

**The Trade Commissioner Looks at Rumania (page three)**

# FOREIGN TRADE

DEPARTMENT  
OF TRADE AND  
COMMERCE  
OTTAWA

**FEB. 11. 61**



# FOREIGN TRADE

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OF TRADE AND  
COMMERCE  
OTTAWA

Established in 1904

FEBRUARY 11, 1961

Volume 115, Number 3

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Published fortnightly by the Department of Trade and Commerce.

The Hon. GEORGE HEES, Minister.

JAMES A. ROBERTS, Deputy Minister.

Please forward all orders to:

Queen's Printer, Government Printing Bureau, Ottawa.

Price: \$2.00 a year in Canada; \$5.00 abroad

Single copies: 20 cents each.

Material appearing in this magazine may be freely reprinted, preferably giving credit to "Foreign Trade".

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# Rumania

## in Brief

**Area:** 91,738 square miles.

**Population:** 18,255,504 in 1959.

**Climate:** temperate.

**Language:** Rumanian; Russian, French and English used commercially.

**Currency:** lei; official rate, 6 lei equal U.S.\$1.00; tourist rate, 12 lei equal U.S.\$1.00.

**Weights and measures:** metric system.

**Capital:** Bucharest, population 1,291,351.

**Chief ports:** Constantza on the Black Sea; Galatzi and Braila on the Danube.

**Marketing centres:** Brasov, Timisoara, Ploesti, Oradea, Iassy, Cluj.

**Economy:** dependent on agriculture and oil but variety of other industries developing rapidly.

**Total Rumanian imports:** 1959—lei 3,011.6 million; 1958—lei 2,890.2 million.

**Chief imports:** equipment and materials for complete industrial plants, finished rolled metals, iron ore and other ores, raw hides, cotton (unginned), metalworking tools, diesel engines and gas generators, staple fibre, industrial coke, electric cables and conductors, natural and synthetic tanning substances, steel tubing, ferro-alloys, ball bearings.

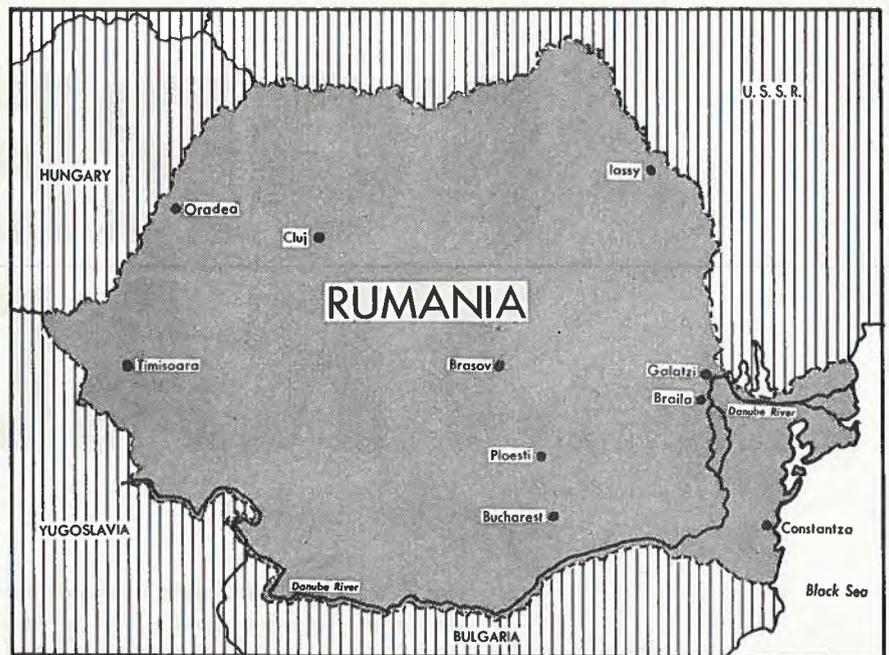
**Chief suppliers:** (in per cent)—U.S.S.R. 46.8; Czechoslovakia 9.8, East Germany 8.9, Poland 3.5, Communist China 6, West Germany 3.7, Hungary 3.6, United Kingdom 2.1.

**Value of imports from Canada:** 1960 (11 months)—\$1.3 million; 1959—\$1.1 million; 1958—\$1.1 million.

**Chief imports from Canada:** seed corn, purebred cattle and swine, medicinal preparations, baby chicks, wool rags and waste, aluminum, soya beans.

**Total Rumanian exports:** 1959—lei 3,130.3 million; 1958—lei 2,810.0 million.

**Chief exports:** mineral oil and its products, wheat, corn, meat (fresh and preserved), fruits and vegetables (fresh and pre-



served), wines, tractors, railroad rolling stock, oilfield equipment, caustic soda and soda ash, carbon black, equipment for thermal power plants, equipment for cement mills, petroleum products, cement, window glass, furniture, leather, footwear, paper.

**Chief markets:** (in per cent)—U.S.S.R. 47.9, East Germany 6.8, Czechoslovakia 6.7, Communist China 5.6, West Germany 4.6, United Kingdom 1.7.

**Value of exports to Canada:** 1960 (9 months)—\$82,464; 1959—\$36,749.

**Chief Canadian purchases:** walnuts, spices, sheet glass.

**Dollar exchange:** severely restricted; allocated for import of essentials only.

**Prices:** quote in U.S. or Canadian dollars, both f.o.b. and c.i.f.

**Samples:** admitted free of duty if not of commercial value.

**Import controls, documentation, customs tariffs, marking and labelling:** consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

**Correspondence:** airmail only; letters 15 cents per half-ounce.

**For detailed information on this market write to:**

European Division  
International Trade Relations Branch  
Department of Trade and Commerce  
Ottawa

or

Commercial Counsellor  
Opernringhof  
Opernring 1  
Vienna 1, Austria

# The Trade Commissioner Looks at

## RUMANIA

This Eastern European country has expanded its economy rapidly in the postwar years. This development has opened up trading possibilities for Canadians exporting industrial raw materials, specialized machinery, certain agricultural products—and willing to study market at first hand.

R. K. THOMSON,  
*Commercial Counsellor, Vienna.*

CANADA'S trade with Rumania has developed in a modest but encouraging way in the past two or three years, and some details about this country, its economy and methods of trade may be of interest to Canadian exporters and importers. Richly endowed agriculturally, with mineral wealth (especially oil) and a developing industry, Rumania's economy has progressed in the past decade. Canadian trade with Rumania has increased from the negligible value of a few years ago to an encouraging total in 1959 and 1960. The visit to Canada of a Rumanian buying mission early in 1959 was evidence of the interest of the Rumanian Government in strengthening this growing trading relationship; purchases in Canada of more than \$1 million, largely in the agricultural field, are reported to have resulted.

### **Agriculture and Oil**

During the last war Rumania suffered some damage, particularly to its oil industry, but recovery is complete. Agriculture has always been the backbone of the economy and since the Middle Ages the raising and export of wheat, corn, fruit, and meat products has been important. Today over 80 per cent of the total agricultural area consists of state-operated or collectivized farms and agricultural production is becoming increasingly mechanized and mod-

ernized. Oil is the next most important factor; the well known Ploesti oilfields near Bucharest are responsible for the bulk of production, although new oilfields have recently been found and exploited in other parts of the country. Annual oil production is reported to be over 12 million tons; the oil is of good quality and relatively sulphur-free. Rumania is producing and exporting a wide variety of oil products and derivatives—including high-octane petrol, special oils and bitumens, paraffin wax and naphthenic acids. Natural gas is produced and used for various purposes in large quantities.

Rumania is developing a complex chemical industry relying to some extent on the oil industry for its raw materials. A synthetic rubber factory with an initial capacity of 25,000 tons a year began production in 1959 and a synthetic fibre factory using petrochemical raw materials has also been built. Output of synthetic resins of different types is increasing. In addition, Rumania is producing and exporting a variety of other chemicals and pharmaceuticals, including calcium carbide, dye-stuffs, solvents, phosphates and many organic chemical products. She mines about eight million tons of coal a year, mainly lignite in quality, and also possesses important deposits of iron ore, manganese, gold, copper and lead.

## Rumanian Foreign Trade Companies

<b>AGROEXPORT</b> Str. Doamnei 12 Bucharest	Export and import of all grains, seeds, spices, medicinal herbs and similar products.
<b>CARTIMEX</b> Str. Aristide Briand 14-18 Bucharest	Export of paper, stamps, handicraft articles, carpets, textiles, garments, leather, ceramic products and basketware.
<b>CHIMIMPORT</b> Str. Doamnei 12 Bucharest	Export and import of industrial and fine chemicals and pharmaceuticals.
<b>EXPORTLEMN</b> Piatza Rosetti 4 Bucharest	Export of wood and wood products.
<b>INDUSTRIALEXPORT</b> Str. Gabriel Peri 2 Bucharest	Export of machine tools, building machinery, rollingstock, diesel engines, farm equipment, electric motors, transformers, oilfield equipment, complete industrial plants, (cement mills, oil refineries, various plants for the chemical industry, thermal power plants and others), sea and river ships. Import of ships.
<b>MASINIMPORT</b> Str. M.Eminescu 10 Bucharest	Import of complete plants and machinery, heavy machinery and equipment for industrial and transport purposes, except ships.
<b>METALIMPORT</b> Bd. 6 martie 42 Bucharest	Export and import of ferrous and non-ferrous metals and alloys.
<b>PETROLEXPORT</b> Bd. 6 martie 42 Bucharest	Export of petroleum products and derivatives; import of certain ores.
<b>PRODEXPORT</b> Str. Gabriel Peri 5-7 Bucharest	Export and import of food products (fruit and vegetables, meat, processed and unprocessed).
<b>ROMINOEXPORT</b> Piatza Rosetti 4 Bucharest	Export of cement, glass and glassware, textile products, and other secondary manufactures; leather goods, footwear. Import of raw materials for such industries.
<b>TECHNOIMPORT</b> Str. Doamnei 5 Bucharest	Import of industrial machinery and equipment, consumer goods.

### Other Resources

In her mountains Rumania has large areas of forest and the production and export of paper, timber, plywood, fibreboard, furniture and other wood products is important. Ambitious plans are under way for the expansion of paper and cellulose production. These include the erection of a large plant for making these products from the vast re-

sources of river reeds growing in the great delta area of the Danube River where it flows into the Black Sea.

Industry, both heavy and light—ranging from the production of oil-drilling equipment, tractors and locomotives to textiles and refrigerators—is increasing; it is understood that approximately 60 metallurgical and engineering works have been

built or reconstructed in the post-war years. Production of iron ore is over seven times the prewar figure and metallurgical coke over seven times. One of the largest pipe-rolling mills in southeast Europe has been built there, in addition to new and modern steelworks, blooming mills and rolling mills. Gross industrial output is reported to have increased at an annual average rate of 12.8 per cent during the past nine years.

### Six Year Plan

In May 1960 the Rumanian Government published details of its latest Six Year Plan covering the years 1960-1965. This ambitious plan has as its main objectives the development of industry and agriculture, the expansion of the economy in the less developed areas of the country, an increase in national income, and the improvement of the standard of living. The main industrial effort will be concentrated on the iron and steel, the machinery and chemical industries and the expansion of electric power, plus the development of new resources, particularly mineral. By 1965 the output of pig iron is expected to total two million tons, compared with 846,000 tons in 1959. Steel output is expected to rise to 3.3 million and iron ore to 4 million tons by 1965; the latter is approximately a fourfold increase over 1959. Output of non-ferrous metals is to be expanded by 1965 to meet domestic requirements of lead, zinc and aluminum and nearly all requirements of copper. An aluminum plant with a capacity of 50,000 tons a year is planned, to use Rumanian bauxite. The over-all output of the chemical, rubber, cellulose and paper industries is expected to increase over three times in the next five years, including a target of 59,000 tons of synthetic rubber. Plants producing 374,000 tons of paper a year are also envisaged.

By the end of 1965, gross agricultural output is scheduled to be 70-80 per cent greater than in 1959,

largely through the mechanization of agriculture, the intensive use of fertilizers, and the opening-up of new land through drainage and irrigation. According to the Plan, wheat output by 1965 is expected to exceed 5 million tons. Purchases of Canadian purebred swine, beef cattle and baby chicks by Rumania in the past year or so are evidence of the interest in increasing the level and quality of agricultural production.

### **Conducting Foreign Trade**

As in other "planned economy" countries in Eastern Europe, Rumania conducts its foreign trade through a number of trade enterprises, each responsible for the monopoly of the import and export of a group of commodities. The principal trade enterprises so engaged are listed in the accompanying box, with some data on the field that each covers. These foreign trade enterprises are the only organizations in Rumania that can place orders abroad for goods of any description and are the sole agents for selling Rumanian goods abroad.

Rumanian foreign trade has expanded considerably in the last 15 years, keeping pace in scope and diversity with the industrial development of the country. For example, it is reported that between 1938 and 1959 Rumania's exports of machinery and equipment increased from less than 1 per cent of total exports to more than 15 per cent. Whereas agricultural products and raw materials formed the bulk of Rumanian exports twenty years ago, the list of goods shipped abroad at present is much more diverse and represents all phases of Rumanian industry, from complete plants and products of the iron and steel industry to a wide range of oils and chemical byproducts. Agriculture and oil, however, still provide the greater part of Rumanian exports.

In recent years 75 per cent of the volume of Rumania's foreign trade has been carried on with other

Communist states; Rumania now trades with more than 70 different countries, approximately 40 of which have entered into commodity trade agreements with her for the exchange of stipulated commodities according to agreed values. Trade with countries of the non-Communist world is increasing. The draft Six Year Plan for the years 1960-1965 provides for the volume of foreign trade to double.

Canadian trade with Rumania has always been very small but in the past two years has shown encouraging signs of expansion. In 1937, for example, Canadian exports to and imports from Rumania totalled only \$181,618. In 1957 this figure increased to \$428,979 but the balance of trade was considerably in Canada's favour. In 1958 Canadian exports to Rumania were valued at \$1.1 million, including hybrid corn seed, animal and poultry breeding stock, hides, wool rags and waste, and medicinal preparations. Exports during 1959 were at approximately the same level. Canadian imports from Rumania still remain modest in value but have included such products as sheet glass, handicraft goods, paprika and other spices, and shelled walnuts.

### **Market for Canadian Goods**

The extent of Rumanian purchases in Canada will depend somewhat on Rumania's ability to increase sales of Rumanian goods there. Foreign exchange reserves are limited because most of her trade with Communist and non-Communist countries is conducted within the framework of bilateral balanced trade agreements. Purchases from Canada will therefore be confined to products essential for the progress of the economy and not readily available from her principal trading partners. Generally speaking, these include raw materials for industry, such as base metals and chemicals; specialized machinery, plant and equipment, and agricultural products such as seed, pedigreed livestock and poultry.

