ministry of Transport  
McPhar Geophysics  
B.H.P. Company Limited  
Kennaird, Hill, de Rohan and Young  
Flower Davies Wemco Pty. Limited  
East-Australia Pipeline Corporation  
Burmah Oil (Australia) Limited  
Australian Gas Light Company  
Esso Australia Limited  
Lancaster Engineering Pty. Limited  
The Pipeline Authority, Department of Minerals and Energy  
N.S.W. Department of Mines & Power  
Canada Australia Investment Company  
General Superintendence Company  
Gas and Fuel Corporation of Victoria  
B.O.C. of Australia Limited  
Ministry of Fuel, Power and Energy (West Australia)  
Metro Industries Limited

New Zealand

Tourist and Publicity Department  
New Zealand Ministry of Works  
Kerslake and Partners  
Morrison Cooper & Partners  
Association of Consulting Engineers  
ENEX  
Kingston, Reynolds, Thomas and Allardice Limited  
Shell, B.P., Todd Oil Consortium  
Natural Gas Corporation of N.Z.  
Department of Trade and Industry  
C.S.I. Engineering Limited

## Australia

Australian consulting engineers appear to be busy at the present time with much of the activity relating to infrastructure and urban projects. Capital investment in major mineral resource development projects and industrial projects, which would offer opportunities for participation of Canadian consultants, has slowed down as a result of uncertainty about the Australian Government's policies with respect to foreign investment. In addition, a decline in profitability of enterprises exporting under foreign currency contracts, resulting from the upward valuation of the Australian dollar, has also tended to inhibit the start-up of new development.

It is estimated Australia's consulting engineering industry employs more than 5,000 people and is involved in the design and supervision of projects valued in excess of \$A 1 billion annually. Traditionally, much engineering (and construction) was carried out by Government departments with in-house forces. For special projects, overseas consultants were hired and many of these now have well-established local subsidiaries or associated companies. Following a high rate of growth (72 per cent) from 1966/67 to 1970/71, the industry experienced a marginal decline, followed by the current period of rapid growth. The outlook for the immediate future of Australian consultants appears bright. However, a critical shortage of qualified engineers, technicians and tradesmen is currently inhibiting performance and growth.

Australia must import advanced technology if it is to continue to develop its mineral resources and if it wishes to establish competitive industries. Because Canada became industrialized earlier than Australia, Canadians have developed their engineering capabilities further than have the Australians in certain areas, notably in the forest industry and in the field of extraction and processing of minerals. Consequently, there should be, for example, long-term opportunities in Australia for Canadian engineering services associated with the development of metallic and non-metallic minerals.

Canadian consultants are rapidly acquiring experience in the oil and gas industry and in the associated petrochemical industry. This should enable them to compete with other foreign consultants (mainly from the United States) for work on future large-scale developments of Australian oil and gas resources. (See following separate Section on "Oil and Gas Consulting Engineering Services".)

Opportunities in the power field are generally limited to the field of high voltage transmission. Further in the future lie possibilities for Canadian participation in Australia's nuclear program.

In the context of large-scale development of Australia's natural resources, requirements exist for large infrastructure improvements including harbours and materials handling facilities. Specific opportunities were also identified in the field of forest resource development.

The Australian Government is planning urban development activity of considerable proportions. Its intention seems to be to develop whole new communities rather than continuing the sprawl of Australia's major world-scale cities such as Sydney, Melbourne and Perth. While the Australian engineering industry has a substantial knowledge of building technology and the handling of major urban projects, especially where office development is concerned, its technology is generally weak with regard to the building of new communities. Consequently, there are good possibilities for Canadian consultants to make inroads into the vast new urban development and housing opportunities throughout Australia.

There are also opportunities in the area of environmental impact statements. Almost all proposed development in Australia now requires an environmental impact statement and this field should be of interest to Canadian consultants experienced in land and soil, forestry, drainage, agriculture, vegetation, wild life protection, climatology and ecological relationships.

There may be possibilities for Canadian consulting firms to participate in joint ventures with Australian firms both in Australia and in nearby markets such as South East Asia, Indonesia and Oceania. For example, there are excellent opportunities for joint ventures involving the conception, planning and building of integrated tourism and community projects in Australia, Fiji, Papua New Guinea, the New Hebrides and Indonesia.

In summary, a highly competitive market exists for specialized consulting services supplied by international engineering organizations. Several Canadian companies have already captured a share of this market and there is scope for further Canadian participation. It should be noted, however, that to be successful in this market it is essential to form an association with an Australian consulting firm or to establish a Canadian subsidiary

in Australia. In this context, Australian consultants appear to be favourably disposed toward working with Canadians. The timing of further Canadian penetration of this market will depend partly on the return of a favourable climate for foreign investment in Australia.

At present, the currency exchange rate situation has an advantageous effect on the cost of consulting services provided to Australia from Canada. However, it also has an unfavourable effect on overhead costs incurred in Australian currency during the marketing and supply of services. These costs, especially those of business promotion are bound to be high in view of Australia's geographic isolation. No suppliers are more adversely affected by this factor than those located in Eastern Canada. Although consultants in Western Canada are in a slightly better position, most Canadians would have to consider establishing operating and marketing bases in Australia in order to keep down the cost associated with problems of distance and communication.

#### New Zealand

A local consulting engineering industry in New Zealand has grown up from a base of civil and structural engineering and is now beginning to branch out into mechanical and electrical engineering and special types of process work. Local expertise has been built up in the area of geothermal engineering and is rapidly growing in the food processing area as well.

Some excellent opportunities exist for Canadian exports of consulting services to New Zealand. Some of these are already being taken advantage of in such areas as forest industry development. Specific interest was identified for consulting services in a variety of areas including air-conditioning technology; waste disposal in connection with abattoirs (a multi-million dollar program is currently underway to upgrade meat-processing industry facilities); thermal power plants; and bridge design.

In New Zealand, shortage of land in existing urban areas, owing to topographic, geographic, agricultural and forestry constraints, reflects the need for Government activity in the planning of whole new communities and associated transportation, open space and employment networks. Canadian expertise might find an application in this area in the future.

As in the case of Australia, the exchange rate situation presents both advantages and disadvantages for Canadian exports of consulting services. In addition, New Zealand's geographic remoteness creates problems for Canadian firms wishing to penetrate this market.

### Oil and Gas Consulting Engineering Services

Both Australian and New Zealand governments are concerned about the levels of foreign ownership in their countries and how these affect the development of natural resources. Both governments want to obtain the best possible benefits from their resources and this implies the introduction of new secondary industry especially in the processing of oil and gas.

The oil and gas industries in both Australia and New Zealand should grow rapidly especially as a consequence of the current energy crisis. New discoveries of gas and oil are being found and, as yet, only a small portion of each country has been explored. As exploration proceeds, additional significant discoveries will no doubt be made. As these developments occur, there should be excellent opportunities for Canadian consulting engineering services (in such areas as design and engineering of transmission lines, cost analyses and market studies of proposed pipeline routes and conversion from coal gas to natural gas systems) as well as for supply of line pipe, compressors, gas plants, valves, fittings, coatings and other materials, machinery and equipment. Competition will come largely from the United States and Japan (especially in supply of materials).

Canadian consulting engineers in the natural gas business have become progressive and have taken a leading role in the industry. This should enhance their position to compete successfully. Neither Australia nor New Zealand are advanced in pipeline technology and both are in need of assistance from outsiders. In this field, as in others, Australians and New Zealanders appear to be responsive to building good relationships with Canadians.

### Fiji

Fiji represents an important potential market for Canadian consulting engineering services in the area of tourism. The Fijian Government is promoting tourism development as a major factor in bolstering the country's progress toward a money-oriented society and economy.



Tourism in Fiji is growing at an estimated annual rate of 25 per cent. Future requirements of the tourism industry involve a considerable expansion of accommodations (e.g. an estimated 8,000 new tourist beds by 1980) through hotel and condominium construction and creation of supporting infrastructure. In addition, training facilities for staff and food production and processing facilities will be required.

One particular project currently under consideration, the proposed Natadola complex, offers interesting potential for involvement of Canadian consultants.

The Fijians are particularly receptive to Canadians and the interest of both the Fijian and Canadian governments in strengthening their bilateral trade ties should enhance the prospects facing Canadian consultants interested in offering their services to Fiji.

Power Generation and Distribution Equipment Sector Report

Mission Members:

J. M. Douglas  
President and Chief Executive Officer  
Babcock & Wilcox Canada Ltd.

J. Y. Cote  
President and Managing Director  
ASEA Industries Limitée

R. C. Hall  
Manager  
International Sales  
Westinghouse Canada Limited

Organizations contacted:

Australia

Babcock and Wilcox Australia Limited  
Bailey Meter Australia  
Electricity Commission of New South Wales  
State Electrical Commission of Victoria  
Metal Trades Industries Association  
Commission of Fuel and Power - Government of  
West Australia  
State Electricity Commission of West Australia  
Western Machinery Company Pty. Limited  
Metro Industries  
ASEA Electric (Australia) Pty. Limited  
Australian Electrical Manufacturers Association  
Sydney County Council  
Hydro Electric Commission of Tasmania  
East-Australia Pipeline Corporation  
Westinghouse Electric Australia Limited  
Tyree Electrical  
Tyree Canada Wire Pty. Limited  
Endurance Electric  
Bechtel Pacific Corporation Limited  
Broken Hill Proprietary Company Limited  
Camalco Limited  
Commonwealth Works Department  
I.C.I.  
Hamersley Iron Pty. Limited  
Alcoa of Australia (W.A.) Limited