Canadian traders, whether considering Rumania as either a market for their products or as a source of supply, may contact any of the trade corporations detailed in the accompanying box directly; Rumanian trade enterprises appear interested in learning more about Canadian products. Any literature provided should be sent in several copies for wider circulation within the trade corporations and to possible end-users. Correspondence with these organizations may be conducted in either English or French. Imports and exports are shipped principally through Constantza on the Black Sea and also through North European and Mediterranean ports.

Selling to the Rumanian market is by no means easy and can only be done effectively through personal visits to the country and direct contact with trade organizations, officials and end-users of the product concerned.

Visits of Canadian businessmen to Rumania are welcomed; they are helpful in stimulating interest in Canadian products and almost essential for making sales. Bucharest is well served by air from Western European centres. Canadian businessmen require Rumanian visas and these may be secured through the Rumanian Legation in Washington, D.C., or other Rumanian consulates and embassies abroad.

The Commercial Counsellor and the Assistant Commercial Secretary at the Canadian Embassy in Vienna visit Rumania periodically and are prepared to assist Canadian businessmen who are interested in trading with that country.

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### **Visiting Iran?**

The Iranian New Year falls on Tuesday, March 21, 1961, the Commercial Counsellor in Tehran informs us. Canadian businessmen who are planning a visit to Iran should avoid the period March 16 to April 2, because many Iranians will be away from Tehran during this time.



# Advertising Abroad

**In Eastern Europe,** film showings, lectures on technical subjects, advertisements in the technical press, and displays at trade fairs have proved to be effective ways of reaching end-users of products in an area where state monopolies conduct foreign trade and make the buying decisions.

PETER A. FREYSENG, *Assistant Commercial Secretary, Vienna.*

THE Canadian exporter who wishes to influence buying decisions in Eastern Europe by advertising must consider his advertising campaign in terms of the systems of trading in force in this area. In Czechoslovakia, Hungary, Bulgaria and Rumania, the State owns all the production resources and trading facilities and operates them through various Government Ministries on the basis of general five-year and more detailed one-year plans, drawn up in line with long-term national economic policies. Foreign trade is conducted by approximately ten to twenty foreign trade monopolies in each country, one for each broad product field, under the supervision of the Foreign Trade Ministry. These trade monopolies consider imports and foreign exchange commitments annually in consultation with banking, production and marketing officials.

In contrast, the Yugoslav trading system represents a compromise between central planning and the principles of decentralization and competition. The Government guides foreign trade by planned allocation through central banks of foreign exchange and investment funds. Beyond that, Yugoslav enterprises can compete in all fields with each other and can buy and sell what they wish. Thus in Yugoslavia, instead of one monopoly enterprise handling

a specific group of products, the advertiser will find as many as ten firms competing with one another in similar product fields.

Certain other factors have a bearing on advertising. Since the war, economic planning in all Eastern European countries has given priority to growth in industrial and agricultural production rather than in the supply of consumer goods. Thus Czechoslovakia, Hungary, Rumania and Bulgaria generally import from the West only the agricultural and industrial raw materials and machinery which they cannot obtain in the Communist Bloc. (In contrast again, Yugoslavia trades with Western countries in all products, but here too shortages of foreign exchange have made it necessary to give priority to imports of raw materials and machinery.) The emphasis on improvement of production has created a great need for technical knowledge and knowhow. Eastern Europeans are trying to meet Western standards of production and want not only Western products, but our ideas and experience as well.

## General Principles

From all this, the Canadian exporter can draw the following conclusions about the range of any advertising campaign and the methods he can use.

- Advertising must be directed at specific groups of traders, officials and technicians rather than the general public. The wishes of the consumer have some, but limited, influence on imports.

- It should be confined to the products used by industry and agriculture.

- It must carry a technical message.

- Advertising in mass media serves little purpose for the exporter.

## What Audience?

In Eastern Europe, advertising must be based on a careful assessment of exactly who will influence the import of a particular product before a campaign begins. In general, the advertiser should aim at the following groups:

1. Those immediately involved in the import of and payment for his goods, such as executives of the foreign trade corporations, the officials of the Ministries of Foreign Trade, and the officials of the state banks in Czechoslovakia, Hungary, Rumania and Bulgaria; the management of the import firms; members of the Chamber of Foreign Trade; officials of the state Foreign Trade Bank and the Federal Committee of Foreign Trade in Yugoslavia.

2. The distributors who must warehouse and dispose of the goods after import. It should be pointed out that the importing organization and the distributing organization are quite separate and consequently the distributor may at times be in closer touch with the domestic market requirements for particular products.

3. The end-users of any product, or those who will advise the end-user—including the management, engineers, technicians and foremen of factories and state farms; directors and experts of national and provincial research institutes; officials of the State Investment Banks who influence the allocation of funds for imported investment goods; officials of production ministries (such as the Ministry of Agriculture); and, in Yugoslavia, members of the semi-official Federal and Provincial Chambers of Agriculture and Industry as well, because they help plan imports and approve investment projects.

### The Language Problem

The mass media of the daily press, radio, television, movies and billboards exist in varying degrees in all these countries but because of the nature of the trading systems and actual product opportunities have little influence on the decision to import. The Canadian exporter will find that advertisements in the technical press, direct mail, lectures and films, and exhibits at trade fairs are the most effective means of reaching the people who might be interested in his product.

In using any of these media, the advertiser must pay close attention to the language to be used and the problem of standards. Advertising, even aimed at educated people such as engineers, has most appeal in the native languages of a particular country. In Czechoslovakia, Czech is spoken in the provinces of Bohemia and Moravia and Slovak in Slovakia, and both languages are written in the Latin (or Western) script. In Hungary the language is Hungarian and the script Latin. In Rumania the native Rumanian is the official language, but there are substantial minority groups who speak Hungarian and German as well; the script is still Latin. In Bulgaria, the language is closely affiliated with Russian and the Cyrillic script is used. In Yugoslavia, Serbo-Croat is understood everywhere al-

# DODÁVÁME NYNÍ Z KANADY 6 ODLIŠNÝCH TYPŮ GUMY PRO VŠEOBECNÉ POUŽITÍ

**POLYSAR S** kopolymer styren-butadienu, se doporučuje na botnice a kostry pneumatik, technickou pryž a akumulátorové skříňe.

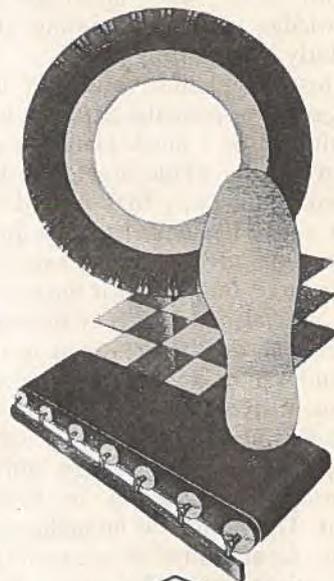
**POLYSAR S 630** guma podobná Polysaru S, je však světlostí, nevykvétající a velmi světlé barvy. Doporučuje se k výrobě pryžového zboží světlé barvy a černých výrobků, které jsou v delším styku se světly nátěry. Polysar S 630 je také vhodný jako přísada k polystyrenu, aby se zvýšila nárazová odolnost umělé hmoty.

**POLYSAR KRYLEN** kopolymer styren-butadienu, má výbornou fyzikální pevnost a neotřídí se lehcí. Lze ho zvláště použít pro běhouny pneumatik u osobních a malých nákladních vozů, protektory pneumatik, kryty k běhícím pásům a technickou pryž.

**POLYSAR KRYLEN NS** obsahuje stabilizátor, antioxidant pro světlé směsi. Jelikož je to guma výjimečně světlé barvy, Polysar Krylen NS se doporučuje k výrobě diaždiček na podlahy, podrátek a podpatků, gumových hraček, technické pryže, válečků u ždímaček, sportovního nářadí a gumou potažených textilních tkanin, např. nemocničních prostěradel.

**POLYSAR KRYNOL 651** je olejem pojený kopolymer styren-butadienu. Jako hospodárná guma s dobrými fyzikálními vlastnostmi a výbornou odolností proti oděru má rozšířené možnosti použití v gumárenském průmyslu. Vzhledem k tomu, že patří mezi gumy nevhodné pro světlé výrobky, používá se hlavně na běhouny pneumatik u osobních a malých nákladních vozů, protektory pneumatik a různé lisované, kalandrované nebo lisováním vyrobené zboží a na technickou pryž.

**POLYSAR KRYNOL 652** je podobný Polysar Krynolu 651, ale obsahuje antioxidant, umožňující použití pro bílé směsi, a světlý olej. Doporučuje se pro nevykvétající technickou pryž světlé barvy, na obuv, rohožky, sportovní nářadí a předměty z houbovitě pryže.



Podrobné informace o gumích,  
prodáváných pod označením Polysar, podá

MARKETING DIVISION,  
POLYMER CORPORATION LIMITED,  
SARNIA, CANADA

*Canada's Polymer Corporation, Sarnia, placed this advertisement in a Czech technical journal, Chemický Průmysl, in July 1959. The text concentrates on giving technical information about the uses of the various types of synthetic rubber Polymer makes.*

though there are other languages too. The advertiser should notice, however, that the Cyrillic script is used in writing Serbo-Croat in the provinces of Serbia, Montenegro and Macedonia, and the Latin script in the provinces of Croatia and Slovenia.

It is true that a number of other languages are understood throughout Eastern Europe. For centuries,

the German and Austrian influence was strong and many of the countries had substantial German-speaking minorities. Many of the older executives, engineers and experts were educated in Austria or Germany. German thus continues to be a well-understood commercial and technical language, particularly in Czechoslovakia, Hungary and Yugoslavia. The French cultural influ-

ence used to be strong, particularly in Czechoslovakia, Yugoslavia and Rumania. Today French has the advantage over German and English only in Rumania. Russian is now compulsory in the schools in most countries, but its use appears to be advantageous only in countries which have Slavic languages, such as Czechoslovakia, Yugoslavia and Bulgaria. English is not so widely known as the other languages but knowledge of it is increasing, particularly in importing circles.

This bewildering variety of languages may appal the exporter who is thinking of a quick blanket campaign for the whole area. The fact remains, however, that use of the right native language brings a quick return; the advertising message will not have its full impact if the executive, official or technician does not understand all the details or has to depend on a slow translation department. Recently in Yugoslavia a Canadian firm circulated its English pamphlet among end-users with a covering memorandum in Serbo-Croat. The result was immediate inquiries from a number of executives who might otherwise never have even glanced at the English pamphlet.

### **Standards and Prices**

Almost as important as language in using any medium is the question of standards, and this is particularly true where advertising must carry a technical message, whatever form it takes. The metric system is used throughout the area for weights and measures, but individual countries sometimes have their own peculiar terms. Thus in Hungary agricultural production is measured in yields per cadastral yoke (0.7 acres), and in Yugoslavia in carloads (10.1 short tons) per hectare (2.5 acres). Any advertiser stressing the productive qualities of an agricultural product will not reach his hearers or readers quickly if he insists on using bushels per acre. Temperatures should be quoted in Centigrade.

Prices should be given only in dollars, not in the East European

currencies. There are a number of fixed exchange rates for the latter and it is difficult for the advertiser to know which he should choose. Moreover, the importing organizations will judge prices quoted by a Canadian exporter only in terms of their competitiveness with other possible Western sources of supply. If advertising is to emphasize the cost-saving feature in a product, it should if possible be cast in non-currency terms, such as output per unit of time or energy.

These points may seem obvious, but they make all the difference between a successful and unsuccessful advertising campaign in this part of the world.

### **Technical and Commercial Press**

Each of these countries has as many as 50 monthly technical journals, published by the national production ministries, scientific or technical societies, and various publishing houses devoted to getting out magazines for a particular sector. They cover every field of production in agriculture and industry, from automation to textile production. The average circulation is 3,000 to 8,000, although some have as many as 30,000 subscribers. Canadian exporters can place ads in the magazines that will reach the people most concerned with any given product. Ads should be technical and not general in nature and might include a coupon which the reader can mail to a given address for more details. By including this, the advertiser makes sure that readers know where to turn for more information and can determine how effective his ads are. The technical journals are hungry for article material, with illustrations, and it should be possible to induce them to run such articles if a series of ads is placed with them.

### **Direct Mail**

A direct mail campaign can take two forms: the advertiser can concentrate on the importers and import organizations, or he can attempt to reach the distributor and

end-user groups as well. For the former, the office of the Commercial Counsellor, Canadian Embassy, Vienna, can provide lists of key personnel in the importing organizations. For the latter, however, much depends on the willingness of the foreign trade corporations and the national chambers of commerce to provide the names of manufacturing and wholesale organizations, officials, and research centres. In Yugoslavia these names are generally available in convenient directories, but this is not true of the other countries.

The literature for any type of campaign should contain a specific, detailed and technical description of the products in terms of European measurements and standards and in the language of the country. Both c.i.f. North or South European port and f.o.b. Canadian port prices should be given. Though the importer will want the c.i.f. European rate for immediate comparison, he may eventually wish to arrange transportation through an agency which he can pay in one of the East European currencies instead of in dollars. The literature should also give the names and addresses of the nearest Canadian company representatives to contact for further information. If the mailing campaign is directed specifically at end-users, the advertiser must make sure that the end-user knows which import organization is responsible for purchases of a particular foreign product. Often importers receive so many different offers from foreign companies (ten thousand each year go to the Czech foreign trade corporations) that they are unable to contact potential end-users of all the products for which they receive literature. If the end-user is convinced and knows whom to contact, he may well be able to drive through a sale.

It is not the appearance of this literature but its content that counts. This is because the officials, plant managers, and technicians like to retain it for reference even if they do not want to order the products

immediately. It may be used, for instance, in drawing up quarterly and annual import plans. At different levels these plans often contain concrete recommendations about definite makes of products to be ordered from designated sources. In case of sudden need, the foreign trade corporations compare what is available from different Western suppliers on the basis of the literature they have on file. Literature sent only to the foreign trade corporations or import firms should be in quantities of twenty at least for each recipient. This will enable the import organization not only to file some copies but to circulate others among distributors and end-users.

### **Movies and Lectures**

Because of Eastern Europe's great interest in technical knowledge, one of the most effective ways of advertising is to give lectures or to hold film showings in these countries. At least one successful Canadian exporter to this area is giving lectures in the countries he visits, and he has succeeded in reaching the experts and end-users who influence imports of his products. An exporter who has the reputation of an expert in his field will find that he is always welcome in Eastern Europe. Lectures and film showings may be arranged in co-operation with the national chambers of commerce and foreign trade corporations. If it proves impossible for the exporter to make a trip to Eastern Europe himself, the office of the Commercial Counsellor, Canadian Embassy, Vienna, may be able to arrange film showings there.