Organizations contacted - Australia (cont'd)

Australian Selection Pty. Limited  
Mt. Newman Mining Company Pty. Ltd.  
Santos Limited  
Department of Civil Aviation  
Australian Iron & Steel  
Email Limited  
Williams Brothers  
West Australia Transformer Company

New Zealand

Preece, Cardew and Rider  
Forgan Jones Limited  
Moyes and Groves  
New Zealand Electricity Department  
New Zealand Ministry of Works  
Air New Zealand  
H.W. Clarke N.Z. Limited  
Email Industries Limited  
Ministry of Transport  
Joseph Nathan and Company Limited  
New Zealand Steel  
ASEA Electric (N.Z.) Ltd.

Australia

The electrical manufacturing industry in Australia is strong and relatively well protected. While the local industry has traditionally been sheltered by tariff protection, there are indications that the industry now recognizes that reduction of tariffs is beneficial in encouraging increased efficiency and competitiveness.

There is a market in Australia for specialty items and some Canadian electrical manufacturers are already active there on a selective basis. At the present time, industrial expansion is somewhat stagnant. This has slowed the growth in demand for electrical power resulting in a surplus of power generating capacity in some areas.

The future development of the mineral wealth of Western Australia, and the associated development of secondary industry based on these resources, is probably the most promising area for major new investment in power generation. The introduction of power plants in this region will also be closely related to development of gas fields in the Northwest Shelf, off Australia's West Coast.

In coming years, there will be opportunities for the sale of Canadian engineering design and major components to the steam generation industry in Australia. State utility organizations in New South Wales, Victoria and Western Australia will all be requiring new power generating equipment, primarily coal-burning, for bidding in 1974. It should be possible for Canadian companies to participate in these projects, probably working with Australian partners.

Because of the currency exchange rate factor, Canadian companies should be able to offer attractive prices even though their products may be subject to substantial tariff rates. However, tariff preferences in favour of Canada should also help make Canadian equipment competitive.

Canadian equipment has been sold into all sectors of the Australian market where steam generating equipment is required, from small package (shop-assembled) boilers to the large field-assembled units required by the power utility companies. It is recommended, however, that companies interested in entering this market work through an Australian company which can provide the expertise needed to satisfy the requirements of the Australian marketplace including construction expertise and the handling of Australian labour for field-erected equipment.

There is also a market in Australia for heavy electrical equipment such as transformers. There is currently excess load capacity in transformers due to slow growth in load requirements. This has resulted, in turn, in excess production capacity among Australian manufacturers of transformers below 100 MVA. In the long term, however, requirements for transformers should increase particularly when developments in Western Australia pick-up. Suppliers of large transformers may encounter difficulties in Australia due to limitations on port handling and on transportation by rail and road. Canadian transformers having smaller volume and lower weight would have an advantage in this respect.

There are specific opportunities involving projects requiring gas turbine power plants. Over the next five to 10 years there should be a good future for gas turbine generation. There are also opportunities for mechanical-drive, steam turbines. As is to be expected, given Australia's geographical isolation, service is a paramount consideration in any purchase of rotating equipment such as turbines.

The electricity distributors are finding themselves under considerable constraint due to environmental considerations. Therefore, there is now a good market for oil-insulated underground cable, special low-profile transmission poles, and gas-insulated substations.

### New Zealand

It appears likely that the import of major steam generating equipment into New Zealand will be a general policy of the Government for many years to come. There is no local industry capable of manufacturing the more complex equipment required for steam generation plants at this time. Consequently, tariffs play a less important role in New Zealand than in Australia.

Certain departments of the New Zealand Government are most anxious for New Zealand secondary manufacturing industry to obtain subcontract work in relation to utility power plant projects. At the same time, it is generally in the interest of New Zealand utilities to purchase equipment from overseas because of a lower cost and higher quality. Consequently, it is likely that consulting engineers will attempt to evaluate well-designed foreign equipment in such a way that it is recommended for purchase by the New Zealand utility.

A new power station in New Zealand has been committed and bids will be received during 1974. Canadian companies will be bidding on this project. Additional coal-firing units will be ordered over the next two years. Additional opportunities exist for supply of field-erected industrial boilers to the pulp and paper industry. (As was the case with Australia, it would be wise for Canadian companies to obtain the services of a New Zealand-based organization familiar with labour practices and supervision of labour in projects involving the erection of major capital equipment.)