### **Trade Fairs**

Exhibiting at trade fairs is the most convenient way for the exporter to test the end-users' demand for his products in an Eastern European country. For most effective participation, however, the exporter should combine exhibiting with advertising in technical journals, a mailing campaign, and a personal visit to the market. The ads and

### **Advertising Agencies in Eastern Europe**

#### **Czechoslovakia**

Director  
Rapid Agency  
Washingtonova 9  
Prague

#### **Rumania**

Director  
Publicom  
Bd. N. Balcesco No. 22  
Bucharest

#### **Yugoslavia**

Director  
Exportprojekt  
Cankaveya Cesta 5  
P.O. Box 344  
Ljubljana

Director  
Interpublic  
Meduliceva 2  
P.O. Box 481  
Zagreb

Director  
Ozaha  
Trg. Republike 5  
P.O. Box 3  
Zagreb

#### **Hungary**

Director  
Presto Commercial and Advertising Agency  
P.O. Box 120  
Budapest 4

#### **Bulgaria**

Director  
Bureau for Foreign Advertisement  
11a Stamboulisky Boulevard  
Sofia

the mailing pieces should mention that the exporter will be displaying his goods in a particular pavilion at a particular trade fair. Again, both the advertisements and the literature can contain a detachable coupon that the recipient can give to the person on the stand at the trade fair. The company representative will thus be able to identify at once those most interested in Canadian products and will be able to judge the effectiveness of the advertisements and mailing campaign.

At least one general industrial fair is held each year in most of the countries covered in this report, plus special technical and agricul-

tural fairs. For the past two years the Canadian Government has had a pavilion housing a collective display at the Brno Trade Fair in Czechoslovakia and each time business has resulted for Canadian firms taking part. Last year the Government also participated in the Zagreb International Fair in Yugoslavia. Canadian firms who want information on how to take part in these collective exhibits should write to the Chief of the Trade Fairs Abroad Division, Department of Trade and Commerce, Ottawa.

### **These Have Tried**

A number of companies from Western Europe and North America have advertised in technical journals and participated alone or collectively in Eastern European trade fairs. To date some 50 companies from Belgium, Denmark, France, the Netherlands, Italy, West Germany, Austria, Greece, Switzerland, the United States and Canada have advertised in Czech magazines, including such well-known firms as General Electric, Mannesmann Steel, Siemens, RCA, British Drug Houses Ltd., and Polymer Corporation of Sarnia, Canada.

Each year at the annual trade fairs, particularly in Czechoslovakia and Yugoslavia, a great number of Western companies exhibit, either collectively through associations or government-sponsored pavilions, or individually. Some 15 Canadian companies have had displays in the past two years at the Brno Trade Fair in Czechoslovakia on the Canadian Government stand; another ten exhibited at Zagreb in Yugoslavia. One Canadian company at least has entered the Hungarian Industrial Fair on its own.

### **Agencies**

Except for Yugoslavia, there is only one advertising agency in each country; each is state-owned and has the sole right to accept ads for its country. Most of the agencies work very closely with the national chambers of commerce, which are also official organizations. In Yugo-

slavia there are some 18 advertising agencies but only the three largest are licensed to work with foreign countries. All the principal agencies in Eastern Europe will accept advertisements from foreign companies, help plan lectures and film showings, print and circulate literature, and erect exhibition stands. Their names are given in the box attached to this article. Some of these agencies have connections abroad and at least one has a Canadian advertising firm as its exclusive representative in Canada.

### Costs

The cost of advertisements in the press varies considerably, depending on the journal used and the type of ad. For example, in Rumania the cost for black-and-white ads in a technical journal is \$200 for a full page, \$120 for a half-page, \$70 for a quarter-page and \$40 for one-eighth page. Cover ads vary in cost from \$220 to \$250 and when colours are used, each one costs an extra 25 per cent of the basic page rate. All the Eastern European agencies grant discounts on a certain number of insertions.

Generally speaking, in all East European countries advertisements must be in six to eight weeks before issue. Clients can supply their own printing blocks and other materials, but if the making of blocks, matrices, or artwork of any sort is carried out by the agency, the costs are said to be at the "current rates"—which means they are subject to negotiation between agency and client. The costs of other services—such as pamphlet printing, the drawing-up of mailing lists, or erection of stands—are subject to negotiation.

Any Canadian firm considering advertising in Eastern Europe may wish to contact the Commercial Counsellor, Canadian Embassy, Vienna. He and the Assistant Commercial Secretary make periodic visits to all the countries mentioned above and can institute preliminary inquiries about advertising any product. ●

# Iraq Pushes Development

Industry, communications, petroleum and mineral exploration—all these have a place in current development plans. Engineering and construction firms from many countries seek opportunities in Iraq.

W. B. WALTON, *Assistant Commercial Secretary, Beirut.*

THE current government of Iraq is making strenuous efforts to develop more industries and to exploit natural resources and improve communications throughout the country. The Economic Development Plan approved in December 1959 covers four years and has a budget of ID 400 million. Some ID38.73 million of this will be spent on about 109 industrial projects. Others come under the Iraqi-Soviet Union economic and technical co-operation agreement.

### Planned Projects

To foster the growth of small industries, the Government has given aid to the Light Industries Company, a private organization. This company intends to establish factories to manufacture radios and television sets, paints, household appliances such as stoves and washing machines, and plastic components for electrical appliances, radios and telephones.

However, the great majority of industrial projects are being planned and executed with the technical or financial assistance of the Soviet Union and other Communist countries. Sites have now been chosen for the 13 industrial projects being established under the terms of the Iraqi-Soviet economic and technical agreement of March 1959. Once the designs have been completed and approved, individual contracts for the construction of each project will

be signed. These include plants for making:

- Nitrogen fertilizer, at Basra
- Electric light bulbs, Dora, with capacity for 17 million bulbs a year
- Electrical motors and transformers, Wassiriyeh
- Clothing, also at Wassiriyeh
- Cotton textiles, Kut
- Glassware, near Ramadi
- Agricultural implements, near Mussayib
- Knitwear, Kut
- Artificial silk, Hindiya; annual capacity, 2,300 tons of silk yarn and 6,000 tons of fibres, to meet domestic needs
- Woollen textiles; annual production 2 million square metres. Power needs of this mill will be met by a transmission line built from the new Basra power station at Nassiriyeh.

### Projects Under Way

Development projects already undertaken by Soviet organizations include:

1. Supervision of construction of the Salman Park broadcasting station, the training of Iraqi personnel, and the supply of broadcasting equipment worth 11.35 million roubles.
2. Survey work for two dams on the Tigris and Euphrates Rivers, with

capacities of 24 billion and 4 billion cubic metres of water, respectively. Some ID250,000 and ID150,000 have been allotted to these surveys.

3. Surveys for the improvement of navigation on the Tigris and Euphrates Rivers. The cost of survey work and specifications is estimated at ID676,000. Construction itself is expected to cost about ID11 million.

4. Mineral exploration for phosphates and sulphur. A report will be submitted in the second half of 1961.

5. Petroleum exploration, including seismic surveys, of 400 square kilometers of Iraqi territory.

6. Survey work for the conversion of the existing Baghdad-Basra narrow-gauge railway to standard gauge. Conversion will cost ID25 million, of which ID3 million is for earthworks, ID2 million for bridges, ID7 million for rails and ties, ID3 million for buildings, and ID10 million for locomotives. It is expected that it will take three years to complete.

7. The construction of five government farms and four tractor hire stations. Cost of the tractor stations will total about ID1.3 million.

#### Other Countries Involved

Several other countries are also undertaking assignments under the Development Plan. West German firms have contracts for constructing four regulators on the Gharaf River (cost, ID3.4 million); for building the Karradah suspension bridge at Baghdad, (cost, ID2 million, of which one-third is for steel to be supplied by an Austrian firm); and for building a bridge at Kut (cost, ID1.13 million). A Danish firm is designing and supervising the construction of two cargo vessels and a Swedish consortium is looking after the first stage of work on the port at Um Qasr (cost, ID7 million); total expenditure on the port is expected to be ID15 million. An

Austrian company is supplying and installing pumping equipment at the Daydiyah pumping station near Baghdad (cost, ID78,000), and a British firm is doing the survey and design work for the Al Dalmaj irrigation and drainage project (total cost estimated at ID5 million). A Japanese firm is supplying carrier equipment for electric transmission lines.

Among the Eastern European countries which have been awarded contracts are a Polish firm, for design work for irrigation projects (ID300,000); a Czech organization, for construction of a liquid gas cylinder and spare parts plant at the Dora refinery (ID136,000); and a Hungarian company for consulting work on the Gerzat Ali bridge in Basra (cost estimated at ID29,000). A Yugoslav corporation is doing survey work and boring of wells for underground water.

#### Calls for Tender

Calls for tender issued during 1960 include requests for:

1. wooden railway ties
2. the supply and construction of a natural gas pipeline from Ramaila to Basra
3. the exploration of Iraqi territorial waters for oil (closing date February 1961)
4. an aerial survey of 180,000 square kilometers (no closing date)
5. the supply, erection and operation of a plant for the manufacture of pre-stressed reinforced concrete railway ties.

Tenders for equipment, consulting services and construction work are issued frequently by the Iraqi authorities, but Canadian consultants, contractors and manufacturers are finding it difficult to compete with firms from Europe and other countries which are often operating within the range of technical and financial agreements, involving long-term credits. ●

#### Iraq Studies Date Exports

IRAQ is endeavouring to improve the quality and consequently the sales abroad and the prices received for one of its chief exports, dates. Recently the Government set up the Iraqi Date Marketing Company, under the chairmanship of the director general of the Date Association (part of the Ministry of Commerce). The need for more effective quality control and marketing arrangements was demonstrated by the drop in exports of dates from 245,558 metric tons in the 1958-59 season to 165,510 in the 1959-60 season (up to May 31, 1960). Part of this drop, however, resulted from a fall in production. The 1960-61 crop in central Iraq promises to be good.

The Date Association, through its acting director, stated last April that export processing methods for the central area Zahdi dates and for almost half of the Basra dates were unsatisfactory and they therefore brought lower prices. The Association now is providing up-to-date machinery for washing, refining and packing dates and modern warehouses in which to store them, at a cost of about ID one million. An East German firm is supplying 14 pressing units and fumigating machines and a large tender for buildings and warehouses has been called.

The Association has also issued regulations governing date exports, including the following instructions:

1. Dates from previous crops may not be exported after September 1.
2. Date packing may be carried out only under licence issued by the Date Association.
3. All dates packed for export must be fumigated and inspected.

India has become the major market for Iraqi dates, followed by the Syrian region of the United Arab Republic, Communist China, and the United States. An Iraqi date delegation has toured Eastern Europe and Communist China and secured agreements from the Soviet Union to purchase 25,000 metric tons, from East Germany (20,000), from Communist China (65,000), and from Czechoslovakia (no figure given). About 2,587 metric tons of date juice have been sold to Syria, West Germany, and Saudi Arabia. Canada bought over \$600,000 worth of Iraqi dates in 1959 (\$936,145 in 1958) but only \$8,601 in the first nine months of 1960.

—W. B. WALTON,  
*Assistant Commercial Secretary,  
Beirut.*

## As the Businessman Sees It

Beginning with a newsprint mill in New Zealand this twelve-year-old Vancouver firm has marketed its engineering knowhow, particularly in pulp and paper, in some 35 countries; increased its scope.

ONE morning last fall Paul E. Cooper, executive vice-president of Sandwell and Company Limited, consulting engineers, was showing a visitor around the firm's spanking new headquarters. As they moved along "executive row", Mr. Cooper threw open one door after another to disclose empty offices. "This man is in Washington today," he remarked at the first stop and, as they progressed, "these men are in Zurich, Victoria, Tokyo, Portland (Oregon), Hong Kong, and Beloit, Wisconsin. Dick Sandwell, our president," he added, "is in Copenhagen."

This incident illustrates the worldwide interests of this twelve-year-old Vancouver firm. When Dick Sandwell founded the business in 1949, he intended to specialize in two fields—pulp and paper and thermal power. His assets: many years of engineering experience in pulp and paper, and plenty of drive and enthusiasm. From the beginning, the firm looked for business abroad and soon was doing about half its work in Canada and the United States and the other half in foreign countries. Today it is busy in about 35 countries, carrying out feasibility studies, designing some ten pulp and paper mills, supervising the construction of eight others, in addition to assignments in other fields. Nearly 70 per cent of its business now originates outside North America. From the original three, the staff of Sandwell and its associates has grown to about 700, including some 300 professional engineers.

To look after their widespread assignments and smoke out new projects when they are still in the planning stage, Sandwell executives must be highly mobile; the firm's bill for air fares alone in 1960 reached \$200,000. Dick Sandwell himself spends about 80 per cent

of his time abroad. (The company keeps the passports of its senior engineers up to date and makes sure that they receive the proper inoculations, so that they will be ready to travel anywhere on a day's notice.) Some years ago when Paul Cooper retired after twelve years as president of Crown Zellerbach Canada Ltd., Sandwell recruited him as executive vice-president. While his colleagues are flying wherever business takes them, Mr. Cooper "minds the store" and sees that the head office operation runs smoothly.

### Tasman Biggest Project

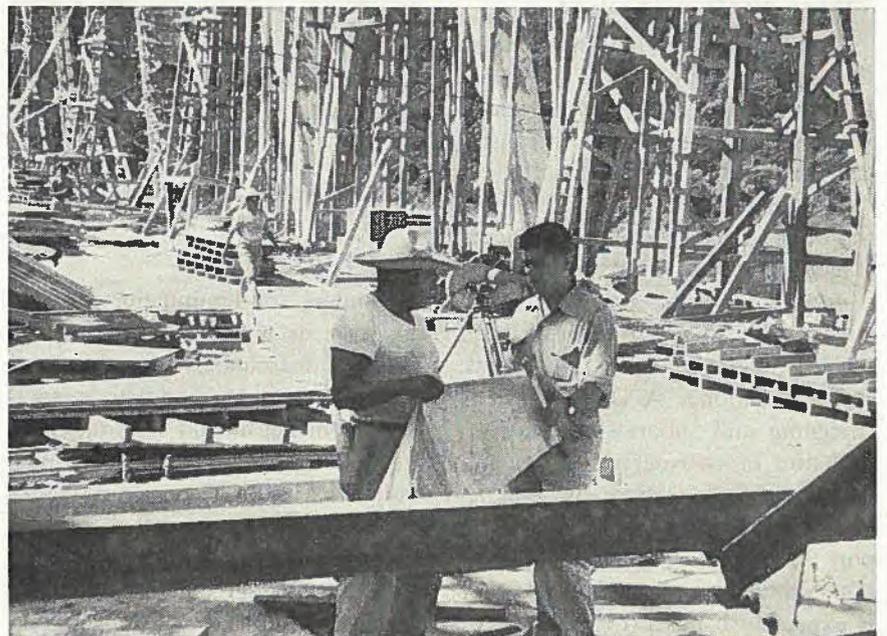
The Sandwell organization's biggest overseas project came its way only three years after it made its debut. The assignment: to undertake the research for, design, and supervise construction of a \$40 mil-

## Sandwell Sells

lion newsprint, kraft pulp and saw mill for the Tasman Pulp and Paper Company at Kawerau, about 150 miles south of Auckland in New Zealand. The country's first newsprint mill, it was set up to use the large stands of plantation pine, a species first imported from abroad and planted in the early 1920's and just reaching maturity. Dick Sandwell wasn't a complete stranger to this part of the world; he spent four years in Tasmania in the 1940's as resident engineer during and after the building of a newsprint mill for Australian Newsprint Mills Ltd.