There are some possibilities in New Zealand for gas turbine power plants in the next few years. Power transformers and high voltage circuit breakers are currently imported, but distribution transformers, which are not purchased in great quantity, are available locally.

## PART V Conclusions

The mission succeeded in identifying a number of areas that offered excellent prospects for increased Canadian exports. Further, through press coverage and through the many contacts established by the mission members, the mission publicized the desire of Canadian businessmen to strengthen and further develop their trading ties with Australia and New Zealand.

Everywhere they went mission members were well received; their Canadian identity proved to be a definite asset. It was evident that Canadian suppliers occupied a unique competitive position in these markets as a result of the tariff and currency factors, and a general receptiveness in these countries to things Canadian appeared to lend an intangible benefit to our exporters. The consensus of the mission was that Canada's competitive position in these countries was more favourable than it had been for some time.

Not all of the mission findings were of a positive nature. It was recognized that certain impediments to trade might tend to restrain any significant increase in Canadian exports to these countries. For example, geographic distance between Canada and the South Pacific was likely to continue to create problems of shipping and communication. However, it appeared that many such problems could be overcome provided Canadian businessmen devoted more attention and effort to these markets.

The mission findings left little doubt that there was enormous potential for an improved Canadian export performance in these markets. As these economies continued to prosper and grow, Canadian exports could be expected to face an excellent opportunity to share in this growth.

The mission helped make Canadian businessmen more aware of the market situation in the South Pacific, it demonstrated Canada's interest in these markets, and it stimulated interest in Canadian sources of supply. In order to maintain the interest generated by the mission, considerable follow-up activity by individual businessmen will be required. The Canadian Government can assist with its various programs but further initiatives will be required from the private sector. Individual businessmen are advised to examine the possibilities for sales of their particular products or services to South Pacific countries.

## Part VI FOLLOW-UP

The Department of Industry, Trade and Commerce has developed a number of programs designed to assist Canadian exporters to explore and develop sales opportunities in foreign markets. In the context of follow-up activity to capitalize on the opportunities identified and the interest generated by the mission, there are two particular programs that are relevant to exporters interested in marketing goods or services in South Pacific countries:

### Program for Export Market Development (PEMD)

This program aims to bring about a sustained increase in Canadian exports by providing incentives in the form of repayable contributions to approved expenses that would otherwise inhibit marketing endeavours by Canadian companies.

The program consists of a number of component sections:

Section A - Incentives for Participation in  
Capital Projects Abroad

Section B - Market Identification and Marketing  
Adjustment

Section C - Participation in Trade Fairs

Section D - Incoming Foreign Buyers

Further information on all aspects of this program is available from the Program Office (Export Market Development), Department of Industry, Trade and Commerce.

### Promotional Projects Program

This is a program of trade fairs and missions in which Canadian industry is invited to participate. It consists of such sponsored promotions as:

Trade Fairs Abroad -- Vertical and Horizontal,  
Missions -- Incoming and Outgoing,  
In-Store Promotions,  
Sample Shows,  
Incoming Trade Delegates and Buyers Program,  
Export-Oriented Training Program.



The forms of assistance under this program vary according to the promotion. In the case of trade fairs, assistance includes project management, exhibit design and construction, assistance in shipping products, etc.

In relation to markets in the South Pacific, promotional projects planned for the near future include Sample Shows of consumer and light industrial goods (to be held in the offices of Canadian Consulates in Australia) and a Canadian exhibit at Australia's International Engineering Exhibition. These projects have evolved as the Department's contribution to follow-up activities in support of the major promotional initiative which the Trade Development Mission represented.

Further information on these specific projects, or on any other aspects of the Promotional Projects Program, is available from the Fairs and Missions Branch of the Department of Industry, Trade and Commerce.

APPENDIX

Canadian Trade Offices in the South Pacific

Australia

Canadian High Commission (1)  
Commonwealth Avenue  
Canberra, A.C.T., 2600

Canadian Consulate General (2)  
Box 3952, G.P.O.,  
Sydney, N.S.W., 2001

Canadian Consulate General  
Princes Gate, East Tower, 151 Flinders Street  
Melbourne, Victoria, 3001

New Zealand

Canadian High Commission  
P.O. Box 12-049 Wellington North  
ICI Building, 3rd Floor  
Molesworth Street  
Wellington

Inquiries about trade with Australia, New Zealand  
or Fiji may be directed to the Trade Commissioners at the  
appropriate office shown above or the:

Pacific Division  
Pacific, Asia and Africa Bureau  
Department of Industry, Trade and Commerce  
Ottawa, Canada  
K1A 0H5

(1)

This office concentrates on trade policy activities as  
opposed to trade promotion.

(2)

Fiji falls within the territory of the Trade Commissioner  
office in Sydney.

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