This Kawerau project turned out to be a four-year job. It began with feasibility studies, went on to drawing up the plans and the specifications for tenders, and finished with the supervision of the various stages of construction. And it established Sandwell's reputation in New Zea-

*A Sandwell engineer (right) discusses construction methods and procedures with the contractor's Mexican foreman as work proceeds on Mexico's first newsprint mill, at Tuxtepec. Completed in 1958, it uses local pine and imported wood pulp.*



# Engineering Services

PAUL E. COOPER, *Executive Vice-President, Sandwell International Limited, as told to O. Mary Hill.*

land so firmly that the firm later built the first tissue paper mill there for Caxton Paper Mills, adjoining the Tasman plant. And it is now retained as consultant for three of the New Zealand pulp and paper manufacturers.

## Problems in Pakistan

Looking back, the Sandwell people recognize that this project was simple compared with one that the firm undertook in 1954. The Pakistan Industrial Development Corporation laid before Sandwell its proposal to set up a pulp and paper mill at Khulna, 70 miles inland from the Bay of Bengal in East Pakistan. It wanted to use as raw material the gewa tree, a tropical hardwood that flourishes in the Sunderbans forest in the swampy delta area of the Ganges and Brahmaputra Rivers. Some 30 per cent of the one-and

a-half million acres on which this tree grows is always under water and the forest also shelters tigers, crocodiles, deer, pigs and monkeys. In fact, the first step in making the necessary raw material studies was to teach the Bengalis how to row! The forestry crews had to be housed on boats and all supplies brought in. Sandwell also had to commission research studies to find out whether the gewa tree would produce a satisfactory newsprint; when this question was answered satisfactorily, its mill was the first, it claims, to make newsprint from tropical hardwood. The newsprint produced is of excellent quality; it is not only used in Pakistan itself but is sold to Singapore and Ceylon.

Later, when the construction of the mill began, about 40 Sandwell engineers were based at Khulna, some of them for as long as three

years, and were busy coping first with flooding and foundation problems. The company had to provide homes for them, a hospital supervised by a British doctor and, of course, a school for their children. Dick Sandwell estimates that this Khulna project brought about \$8 million to Canada; in addition to its own consulting and supervising services, a Canadian company won the construction contract and some of the equipment was bought in Canada.

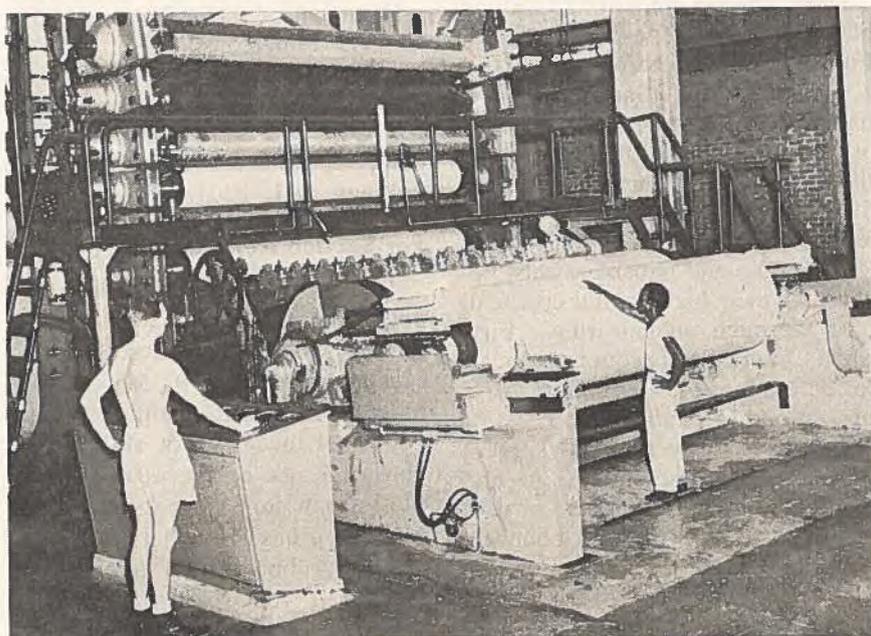
## Provide Management Services

When the mill was completed in July 1959, Sandwell and Company undertook to manage it for two years. The management contract included looking after the forests, training staff, and marketing the product. Originally 51 Canadians were needed to operate the mill but there are now only 18; Pakistanis are gradually taking their place. Recently the firm signed a management contract for another three years.

Providing management services has become the concern of a separate Sandwell division, staffed by senior executives with years of experience in the industry in North America or Europe. Their know-how proves particularly useful in projects like the Khulna one, where manufacturing pulp and paper is a completely new undertaking, or where new materials or processes are being employed. At the moment, Sandwell is also managing mills in Ceylon and in France.

Latin America has also provided opportunities for the Sandwell organization. Its first large project there was a newsprint mill at Tuxtepec, Mexico, completed in 1958. It has also engineered two mills to make pulp from bagasse—one in

*The first newsprint ever made in Pakistan is wound on the reel of the machine at Khulna, as a Canadian operator and a Pakistani trainee stand by. Sandwell regards Khulna as the most difficult assignment in the firm's twelve-year career.*



Colombia for the W. R. Grace organization and one in Puerto Rico. Currently, it has feasibility studies under way in Peru, Chile, Argentina and Brazil.

### **Contracts in Europe**

It is not surprising to find that Sandwell's pulp and paper experience is in demand in countries just at the "industrial take-off" stage. It is unusual to discover that its current work-load is heaviest in Europe and especially in the Scandinavian countries, whose expertise in this field is recognized. Originally Sandwell did consulting work in this area and in 1954 designed a paper machine for turning out machine-coated groundwood magazine and printing papers at a 150-year-old paper mill in Sweden. In explaining his success there, Mr. Sandwell points out that the Scandinavian countries have plenty of well-trained consulting engineers but few firms that carry on an integrated operation like his own. In a speech to the Swedish Paper and Pulp Engineers Association, he put it this way: "The same engineers, designers and draftsmen learn, by working together year after year, how to do their work effectively and quickly. They develop group skills which enable them to do their work well, and to recognize problems and possibilities which can escape those with less extensive experience."

His success in northern Europe—before long he had acquired 15 to 20 clients—led directly to the setting up of a Scandinavian subsidiary in July 1959, Sandwell Aktiebolag, with offices in Stockholm. Wholly owned by the parent company, it looks after work in Sweden, Norway and Finland and has about 50 engineers on staff. It has also helped to overcome the slight handicap of distance and to give clients speedy service.

Work in Europe is not confined to Scandinavia. The Sandwell firm was commissioned a few years ago by the Organization for European Economic Co-operation to survey the possibilities of establishing small

pulp mills in Europe. It has also carried out assignments in Belgium, Austria and France and is currently investigating projects in France, Germany, Spain and Portugal. More interesting still, it has just completed feasibility studies for the first chemical pulp and paper mill in Britain, at Fort William, Scotland. After the First World War softwood seedlings were taken from B.C. forests and planted in this part of Scotland. They are now ready to be used as pulpwood in a completely integrated mill on this site.

### **Organization Broadens**

The formation of the Scandinavian company was only one in a series of affiliations and advances as the Sandwell interests and scope broadened. The first expansion was in the United States in 1950, the year after the firm was born, with the formation of Sandwell & Co. Inc., a separate corporation with head offices in Seattle, Washington, to serve clients in the United States. About 25 per cent of the Sandwell business originates across the border; in 1955, the firm completed a \$6 million kraft linerboard mill at Albany, Oregon, for the Western Kraft Corporation and in 1957 finished both a \$26 million kraft paper and linerboard mill at Toledo, Oregon, and an \$18 million bleached kraft paperboard mill at Filer City, Michigan.

In July 1958 Sandwell International Incorporated was established in the State of Oregon and the head office of Sandwell's United States company was moved from Seattle to Portland, Oregon.

New pulp and paper projects, because of their high capital cost, call for thorough engineering. First come technical and economic studies to determine the feasibility of a project and to establish the base for financing it. Raw material surveys bulk large in these studies. At first Sandwell "jobbed out" these surveys but in June 1958 the firm bought a part interest in Forestal Forestry and Engineering International Limited, Vancouver, so as to inte-

grate its own knowhow with forestry engineering.

The first affiliation was dictated by the broadening of the firm's interests, especially in hydro-electric power. In 1955 it entered into an affiliation with a Swiss firm specializing in this field, Electro-Watt Electrical and Industrial Management Co. Ltd., of Zurich. Two years later, in June 1957, it purchased outright Hanright and Company, St. Catharines, Ontario, specialists in the design and supervision of construction of facilities for the generation, transmission and distribution of thermal-electric power. Hanright had previously carried out some Colombo Plan work for the Government of Canada—the building of three power plants in East Pakistan. At the moment Sandwell is working on a thermal power plant at Hyderabad, West Pakistan, using gas from the Sui fields.

A further step in the rounding out of the Sandwell organization was taken two years ago—affiliation with another Vancouver firm, Swan, Wooster Engineering Co. Ltd., with solid experience in hydro-electric developments, bridges and marine structures, and systems for the handling of bulky materials.

The latest development in Sandwell's expansion program is the establishment of a wholly-owned subsidiary, Paperconsult Limited, in Zurich, Switzerland, to handle engineering work for Continental Europe. The head office of this company was set up and opened on January 1, 1961.

### **For Service Abroad**

Like other engineering organizations, Sandwell long since discovered that foreign contracts present certain special problems. But Mr. Cooper makes clear that getting suitable personnel to carry out assignments abroad is not nearly as difficult as the layman supposes. As the firm's reputation has grown, its files have begun to bulge with applications from men who would like to work for it in foreign countries, particu-

larly management personnel. The Sandwell selection system is to require a candidate first to prove his professional competence. It then investigates his personal qualities, particularly adaptability. If the job is to last a year or more, the man's family goes with him and the wife too comes in for an interview with the firm. Engineers and technical staff working abroad are offered special incentives, such as bonuses, servants, etc., and housing is provided for them. If the country and living conditions warrant it, they may receive a higher rate of pay. About 40 Sandwell engineers are usually working overseas at any one time; this figure does not include those engaged in management.

The question of getting wind of engineering opportunities in other countries early enough to put in proposals is a more difficult one. Dick Sandwell acknowledges that he uses the Canadian Trade Commissioners as a source of this type of commercial intelligence, but he also spends a good deal of his time personally scouting for new business and keeping in touch with the World Bank, the International Finance Corporation, the UN Special Fund, the International Development Fund and other sources for financing engineering projects.

Sandwell accepts only contracts stipulating payment by confirmed letter of credit in dollars or any other convertible currency. This has

naturally limited its overseas activities because certain under-developed countries, if they cannot secure World Bank or other international financial backing, offer to pay for services in local currencies. The new export credit financing facilities offered by the Canadian chartered banks may help it to compete more easily against engineering firms in Britain, the United States, Germany, and other countries.

The achievements of Sandwell and Company in its twelve years, like those of similar Canadian firms, have enhanced Canada's international reputation in the engineering field and have demonstrated the increasing scope for exporting engineering services and know-how. ●



## Fairs and Exhibitions

### Gala Exhibition in Britain

THE Department of Trade and Commerce will enter a large Canadian exhibit in the 1961 Daily Mail Ideal Home Exhibition, Britain's biggest show. The exhibition will be staged in Empire Hall and National Hall, Olympia, London, from March 7 to April 3. Five million dollars worth of direct sales plus \$12 million in firm orders resulted from recent shows, and subsequent orders for goods displayed at the exhibition by the different countries were estimated at \$120 million. One-and-one-half million people visit the exhibition every year, 95 per cent of them adults, approximately half of them between the ages of 16 and 34. These are the potential homemakers.

The Canadian exhibit in 1960 was a great success in terms of sales, and sales in 1961 are expected to be even larger. There will be 87 individual booths for Canadians participating and a composite area for 46 exhibitors; all space has been allocated for this year. B. C. Butler, Minister (Commercial) in London, with a team of Trade Commissioners from Canada House and assisted by commodity experts from the Department of Trade and Commerce, will be in attendance

throughout the exhibition and booths will be manned by representatives of the exhibiting firms. Among the fields covered by the displays are: heavy appliances, including washers and automatic dryers; oil furnaces; golf clubs; orlon sweaters, children's and women's dresses, fabrics; freezers; hardware; bathroom fixtures; jewellery; toys; leather goods; canned meats, fish, pickles, fruits, vegetables; cheese; flour and cake mixes; water heaters; outboard motors; hi-fi units; honey; nuts and candy. A fashion show has been planned.

Canadian exports to the United Kingdom increased 20 per cent in the nine months of 1960, due in part to the removal of most of the import restrictions on processed foods and consumer goods.

### Sporting Goods at Chicago

THE National Sporting Goods Show, held in Chicago January 22 to 26, is the largest of its kind in the world and attracts about 12,000 buyers. Canada entered the show for the fourth time this year with a collective display in the Canadian sample room. About

4,200 buyers came to see the products of about 35 Canadian sporting goods manufacturers—the widest range of Canadian sporting goods ever assembled under one roof.

Exhibitors felt that they displayed some of the world's finest summer and winter sports equipment, as well as fashionable sports garments for both outdoor and indoor wear. For winter sports, the display featured equipment for hockey, ice skating, skiing, snowshoeing, tobogganing, curling and sledding, and for spring, summer and fall, equipment for baseball, hunting and fishing, roller skating, water skiing, croquet and camping. New styles and new advances in manufacturing skills were demonstrated.

The Canadian booths were manned by staff from the various firms exhibiting and commodity specialists from the Department of Trade and Commerce were also on hand, all anxious to promote Canadian products. Among the new displays in the exhibit was one from the Department of Northern Affairs, showing Eskimo kayaks, duck decoys and parkas. Many Canadian buyers visit the show and buy from Canadians exhibiting there, so it serves a double purpose. Canadian organizers also put on a "Canada Night"—a reception to which buyers were invited. Each exhibitor was given 30 invitations to send out to U.S. buyers, and duplication of invitations was avoided.

### **Milan Fair Invites Visitors**

THE 39th International Samples Fair, Milan, is taking place this year from April 12-27. During the fair, a special office of the Italian Institute of Foreign Trade, installed in the Hall of Nations International Trade Centre, will be at the disposal of exporters and importers. The Institute will provide practical assistance and advice on all matters covering trade between Canada and Italy, with a view to establishing new contacts. Canadian businessmen interested in attending this fair should write the Commercial Counsellor, Italian Embassy, 172 MacLaren Street, Ottawa, well in advance.

### **Canadian Pelts in Europe**

THE European fur industry is showing a great deal of interest in Canadian furs and two big fairs scheduled for April of this year are eagerly anticipated by buyers who remember Canada's excellent exhibits last year. The Fur Industries Salon will be held in Paris, April 12-17, and will be followed shortly afterwards by the European Fur Fair, Frankfurt, April 20-23. To these shows come all the serious fur buyers in Europe; 316 visitors made inquiries at the Canadian stand at Frankfurt last year and many of them asked for the names of Canadian brokers. Attendance was up by 40 per cent over 1959 to a total of 12,500. All saw the raw and processed pelts from wild and ranch animals dis-

played by the Canadian Government, which is making a big effort to show diversified shades and mutations of mink available from Canadian producers, as well as all types of wild fur, and ranch silver fox pelts. Both Germany and France are important fur consumers. The Paris Fair, almost experimental last year, turned out to be a great success and a much more ambitious program is planned for this year.

### **Canada in the Swim**

THE enthusiasm which Canadians have shown for boating and all its accompanying summertime activities was transplanted to Earls Court, London, for the International Boat Show, held this January for the sixth consecutive time since 1955. Widespread prosperity in Britain and a bad road-congestion problem have both helped to make pleasure boating a booming business there. Into this market, and aided by free entry which gives them a 10 per cent advantage over non-Commonwealth suppliers, Canadian manufacturers are beginning to channel their products. The Canadian exhibit this year, organized by the Department of Trade and Commerce, displayed the products of 27 Canadian manufacturers. Outboards and inboards made of fibreglass and mahogany, plus outboard motors and canoes, bulked large in the display. Camping equipment, fishing rods and lures, water skis, marine hardware and supplies—the many products which help meet the requirements of the Canadian outdoor family—were placed before the eyes of buyers from the U.K. and Europe. In 1960, 320,961 business visitors came to the show, and 180,000 of the general public; Canadian design seemed to make a real impact.

### **At the Metal Congress**

THE National Metal Exposition and Congress which took place last year in Philadelphia from October 17 to 21 was broad in concept and included displays from firms which produce base metals, carry out metals fabrication, and manufacture machinery, etc. Fourteen Canadian firms exhibited to an Exposition attendance of over 40,000. The importance of this show lay in the direct appeal made to a growing market in the United States and Canada, and from the firms which exhibited gratifying reports of good business were received.

New vistas have been opened in mining and engineering products and Canada's exhibit in the 42nd annual show introduced some significant new contributions. The world's first uranium alloy steel—a corrosion-resisting uranium-bearing steel link-chain, the product of special research—was displayed.

An economically-feasible method of powder metallurgy, developed in Canada, uses a supersonic air blasting technique capable of many applications; this technique was introduced at the Exposition. High-strength steels, rolling machines, gas-separation plants

(in model form), rarer minerals, special alloys, electrolytic cells, triodetic connectors, ball bearings, powders and processing equipment were all displayed.

### International Fairs

**BELGIUM**—Brussels International Fair, April 30-May 11. Apply: Brussels International Trade Fair, Palais du Centenaire, Brussels.

**CEYLON**—The Ceylon Industries Fair, Colombo, March 17-April 8. Apply: L. W. Fernando, Ceylon Chamber of Industries, 4th Floor, Hemas Building, York Street, Colombo, Ceylon.

**GERMANY**—German Industries Fair, Hanover, April 30-May 9. Apply: Deutsche Messe und Ausstellungen A.G., Messe-gelaende, Hanover.

—Frankfurt International Fair, Frankfurt, March 5-9. Apply: Frankfurt International Fair, Messe Amt Frankfurt/Main, Festhalle.

**SOUTH AFRICA**—Rand Easter Show and Industrial Exhibition, Johannesburg, March 21-April 3. Apply: Rand Easter Show, Witwatersrand Agricultural Society, Show Grounds, Milner Park, Johannesburg.

**UNITED STATES**—United States World Trade Fair, Coliseum, New York, May 3-13. Apply: U.S. World Trade Fair Inc., 331 Madison Avenue, New York 17, N.Y. This is the fifth annual show, and last year it had 3,000 exhibits from 65 nations. There were 169,000 businessmen visitors and 392,000 of the general public.

### Vertical Fairs

**AGRICULTURAL, INDUSTRIAL**—Western Provincial Agricultural and Industrial Show, Cape Town, Union of South Africa, February 24-March 4. Apply: P. J. Jooste, Manager, P.O. Box 7, Goodwood, Cape Town.

**ENGINEERING**—Engineering, Marine, Welding, Atomic Energy Exhibition, Olympia, April 20-May 4. Apply: Above exhibition, c/o F. W. Bridges & Sons Ltd., 641 Grand Buildings, Trafalgar Square, London.

**ENGINEERING DESIGN**—Design Engineering Show, Detroit, May 22-25. Apply: Design Engineering Show, c/o Clapp & Poliak, 341 Madison Avenue, New York 17, New York.

**PLASTICS**—Europlastica 61, Parc, Ghent, Belgium, June 16-27. Apply: M. Nevan DuMont, 123 Pall Mall, London S.W. 1, or the General Secretariate, Palais des Florailies, Parc, Ghent, Belgium. This is the first of a series of plastic exhibitions which will be held annually in five of the countries of the Common Market.

### Automation Industry Exhibits

THE Norwegian Industrial Development Association is organizing its third International Instrumentation, Control and Automation Exhibition (Automatica III) to be held in Oslo, May 24-31. The Exhibition will feature instruments and equipment for measurement and process control in the chemical and engineering industries, and the mechanization and automation of general

work operations. Any foreign manufacturer may exhibit, irrespective of business representation in Norway. Deadline for the receipt of space reservations is March 1, 1961, but the exhibition hall is not large and applications should not be delayed; they may be directed to Studieselskap for Norsk Industri, Forskningsveien 1, Blindern, Oslo, Norway. The cost of booth space is quoted at 150 Norwegian kroner per square meter (one kroner=Can.\$0.14). This is the third of a series of exhibitions held under the auspices of the Development Association and the plan is to hold study conferences during the exhibition. The majority of visitors will be Norwegians who are directly engaged in improving production methods and planning expansion.

### Swiss Fair at Basel

SWITZERLAND'S national industrial fair, the Swiss Industries Fair, will take place April 15 to 25 in Basel. It will be the 45th staging of this fair and its 2,300 exhibits will cover an area of 1,420,850 square feet. On display will be practically every type of equipment for making consumer goods and many categories of capital goods. The 21st Swiss Watch Fair will take place within the framework of the larger fair.

Full information, catalogues, identity cards, etc., can be obtained from the Swiss Embassy in Ottawa, Swiss consulates in other parts of Canada, or from the Fair Administration, 61 Clarastrasse, Basel 21, Switzerland.

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## Trade Commissioner on Tour

### In Territory

**R. M. DAWSON**, Vice Consul and Assistant Trade Commissioner in Manila, the Philippines, will visit Cebu, Iloilo, and Davao in the southern Philippine Islands from February 13-22.

**P. A. FREYSENG**, Assistant Commercial Secretary in Vienna, Austria, will visit Sofia, Bulgaria, from March 6-11.

**G. A. NEWMAN**, Commercial Counsellor in New Delhi, will visit Madras from February 12-17, and Hyderabad and Bangalore from March 13-17.

**R. K. THOMSON**, Commercial Counsellor in Vienna, Austria, will visit Budapest, Hungary, from March 20-23.

**W. B. WALTON**, Assistant Commercial Secretary, Beirut, will visit Amman, Jordan, from February 12-19, Baghdad, Iraq, from March 5-12, and Kuwait and Bahrain, about March 15.

*Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Dawson at Manila, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Newman at New Delhi, and Mr. Walton at Beirut.*



*Some of this tobacco being harvested on a Canadian farm may find its way to West Germany, for use in blended cigarettes. Canada's sales of Virginia-type tobacco to Germany in first seven months of last year reached 555 metric tons.*

## West German Market for Tobacco

Germans are smoking more and more cigarettes; postwar taste has switched to blended types. Tobacco purchases from Canada rising slowly, but threatened by Common Market competition, growing German production costs.

MALDWYN THOMAS, *Vice Consul and Assistant Trade Commissioner, Hamburg.*

GERMANS are not yet the world's heaviest smokers, although the consumption of tobacco products has risen again rapidly, following the almost complete collapse of the industry at the end of World War II. Per capita figures are the highest ever and it is expected that the total amount of tobacco smoked in Germany will soon exceed the figures for the more densely populated German Reich at the beginning of the war. Yearly cigarette consumption per capita has now reached 1,202 units. However, when this is compared with the 2,500 per capita in the United States, it is obvious

that the German market still has considerable room for growth.

Cigarettes have markedly increased the dominant position they attained in prewar Germany. But they are not the same kind of cigarettes that were smoked twenty years ago; the Allied occupation brought about a revolution in taste. Before World War II, over 90 per cent of the cigarettes the German public smoked were made from Oriental tobacco. Following the capitulation in 1945, the only cigarettes available were those supplied by British and U.S. soldiers. As a result, blended cigarettes have almost com-

pletely replaced the Oriental type and a market has been opened up for North American type Virginia tobacco, almost all of which must be imported.

### **Cigarette Consumption Up**

Tobacco in Germany is used mainly in cigarettes, cigars, fine-cut, pipe tobacco, chewing tobacco and snuff, in that order. Cigarettes lead all other forms and they have not only benefited from the increase in tobacco consumption but have also grown in popularity at the expense of other forms of tobacco smoking. In 1959, cigarette sales of 64.8 bil-

lion units accounted for 82.4 per cent of the total sales of tobacco products by value. The rising standard of living, the popularity of filter-tip cigarettes with women, and the drop in cigarette prices in June 1953 as a result of a decrease in the cigarette tax have all contributed to the growth in cigarette smoking. Cigar sales, which have declined over the past ten years, accounted for 13.4 per cent of turnover; the remaining 4.2 per cent was divided among fine-cut, pipe tobacco, chewing tobacco and snuff. The postwar trend to blended American-type cigarettes has been accompanied in the last three years by a marked increase in the consumption of filter cigarettes; they were first introduced in 1956 and today hold approximately 70 per cent of the market. Last year's cigarette production represents an increase of 7.1 per cent over the previous year. This rate of annual growth has remained fairly steady since the end of the war and there is no reason to doubt that it will continue, or perhaps accelerate, in the years to come.

#### Domestic and Imported Tobacco

Although a large portion of the tobacco used in the industry is imported, a considerable quantity is grown in Germany itself—approximately 21 per cent of the total used in 1959. The increasing popularity of cigarettes—which use only a small portion of German tobacco—has resulted in a slight decrease in the domestic tobacco crop over the past few years, as Table I shows. The main uses for German tobacco are the cigar industry, which normally takes some 64 per cent of the local crop, and fine-cut and pipe tobacco, which between them take 22 per cent. Another 14 per cent is used in the German cigarette industry for the production of the so-called “black” or “brown” cigarettes. These, however, have only accounted for approximately 4 per cent of annual German cigarette consumption in the years since the war. The size of the domestic

TABLE I—RAW TOBACCO CONSUMPTION IN WEST GERMANY

Year	Total foreign tobacco	Of which: Virginia	Burley	Total domestic tobacco
1953	62,475.0	22,031.1	3,191.0	22,989.8
1954	68,230.4	22,556.1	3,034.9	19,752.9
1955	72,589.3	23,795.9	3,109.4	18,979.3
1956	76,996.2	24,846.6	3,630.0	18,412.8
1957	81,143.5	25,116.7	4,143.3	19,049.3
1958	86,029.0	25,269.3	4,160.5	18,534.0
1959	90,495.9	25,079.6	3,826.0	17,570.3

tobacco crop will probably not increase in the future, but neither is it expected to decline much because the German tax structure encourages the use of a fixed percentage in cigars, fine-cut, lower-priced pipe tobacco and in the dark cigarettes which are sold for Pf. 7½ per unit.

#### Canada's Sales Rising

Cigar and pipe tobacco imports come mainly from sub-tropical regions and do not seem to offer a very promising market for Canadian tobacco producers. The cigarette industry, on the other hand, does represent a market of current interest to the Canadian tobacco industry. As Table II indicates, Canadian tobacco exports to Germany, although small, have been rising gradually; all of it goes to the cigarette industry. There are a great many other suppliers because nearly all of the cigarette tobacco must be imported. As blended cigarettes continue to dominate the market, North American type tobaccos play a leading rôle. At present tobacco imported into Germany comes from the following sources:

- 39.7 per cent—United States
- 44.68 per cent—Greece, Turkey, etc.
- 12.53 per cent—foreign substitutes (usually similar to U.S. tobacco)

The importance of these ratios becomes clearer when one considers that before the war only 2 per cent of German tobacco needs came from North America. The cigarettes that U.S. troops gave or sold to the German population when nothing else was available established Virginia and Burley tobaccos as impor-

tant components of German cigarettes. This pattern has held and, if anything, has shifted further in favour of blended cigarettes.

German blended cigarettes consist normally of approximately 40 to 50 per cent Oriental, 50 per cent Virginia, and up to 5 per cent Burley tobacco. American Burley and flue-cured Virginia set the quality standard for these types of tobacco and traditionally command the highest prices. All other Burley and Virginia tobaccos, including Canadian, are regarded as substitutes and generally fetch lower prices. Imports of tobacco from Canada to date have consisted almost exclusively of flue-cured Virginia tobacco; we have not yet had much success in selling Burley. The German view is that it is difficult to find substitutes for American Burley and the Canadian type has not been considered satisfactory. Although Canadian Virginia is regarded as a substitute for, and not the equivalent of, American tobacco, some German consumers concede that it has a flavour of its own. As imports from Rhodesia and Italy consist of more neutral-flavoured substitutes, Canada may benefit in the long run if it can establish a reputation as a supplier of a quality tobacco with its own distinct flavour.

#### Competition Becoming Stiffer

The German tobacco industry wants only quality tobacco and the supplier who would succeed will see to it that his tobacco is of a uniformly high quality and that it is carefully selected, packed and

TABLE II—IMPORTS OF RAW TOBACCO INTO GERMANY

	1956		1957		1958		1959		January-August 1960	
	Quantity*	Value†	Quantity*	Value†	Quantity	Value	Quantity	Value	Quantity	Value
Total imports:	69,477	39,278	75,496	42,601	76,562	43,593	79,506	43,685	54,846	30,415
From										
Bulgaria	1,898	824	2,029	669	1,948	844	2,535	1,151	1,691	749
Greece	15,128	9,343	16,936	9,418	17,345	9,382	16,027	8,692	10,382	5,591
Italy	1,466	500	2,290	901	2,802	1,168	4,059	1,697	3,483	1,645
Turkey	6,511	4,040	6,158	4,108	5,918	3,481	4,629	2,477	2,764	1,691
Rhodesia and Nyasaland	893	378	1,348	510	2,055	892	5,040	2,339	4,144	1,623
Brazil	4,222	1,391	4,612	1,585	3,974	1,155	3,895	1,131	2,709	978
Colombia	2,573	653	3,023	795	2,905	756	2,911	621	1,715	337
Indonesia	3,270	3,800	3,138	4,023	2,927	3,365	3,436	2,905	2,670	1,854
Japan	58	24	32	13	811	328	1,857	869	1,429	700
United States	27,828	16,598	29,079	18,312	28,260	19,507	26,783	19,045	18,004	13,007
Canada	301	131	890	409	1,171	613	1,174	511	555	307

\*Metric tons

†DM1,000

shipped. Japanese tobacco, for example, appears to sell more on the strength of its excellent selection and grading than anything else. It is also important to offer reasonable terms to German buyers. The trade here expects cash against documents or better terms.

Despite the good outlook for Virginia-type tobaccos, competition on the German market is expected to become more severe and North American suppliers may well feel the brunt of it. In the past four years, growers in other parts of the world have begun to raise Virginia-type tobacco. Efforts in Rhodesia and Italy have met with considerable success, as the import statistics in Table II show. German cigarette manufacturers are quick to praise the quality of the Virginia substitutes from these two areas. Italy has developed a mild Burley which is used successfully as a Virginia substitute.

Italy's competitive position on the German market is furthermore improved by the tariff reductions on raw tobacco being made within the Common Market. At present the German most-favoured-nation tariff is a specific one of DM180 per 100 kilos. Italy currently benefits from the 20 per cent reduction made to date. Further reductions will be forthcoming until eventually Italian

tobacco will enter the German market duty-free. Greece is also considering associating itself with the European Common Market. Any special arrangements made for the entry of Oriental tobacco from Greece would tend to complicate matters further. On January 1, 1961, the first steps were taken to introduce the common external tariff. After considerable negotiation, the Ministerial Council of the Common Market proposed in September 1960 to set the new external tariff at 30 per cent ad valorem, with maximum and minimum limits of U.S.\$42 and U.S.\$29 per 100 kilos. Because of the ad valorem nature of this proposed tariff, imports of expensive quality tobacco from North America would tend to be more heavily burdened than tobacco imports from other sources. There have been strong objections to this proposal from tobacco suppliers outside the Common Market, particularly from the U.S., and it is by no means certain whether the proposal will actually be put into effect in its present form.

#### Costs May Curb Imports

Although the German cigarette industry is eager to use the highest quality tobaccos it can obtain, cost factors other than those associated with the proposed Common Market

tariff may also affect imports. The price of cigarettes in Germany is controlled by the Federal Government and since 1948 the portion of this price allotted to the manufacturer has not increased. The benefits of tax reductions in 1953 and 1957 were passed on to the consumer and did not affect the manufacturer. Production costs, however, have been rising steadily. Cigarette manufacturers claim that they have rationalized their activities as much as possible and they now fear that the only place left to them to effect savings is in raw materials. If German cigarette manufacturers do not obtain any relief and are forced to buy the cheapest raw material available, there is a danger that sales of quality tobacco from North America may be seriously affected.

In summary, the outlook for imported tobacco on the growing German market, particularly Virginia tobacco, is good. The Canadian tobacco industry has an excellent opportunity to increase its sales in a country where quality tobacco is appreciated. At the same time, we must not deceive ourselves about the measure of competition we shall have to face in years to come. Strict attention will have to be paid to quality and packaging, but price will undoubtedly assume an increasingly important rôle. ●

## TRADE OPPORTUNITY

# Furniture Dimension and Components

*U.S. furniture manufacturers are lowering costs by using prefabricated precision wood parts. This presents Canadian producers of hardwood parts with good sales prospects, especially in California. Here is advice on exploiting this opportunity.*

C. S. COLLINS, *Commercial Assistant, Los Angeles.*

UNITED STATES manufacturers of furniture, toys, radio and television cabinets, caskets, and other assembled wood products are using purchased prefabricated precision wood parts more and more. Annual sales of these parts in the hardwood dimension field alone now total a reported \$40 million. California has become a particularly good market for these because it leads the U.S. in furniture sales and, in fact, widened the gap separating it from its nearest competitor, New York, by \$21 million in 1959, with furniture sales valued at \$237.1 million. This figure represents 10.8 per cent of the national total. California also ranked first in sales of upholstered furniture in 1957 worth \$66.7 million, or 10.7 per cent of the national total.

Barring unforeseen developments, Western furniture manufacturers can expect their sales to continue rising much more rapidly than in the rest of the country. Facts and figures published by the Census Bureau bear this out: California's population between the 1950 census and July 1, 1958, increased by 3.7 million to 14.28 million, or 34.9 per cent. It is the fastest growing state and is now solidly entrenched as the second largest and is catching up rapidly with New York.

### **Costs Influence Sales**

The cost of furniture manufacture in California, as in most parts of the country, has been increasing steadily, not only because of the high cost of labour, factory space

and equipment, but also because of the heavy freight costs on hardwood brought in from the Southern States. These factors have contributed in great measure to a substantial increase in the use of purchased wood components by furniture manufacturers. A number of small and medium-size woodworking plants in Virginia, Louisiana and other Southern States where hardwoods are produced now specialize in supplying furniture manufacturers in California and other parts of the country. Some of these wood specialty plants even maintain technical personnel to assist the furniture manufacturer in determining the most appropriate species of wood, grade and size. These experts also suggest the degree of prefabrication for the components which, in their opinion, is best suited to the manufacturer's requirements, taking into account the greatest economy in delivered cost. All unusable waste is eliminated at the woodturning plant to hold freight costs to a minimum.

### **Advantages of Components**

Several years ago the National Association of Furniture Manufacturers made a survey among furniture-makers throughout the United States and Canada to determine the advantages and the extent of use of purchased prefabricated wooden components. Questionnaires were mailed to furniture manufacturers and replies received from 126 firms. Of these, 55 per cent said they used components and 45 per cent said they did not. Users of purchased

components listed the following principal reasons for doing so:

- More economical to use than if made by the furniture manufacturer
- Reduces capital investment in additional and expensive woodturning machinery
- Waste eliminated
- Assures a definite component cost known in advance.

Even the non-users of component parts stated that the dimension industry should do a better selling job to get more business. The survey indicated conclusively that woodturning plants can give invaluable service to furniture manufacturers and that greater use of purchased components is inevitable.

### **Methods of Buying**

In Southern California, small furniture manufacturers usually find it more advantageous to purchase their limited requirements of components from commission agents who charge the woodturning plants a commission ranging between 5 to 8 per cent on sales consummated. The woodturning plants handle all billing and collections. The larger furniture manufacturers, because of their substantial requirements, prefer to deal direct with the woodturning plants. At least one large firm reportedly buys approximately \$250,000 worth of birch panels annually from two plants in Eastern Canada and its executive vice-president makes periodic trips to Canada

to seek out additional suppliers of maple, ash and other hardwood glued-up panels.

### Japanese Suppliers

Japanese woodturning plants have been quick to realize the potential market for hardwood furniture components in California. During the past few years, substantial quantities of furniture legs fully machined and ready for assembly and staining have been shipped from Japan to California. It is estimated that almost 90 per cent of wooden legs that furniture plants in California now use come from Japan. The Japanese are also supplying increasing quantities of chair frames (usually of spruce) which compete successfully with alder frames from Washington and Oregon or mag-

olia frames from the Southern States. Table I gives prices of Japanese furniture legs and chair frames which have been quoted recently.

### Wide Variety of Components

Components used may be in the form of squares, flat stock, rounds, billets or shapes of infinite variety, completely machined or semi-machined to the specifications of the purchaser.

Casket components and dimension lumber are supplied to many small plants making cloth-covered caskets and to a few which make the natural wood-finished ones. All the basic parts of a casket—the top curved panels, sides, ends, rims, ledge, bays, corners, panel and bottom—are supplied by woodturning firms ready for assembly by the cas-

ket makers. Casket manufacturers in this part of the country usually use redwood from Northern California which they purchase cut to size. They also use fairly large quantities of plywood for shipping cases, bought from the Southern States and the Midwest.

### Import Duties

Although Canadian woodturners probably cannot hope to compete with Japanese suppliers of furniture legs or chair frames, it is important to note that Canadian suppliers can and do sell very substantial quantities of hardwood lumber and dimension stock to California. These enter the United States duty free and are subject only to an import tax of \$1.50 per 1,000 board feet. It is much more difficult to be competitive on such things as casket parts, billets, handles or furniture parts which have been machined or finished to a degree which identifies them as exclusively for use in furniture. All of these items are subject to U.S. import duty averaging 16½ to 17 per cent ad valorem.

Table II shows the quantities of hardwood billets, blocks, dimension stock and birch and maple lumber shipped from Canada to the United States for the periods indicated.

### Reaching the Market

From discussions with furniture manufacturers, commission agents, the Furniture Manufacturers Association of California, and others, it appears that present sales of Canadian furniture dimension in California could be increased. Canadian suppliers should concentrate their sales efforts on the items mentioned above that are free of U.S. import duty and made of hardwoods only. Canadian softwoods, generally speaking, are not competitive with production in Oregon and Washington. The long freight haul from Eastern Canada to Southern California does not present any serious problem, because furniture manufacturers here are obliged to buy

TABLE I—PRICES QUOTED BY JAPANESE\*

Square, tapered legs (birch or spruce) complete with dowel screw and glide, finished (i.e. dipped, not sprayed) for use in box springs, sofas, etc.

Length	Price	
3"	\$0.09	Basis of quotation f.o.b. nearest West Coast port of entry.
4"	0.10½	
5"	0.12	
6"	0.14	
7"	0.16	
Japanese chair frames (spruce or birch) Swedish-style, finished (i.e., dipped, not sprayed). Assembled, comprising two arms, legs, base and back.		
	\$12.95	f.o.b. nearest West Coast port of entry.

\*Quotations are for minimum quantities of 5,000 units.

TABLE II—CANADIAN SHIPMENTS TO THE U.S.

	Volume	Value
Billets, blocks, squares and dimension stock, hardwood		
1958		\$ 1,563,694
1959		1,178,284
1960 (Jan.-Sept.)		881,089
Hardwood veneers		
1960 (Jan.-Sept.)	366,991,431 sq. ft.	13,139,376
Birch lumber		
1960 (Jan.-Sept.)	44,255,000 bd. ft.	8,709,471
Maple lumber		
1960 (Jan.-Sept.)	30,111,000 bd. ft.	5,793,685

their hardwood needs from producing areas in the Southern States and the cost of transportation is probably no greater than from some points in Ontario and Quebec.

The importance of quality standards for hardwood dimension cannot be over-emphasized. United States furniture manufacturers are familiar with the standards developed by the Hardwood Dimension Manufacturers Association in Nashville, Tennessee, and Canadian

suppliers who hope to compete successfully in this market must guarantee comparable quality.

There are excellent display facilities in Los Angeles where Canadian firms may exhibit furniture dimension and components to advantage. Some of the woodturners in Quebec or Ontario might consider the desirability of displaying their products here. The Los Angeles Home Furnishings Mart offers an ideal location and rents display space at

reasonable rates. Furniture manufacturers from the eleven Western States visit the Mart frequently to inspect the latest trends in furniture styling. At the present time, a number of foreign producers of finished furniture, including Scandinavian, Japanese and one Canadian firm, are displaying products. The minimum space for rent at the Mart is 415 square feet for \$145.25 a month, with a minimum one-year lease. ●



## Commodity Notes

### Apples

**WEST GERMANY**—The West German and Italian Governments have concluded an agreement to stabilize the German apple market. The agreement includes a minimum import price effective between September 1 and March 15 for all varieties which are comparable to the German varieties, and an undertaking by the Italians that no "mercantile" grades will be eligible for export to Germany during the same period. Under the agreement, Kalterer and Abbondanza/Belfort varieties will not be free for export from Italy to Germany before January 1, while the Champagne Reinettes and Durello varieties will be withheld until March 1. On the other hand, choice and A grades of the Golden Delicious, Jonathan, Calville, Black Ben Davies and Stayman varieties will continue to be admitted—Hamburg.

### Automobiles

**BRAZIL**—During the first eight months of 1960, Brazil's production of motor vehicles totalled 82,576 units, compared with 61,881 units for the same period in 1959. Output included 25,216 medium-weight trucks and buses, 20,954 passenger cars, 12,706 jeeps, 14,874 utility vehicles, 5,948 light trucks and 2,878 heavy trucks—Rio de Janeiro.

### Copra

**GHANA**—The factory of the Nzima Oil Mills (ICD) Limited at Esiama in the Western Region of Ghana

will start operations early this year. It is expected to produce 24 tons of edible oil per week processed from local copra and also compressed copra cake from animal feed. The mill has been established as a subsidiary of the Ghana Government Industrial Development Corporation, with a capital of £212,000. The factory cost approximately G£142,000 to construct—Accra.

### Diesel Engines

**INDIA**—An Indian manufacturer at Poona has recently produced the first Indian 210 h.p. diesel engine. The company has been producing diesels of 5 to 40 h.p. and is now embarking on the production of the heavier engines in collaboration with Maschinenfabrik Augsburg Nurnberg (M.A.N.). Production of ten of these heavier motors per month is planned—Bombay.

### Manganese

**BRAZIL**—World production of manganese is concentrated in only ten countries, among which Brazil ranks as third largest producer, after the Soviet Union and India. Brazil's reserves of manganese, considered the third largest, are estimated at 100 million tons. After 1957, following the completion of major transport and port projects in the territory, Amapa became the chief producing area in Brazil and in 1958 accounted for some 68 per cent of total Brazilian manganese output.

Brazil's manganese exports go almost wholly to the United States, the world's largest consumer. The U.S. relies on Brazil for about 42 per cent of its total imports and last year bought from her 914,220 tons valued at U.S.\$30.3 million—São Paulo.

### **Nuclear Power**

**BRAZIL**—According to a statement of Otávio Dias Carneiro, Director of the Mambucaba Project Superintendency, tenders will be invited from foreign companies for the Mambucaba nuclear energy plant. Interested firms will be expected to prepare their tenders in the first half of 1961; the selection will be made after July 1961 and contracts signed early in 1962. Construction, which should begin in the first six months of 1962, is expected to take about four years—São Paulo.

### **Paper**

**SWEDEN**—The Scandinavian paper exporters have reached agreement on export prices for all kinds of paper except kraft. For sulphite wrappings, the increase is £4 sterling for basic substance and for greaseproof and parchment £3 sterling—Stockholm.

### **Polyester Fibre**

**ARGENTINA**—It is reported that a factory to produce dacron polyester fibre, capitalized at 250 million pesos, will be established shortly at Beccar, Province of Buenos Aires. Production is scheduled for March 1961—Buenos Aires.

### **Rice Seed**

**VENEZUELA**—A new rice seed which germinates faster than any other variety used in Venezuela has been developed by the Experimental Station of the Ministry of Agriculture in Portuguesa State. Even more important, it is resistant to the pest locally known as "white leaflet". Tests show the new variety yields 2,700 lb. of rice per acre—Caracas.

### **Steel**

**BRAZIL**—The foundation stone has been laid in Recife, Pernambuco, for a steel mill to be operated by COSINOR—Companhia Siderurgica do Nordeste. The mill is expected to commence operation in about 30 months, with an estimated initial annual production of 50,000 tons which will be increased by stages to 120,000 tons—Rio de Janeiro.

**BRAZIL**—Aços Villares S/A of São Paulo has signed a licence agreement with the Ohio Steel Foundry Co. of the United States for the manufacture of cast and forged steel and iron rolls for industry. The company's production line of special steels includes high alloy steel,

high alloy stainless and heat resistant steels and the higher alloy grades of construction steels, as well as heavy castings and forgings of both plain carbon and alloy steels—São Paulo.

**ECSC**—The European Coal and Steel Community reports that in 1960 a record 72.8 million metric tons of steel was produced in the six countries of the Community. This is 9.6 million more than in 1959. At 15.3 per cent, this rate of growth is higher than for the other large groups of producers and compares with 8.5 per cent for the Soviet Union and 5.3 for the United States—Brussels.

### **Volkswagens**

**WEST GERMANY**—The Volkswagen works produced about 890,000 cars in 1960, an increase of nearly 200,000 over 1959. Output for 1961 is expected to pass one million, based on the production schedule of 4,000 cars per day. This would make VW the biggest single European producer. In 1945 the Volkswagen works were 60 per cent destroyed and annual production stood at 1,785 cars. Nearly 60 per cent of the 1960 production was exported, one-third going to the United States—Hamburg.

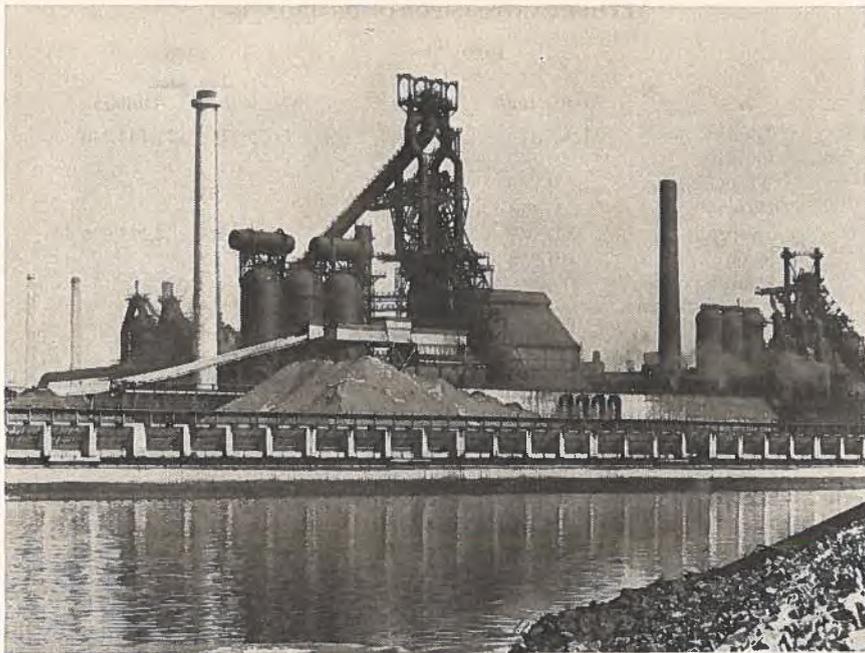
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### **Management Conference in Mexico**

*"SCIENTIFIC Management and Its Responsibility in Bettering the Standard of Living in the Americas" will be the theme of the III Inter-American Management Conference in Mexico City, March 6 to 11, 1961. The Mexican Government has invited Canadian corporations and institutions interested in the scientific administration of business to participate. The conference is being organized by the Mexican Management Association and held under the auspices of the Pan-American Council of the International Scientific Organization, a consultative organ of UNESCO in matters relating to the scientific administration of business.*

*"New Techniques in Scientific Management" and the "Latin American Common Market as a Solution to Economic Development" are two of the four main topics that will be studied in eight specific presentations. These papers will be given by authorities on the subjects from various countries of the Americas and will be commented upon and discussed by other lecturers. Visits to factories and tourist attractions in the area and dinner invitations to Mexican homes will highlight the informal part of the conference. In addition, a program is being organized for the ladies attending.*

*Registration forms and a brochure containing further details can be obtained upon request from the Latin American Division of the Department of Trade and Commerce.*



*This blast furnace, one of the largest in the world, can produce 1,400 tons of pig iron a day. It went into operation at IJmuiden about three years ago.*

# Netherlands Iron and Steel Industry

The Dutch are developing an important industry in a country where no ore is mined. Canadian raw materials help support this expanding enterprise.

N. RIEMEIJER, *Commercial Assistant, The Hague.*

IN 1918 the Netherlands decided to establish a blast furnace enterprise. There were two good reasons for this, even though no iron ore is mined in the country. Practically all Western European blast-furnace enterprises imported high-grade ores, and large quantities of ore passed

through the port of Rotterdam on the way to the Ruhr. An undertaking on the Netherlands coast could therefore obtain foreign ores that much more cheaply. Moreover, a plant located on the sea could easily supplement its domestic coal supplies through imports, and readily ship end-products out.

The dune-land soil of the IJmuiden area on the North Sea seemed particularly suitable for the laying of solid foundations and sufficient fresh water was available for steel manufacture. The Royal Netherlands Blast Furnaces and Steel Works which was established there at first produced only pig iron. Opportunities for disposal of this on the home market were, however, limited and it was decided to build a pipe foundry to consume part of the output. A few years later, a start was also made on the manufacture of steel.

To consume the steel thus produced, a rolling mill for the production of heavy and medium-gauge plate (including shipbuilding plate) was erected and subsequently an adjacent mill was taken over for rolling thin sheet and sections. The construction of a blooming mill paved the way for the manufacture of large-size ship's plates and the production of hot and cold rolled sheets and tinplate. A wide-strip rolling mill and a tinplate mill were set up under a separate company incorporated for this purpose.

The production of pig iron had originally stimulated the production of steel and this in turn led to the construction of rolling mills. It was later found necessary to increase the output of steel and pig iron to supply the requirements of the rolling mills.

## Pig Iron Production

The first blast furnace with coke-oven battery was completed at IJmuiden in 1924, the second in 1926, and the third in 1929. With one furnace held in reserve, production was still too great for the domestic market and the Netherlands consequently became the most important European exporter of pig iron for a period of years.

However, consumption of pig iron by the company itself eventually brought a drop in the surplus for export. After 1945 the spare furnace was put into use and output rose so sharply that for several years

the Netherlands was the world's largest shipper of pig iron.

To continue deliveries to consumers abroad and at the same time keep pace with the greatly increased domestic demand, a fourth blast furnace with a capacity of 1,400 metric tons of pig iron a day was built. This furnace, one of the largest in the world, started to operate in 1958.

Current production is 1.2 million metric tons a year. In 1961, with operation on a full four-furnace basis, this figure will rise to 1.4 million. It was recently decided to build a fifth blast furnace and a second sintering plant. As a result, it will be possible to raise annual output of pig iron to 1.7 million tons in 1962.

The table on the right gives details of Netherlands imports of iron ore during 1959 and the period January-October 1960.

The first open-hearth furnace was put into operation in 1928. Thereafter five more units were built and in 1959 steel output totalled 940,000 tons.

### Oxygen-Blown Steel

At the time the fourth blast furnace was put into operation, the manufacture of oxygen-blown steel by a special process was started in a second steelworks. Present annual output of this plant totals some 440,000 tons.

The contemplated increase in the production of pig iron by 200,000 tons in 1961 and by 300,000 tons in 1962 will coincide with an extension of the existing oxygen-blown steel plant, where the two 60-ton converters now in use will be replaced by two 100-ton units and a third 100-ton unit added. This extension will raise the total possible steel production to 1.9 million tons a year (including one million tons of oxygen-blown steel). A spare capacity of 800,000 tons in the oxygen-blown steel plant will remain, which will probably be used to supply the steel requirements of rolling mills for non-flat products.

### NETHERLANDS IMPORTS OF IRON ORE

	1959		1960	
	Metric tons	Dollars	Metric tons	Dollars
Total	1,919,186	23,680,540	1,675,975	21,144,240
France	21,862	256,620		
West Germany	1,066	22,880		
Norway	23,118	298,220		
Sweden	327,047	4,178,980	351,764	4,235,920
Spain	101,395	1,180,660		
Spanish ports, North Africa	82,004	1,134,640		
Algeria	140,845	1,760,720		
Tunisia	22,272	272,220		
Sierra Leone	370,529	4,138,420	271,359	2,874,300
Liberia	399,880	5,320,640	372,266	5,348,200
Angola	2,265	37,180		
South Africa	686	14,560		
Canada	144,518	1,303,640	144,086	1,237,080
Chile	11,343	218,920		
Brazil	158,930	2,289,040	141,595	2,280,720
Portuguese India	111,462	1,240,200	128,039	1,548,300

There are two other Netherlands steelworks, but they are situated inland. They operate both open-hearth and electric furnaces. One of them, the Royal Demka Steel Works at Utrecht, started the manufacture of steel in 1902; the other, the Netherlands Cable Works at Delft, in 1938. Combined annual output of these two concerns approximates 300,000 tons. Part of the production of the Royal Demka Steel Works consists of special alloy steel.

### Rolling Mill Products

The manufacture of rolling mill products was started by the Royal Netherlands Blast Furnaces in 1939. A mill for rolling sheet and a section rolling mill were taken over in 1941. Expansion was interrupted by the war but 1952 saw the completion of a blooming mill. This mill handles about 1.4 million tons of ingots a year and has a maximum throughput capacity of 1.9 million tons. It is expected this capacity will be used fully in 1962.

A rolling mill was completed in 1952 for the hot rolling of coils and sheets up to 49 inches wide, while a cold reducing mill and a plant for the production of hot-dripped tinplate were also put into operation. An electrolytic tinning installation was added to the tinplate plant in 1958. A second cold re-

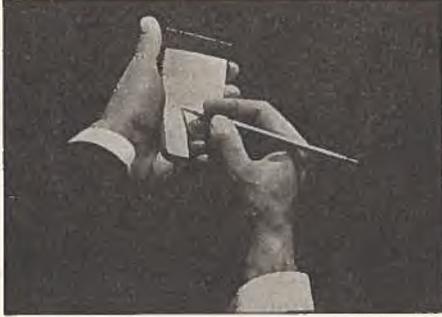
ducing mill for rolling plates for the tinplate plant and a second electrolytic tinning installation are now being constructed. Provision will also be made for the manufacture of cold-reduced sheet in widths up to 59 inches.

When all these plans have been implemented, possible total annual production of hot and cold rolled coils and sheets will climb from 520,000 to 785,000 tons, and for tinplate from 130,000 to 290,000 tons. Output of hot rolled heavy and medium-gauge plate will remain unchanged at approximately 370,000 tons a year. The two smaller steelworks have rolling mills with combined annual production capacity of some 350,000 tons.

### Expansion Anticipated

From the foregoing it is clear that the Royal Netherlands Blast Furnaces and Steel Works will soon have an annual output of 2.7 million tons of steel. This figure is not regarded as a final goal; a production and processing capacity of at least 5 million tons of steel annually is the aim.

The intention is also to establish a new blast furnace and steel manufacturing plant near Rotterdam, with an ultimate annual production capacity of 5 to 6 million tons of steel. ●



## Belgium

**OIL EXPLORATION**—As a result of a recently announced exploration program, Belgium hopes to become a producer of oil and natural gas. A Royal Dutch Shell subsidiary, the Belgian Shell Company, has requested an exploration permit covering 6,000 square kilometres in the Dinant basin in the south of Belgium near the French border. Technical personnel are in the area preparing equipment for a complete gravimetric survey of the basin, which lies between the Sambre and Meuse Rivers. This survey will probably require four years to complete.

First phase will involve installation within six months of 6,000 gravimetric stations. This will be followed by seismic prospecting, scheduled for completion by 1963—Brussels.

## Denmark

**EFTA CO-OPERATIVES**—The co-operative movement of the EFTA countries has decided to place its head office in Copenhagen. Mr. Ebbe Groes, director of the Federation of Danish Co-operative Stores, has been appointed chairman and Mr. Mogens Efholt, director of the Nordic Co-operative Federation (Nordisk Andelsforbund), secretary—Copenhagen.

## Ireland

**MORE TOURISTS IN IRELAND**—Figures just issued by the Central Statistics Office of the Irish Republic indicate that hotel-bill receipts for the second quarter of 1960 totalled £1.5 million, an increase of some 20 per cent over the same period in 1959. Guest registrations, at 416,000, were 16 per cent greater than in 1959. Visitors from the United States and Canada numbered 50,000, an increase of 24 per cent—Dublin.

**RURAL ELECTRIFICATION**—Out of 780 rural areas originally designated for electrification, less than 100 are now awaiting current. To date about \$75.6 million has been spent on this program. When rural electrification has been completed Ireland will rank as one of the world's major consumers of electricity in agriculture. At present, rural consumption accounts for 21 per cent of output—Dublin.

## General Notes

### Italy

**SHIPYARDS NEAR NAPLES**—At a cost of about \$8 million, the shipyard at Castellammare di Stabia, near Naples, has been re-equipped, modernized and enlarged to the extent that on completion it will be able to build vessels of 65,000 tons compared with the previous limit of 20,000. The re-equipped shipyard will compare with the most modern in the northern part of the country—Rome.

### Jamaica

**NATIONAL PRODUCT INCREASED**—Jamaica's gross national product has trebled since 1950—from £70 million to £210 million in 1959—and per capita income has doubled in the last five years to £115 a year. These striking increases stem from Jamaica's transition from an economy based chiefly on agricultural exports to one based more and more on light industry—Kingston.

**FARM DEVELOPMENT**—A four-year plan known as the Agricultural Development Program went into effect on October 1. The plan calls for an expenditure of £12.5 million on roads, water supplies, transportation facilities and electrification in rural areas. At present, Jamaican agriculture is hampered by inadequate storage and transportation facilities—with the result that much farm produce does not reach the market and a disproportionately high amount of foodstuffs that could be produced locally must be imported—Kingston.

### Mexico

**INDUSTRY ENCOURAGED**—The Mexican Government promotes industrialization through fiscal measures, including tax exemptions and high rates of duty on imports. Among the companies favoured by exemption from taxes last year are those manufacturing machinery and equipment for the petroleum industry, auto and truck bodies, wood pulp, solvents, synthetic resins, insecticides, glass fibre and forged steel. As local production increases, imports of these items will be reduced through licensing procedures and high duties. The government-organized Guarantee and Development

Fund for Medium and Small Industry has authorized credits during the past year amounting to about U.S.\$35 million. These have been channelled towards the production of iron and steel, foods, textiles, clothing, graphic arts, construction materials, hides, electrical and chemical industries—Mexico, D.F.

**NEW MACHINERY PLANT**—The National Iron and Steel Works, S.A., a long-established Mexico City mill, machinery and equipment manufacturer, and Stork Werkspoor of the Netherlands recently signed an agreement to co-operate in the production of heavy machinery and equipment in Mexico. Production will be handled by a new company known as Stork Werkspoor de Mexico, S.A. According to the announcement, the majority of the stock interest will be in the Mexican owners' hands. The plant (construction has not started yet) will cost an estimated four million pesos, and will produce heavy equipment for the sugar-milling, chemical and oil-refining industries. In the future it may expand to produce Stork Werkspoor lines of machinery and equipment that can be used in Mexico—Mexico, D.A.

### Spain

**PAPER MILL**—The CEPAL Board has met in Madrid to study the report prepared by Paperconsult, Zurich (European Associates of Sandwell and Co., of Vancouver), concerning the construction of a newsprint mill at Ribadeo, Galicia. The cost is estimated at \$14 million and this may be increased to \$21 million on completion of plans. Initial production is estimated at 60,000 tons a year—Madrid.

**U.S. AID**—A loan of \$2.3 million has been granted by the Export-Import Bank to the Spanish Government-controlled steel plant, Empresa Nacional Siderurgica S.A. (ENSIDESA) at Aviles, for the purchase of 120 plate rollers in the United States. The loan is repayable in five years. ENSIDESA previously borrowed \$4.4 million from the Export-Import Bank.

The new loan brings to \$19 million the total credits granted by the Export-Import Bank to the Spanish steel industry. In addition, between 1954 and 1960, the industry received through ICA equipment worth \$11 million and raw materials valued at approximately \$60 million—Madrid.

### Sweden

**SELF-SERVICE STORES**—Self-service shopping is growing rapidly in Sweden, according to a report on the development of retail sales in 1959. A nation-wide survey reveals that the increase in turnover from 1958 is about 6 per cent in self-service stores, compared with 2 to 4 per cent in other types.

In 1959 the number of new or rebuilt groceries for self-service rose by over 650 (about 350 private-enterprise units and some 300 co-operatives). Self-service stores in Sweden at the beginning of 1960 totalled about 4,750, of which 2,100 were privately owned and 2,650 co-operatives. Comparison between self-service and manually served shops is difficult because the latter group contains specialized units such as bakeries, dairies, fish shops, fruit stores, etc. However, the general trend seems to be toward self-service.

Swedish consumer habits are also changing. Fruits and vegetables—fresh, canned or frozen—are occupying a rapidly growing place in food purchases. The 1959 turnover of these products climbed by about 16 per cent over 1958.

Sales of frozen foods, particularly the ready-to-heat varieties, increased by about 10 per cent. Canned soups, herring and other preserved fish share popularity with vegetable products. Another notable variation in Swedish eating habits is the switch from homemade bread to bakery bread and cakes—Stockholm.

### United States

**INSURANCE FUNDS IN SUPERMARTS**—Shopping centres in the United States have found life insurance companies to be their largest source of funds. About \$1.5 billion of policyholder funds is invested in shopping centres today, and an additional \$400 million is committed to building new shopping centres over the next few months. The average life insurance investment in shopping centres is approximately \$41 per insured family.

There will be 4,500 shopping centres in the United States by the end of 1961 and it is estimated there will be 10,000 in operation by 1965. Shopping centres are classified in three groups—small, intermediate and regional. The typical small shopping centre consists of three to fifteen stores, the central one a supermarket. The intermediate group has as many as fifty shops centering around a department store of moderate size. The regional shopping centre consists of 50 to 100 stores, and incorporates colourful landscaping, pools and fountains, entertainment facilities such as theatres, bowling alleys and skating rinks, helicopter landing fields and facilities for church services—Detroit.

### Venezuela

**PUBLIC WORKS**—Venezuela has allocated U.S.\$22.9 million to improve its port facilities under the four-year economic development plan. It will also spend U.S.\$70.5 million in the next four years to improve the Caracas water supply system, U.S.\$37.8 million for the Maracaibo aqueduct project, U.S.\$10.5 million for Valencia's water-supply system (over the next two years) and some \$90 million in the fiscal year 1960-61 for nationwide waterworks improvements—Caracas.



## Foreign Tariffs and Trade Regulations

### Chile

**CONSULAR LEGALIZATION REQUIREMENTS ELIMINATED**—The Government of Chile has announced that, in accordance with Decree-Law No. 312 of April 1, 1960, effective January 1, 1961, no legalization of documents by Chilean Consulates will be required for the following:

1. Clearance of vessels bound for Chilean ports
2. Clearance of aircraft (both commercial and tourist) en route to Chile
3. Bills of lading and airway bills covering goods and merchandise bound for Chile
4. Commercial invoices pertaining to goods and merchandise going to Chile.

Merchandise being shipped to Chile, as of January 1, 1961, will pay the corresponding consular fees at the Custom House at the point of debarkation and in local currency (Chilean escudos). Consular fees corresponding to documents referring to clearance of vessels and aircraft will also be collected by the Customs at the first port of arrival.

### Turkey

**NEW FOREIGN TRADE REGULATIONS ANNOUNCED**—A cablegram from the Canadian Commercial Counsellor, Athens, Greece, dated January 21, provides a summary of new Foreign Trade Regulations recently announced by the Government of Turkey.

According to the cablegram, the sixth global import quota and revised free import lists were announced on January 4 totalling \$280 million for the six months' period. The deadline for applications for global quota licences is February 4 (except for industrialists and special importers). Applications must be accompanied by counterpart guarantee of 10 per cent of the value and pro forma invoice of the foreign suppliers or firm offer. The sixth quota and free import lists apply to the European Monetary Area, dollar and other hard currency areas. Import licences are valid for six months. Letter of credits are to be opened within one month of issue of the licence. Payments for cash against document imports must be made within six months; payment for cash against goods within six months of clearing goods. Licences for free list imports may be applied for at any time and are not subject to the February 4 deadline.

There are many important additions to the previous free list, including chemicals, rubber, hides, agricultural machinery, and special purpose vehicles. In general, the global quota allocations divided between industrial and market imports are generous.

The more important allocations include the following (in millions of dollars): iron and steel products 5.2; chemicals 3.8; plastic materials 2.5; diesel petrol engines 2.75; roadbuilding, construction machinery and plant 1.5; lorries, chassis, 2; vans 2.5; electric motors 1.5; metalworking machine tools 1.5; antibiotics and drugs 2.5; pumps 1.

Also the following (in thousands of dollars): pit-props 500; pulpwood, wood pulp 750; paper 50 to 55 grams per square meter 500; printing and writing paper 250; other paper 250; secondary aluminum products 450; hand tools 100; tools for machines 250; pneumatic electro-mechanical hand and machine tools 250; electric generators 250; transformers 200; automatic telephones and exchanges 100; insulated underground cable 200; transmission conveyor belts 250; asbestos 75; cellulosic varnishes and colours 125; pyrotechnic products 125; packing cases 200.

One million dollars for state railroads, aerodromes and public telephone and telegraph; 1 million for urgently needed supplies for state industries;  $\frac{1}{2}$  million for private-sector industry; 4 million for capital equipment for state industrial enterprises, and 6 million for private industry. Other allocations are for various assembly plants and 21 million for wheat purchases from the United States.

Canadian exporters should follow up immediately with prices and offers to their Turkish contacts.

Complete details will be available when the official text of the new regulations is received.

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### Trade Commissioners on Tour

#### In Canada

G. F. G. HUGHES, who will shortly take up his duties as Commercial Counsellor in Stockholm, will visit Montreal February 20-24 and Toronto, February 27-March 3. Businessmen who wish to see Mr. Hughes should get in touch with the Board of Trade in Montreal and the Canadian Manufacturers Association in Toronto.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.01169775.

# Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 30	Units per Canadian dollar	Notes (See below)
Argentina .....	Peso .....	Free .....	.01198	83.47	(1)
Austria .....	Schilling ...	.....	.03797	26.34	
Australia .....	Pound .....	.....	2.2178	.4509	
Bahamas .....	Pound .....	.....	2.7723	.3607	
Belgium and Luxembourg .....	Franc .....	.....	.01984	50.40	
Bermuda .....	Pound .....	.....	2.7723	.3607	
Bolivia .....	Boliviano ..	Free .....	.00008652	11,558.02	
British Guiana ..	Dollar .....	.....	.5776	1.73	
British Honduras ..	Dollar .....	.....	.6931	1.44	
Brazil .....	Cruzeiro ...	General Category*	.004318	231.60	*Jan. 10 (2)
		Special Category .....	.001530	653.57	
		Official selling .....	.05225	19.14	(3)
Burma .....	Kyat .....	.....	.2076	4.82	
Ceylon .....	Rupee .....	.....	.2079	4.81	
Chile .....	Escudo .....	Free .....	.9396	1.06428	(4)
Colombia .....	Peso .....	Certificate .....	.1475	6.78	
Congo, Republic of	Franc .....	.....	.01984	50.40	
Costa Rica .....	Colon .....	Official .....	.1760	5.68	
		Controlled free .....	.1486	6.73	
Cuba .....	Peso .....	.....	.9884	1.01174	tax 2%
Czechoslovakia ...	Koruna .....	.....	.1373	7.28	
Denmark .....	Krone .....	.....	.1432	6.98	
Dominican Republic .....	Peso .....	.....	.9884	1.01174	
Ecuador .....	Sucre .....	Official .....	.06590	15.17	
		Free .....	.05780	17.30	
Egyptian Region, United Arab Rep.	Pound .....	Official .....	2.8384	.3523	
		Export account selling ..	....	....	
El Salvador .....	Colon .....	.....	.3954	2.53	
Fiji .....	Pound .....	.....	2.4976	.4004	
Finland .....	Markka .....	.....	.003089	323.73	
France, Monaco, etc. ....	New Franc .	.....	.2017	4.96	(5)
Franco-African Republics, etc. ...	Franc .....	.....	.004034	247.89	(6)
French Pacific .....	Franc .....	.....	.01109	90.17	(7)
Germany .....	D Mark .....	.....	.2368	4.22	
Ghana .....	Pound .....	.....	2.7723	.3607	
Greece .....	Drachma .....	.....	.03294	30.36	
Guatemala .....	Quetzal .....	.....	.9884	1.01174	
Haiti .....	Gourde .....	.....	.1977	5.06	
Honduras .....	Lempira .....	.....	.4942	2.02	
Hong Kong .....	Dollar .....	Free*	.1721	5.81	*Jan. 20
		Official .....	.1733	5.77	
Iceland .....	Krona .....	Official .....	.02601	38.44	(8)
India .....	Rupee .....	.....	.2079	4.81	
Indonesia .....	Rupiah .....	Official .....	.02196	45.53	(8)
Iran .....	Rial .....	.....	.01305	76.64	
Iraq .....	Dinar .....	.....	2.7676	.3613	
Ireland .....	Pound .....	.....	2.7723	.3605	
Israel .....	Pound .....	.....	.5491	1.82	
Italy .....	Lira .....	.....	.001590	629.93	
Japan .....	Yen .....	.....	.02746	364.17	

\*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 30	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	.3105	3.22	
Mexico	Peso		.07908	12.64	
Morocco	Dirham		.1977	5.06	
Netherlands	Florin		.2614	3.82	
Netherlands Antilles	Florin		.5267	1.90	
New Zealand	Pound		2.7723	.3607	
Nicaragua	Cordoba	Effective buying	.1497	6.68	
		Official selling	.1402	7.13	
Nigeria	Pound		2.7723	.3607	
Norway	Krone		.1384	7.22	
Pakistan	Rupee		.2079	4.81	
Panama	Balboa		.9884	1.01174	
Paraguay	Guarani	Official	.007814	127.97	
Peru	Sol		.03684	27.14	
Philippines	Peso	Free	.3295	3.03	
		Official	.4942	2.02	
Portugal & Colonies	Escudo		.03450	28.98	(9)
Singapore and Malaya	Straits Dollar		.3234	3.09	
Spain and Dependencies	Peseta		.01647	60.70	
Sweden	Krona		.1914	5.25	
Switzerland	Franc		.2294	4.36	
Syrian Region, United Arab Rep.	Pound	Free	.2762	3.62	
Thailand	Baht	Free	.04700	21.28	(8)
Tunisia	Dinar		2.3821	.4198	
Turkey	Lira		.1098	9.11	(8)
Union of South Africa	Pound		2.7783	.3607	
United Kingdom	Pound		2.7783	.3607	
United States	Dollar		.9884375	1.01169775	
Uruguay	Peso	Free	.08965	11.15	(10)
Venezuela	Bolivar		.2850	3.39	(11)
West Indies Fed.	Dollar		.5776	1.73	(12)
	Pound		2.7723	.3607	(13)
Yugoslavia	Dinar	Official	.003294	303.58	(8)
		Settlement rate	.001564	639.39	

\*Latest available quotation date.

## Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.\$18.36 plus (a) an exchange premium of Cr.\$71.64 per U.S. dollar for coffee green, roasted or powdered and cocoa beans; (b) Cr.\$81.64 per U.S. dollar for cocoa products, castor seeds, mineral crude oil and its products. Returns of all other exports may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.\$18.92 per U.S. dollar plus a surcharge of Cr.\$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning Jan. 1, 1960, one escudo equals 1,000 pesos.
5. New franc is also used in Algeria, French Guiana, Guadeloupe and Martinique.
6. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Camerouns, Togoland, and Madagascar. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, French Polynesia.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. A new exchange system was introduced in December 1959 under which exchange transactions take place at free market rates.
11. Effective Nov. 8, 1960, Venezuela imposed exchange controls. Exchange at the official rate is available for specified purposes. Otherwise, it must be purchased on the free market at fluctuating rates.
12. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
13. Jamaica.



## Businessman's Bookshelf

### **The People's Power—The History of Ontario Hydro**

By Merrill Denison. 295 pages. \$7.50.

ONTARIO'S industries, as Mr. Denison points out in this readable book, all benefit from the low-cost hydro-electric power that the Hydro-Electric Power Commission of Ontario supplies. Ninety-nine per cent of Ontario's homes are serviced by "Hydro," and it is also available to 95 per cent of the province's farms. The Commission has shown a willingness to serve even unprofitable and remote areas at cost, and has made Ontario's per capita consumption of electric power (5,950 kwh. in 1959) one of the highest in the world. The six million people living in Ontario consumed just about as much electric power in 1959 as did the 670 million in China.

All this was not achieved without a struggle—a struggle that began long before the Commission was established in 1905. Mr. Denison ably describes the missionary efforts of Sir Adam Beck and others of the "Founding Fathers" to gain acceptance for the idea of public ownership for the electric-power industry. The book chronicles the continuing successes and occasional setbacks, from the days when the Commission was basically an association of municipalities trying to get lower rates from the power companies right up to the construction of the St. Lawrence Seaway and Power Development.

This book should be of general interest as an historical study of what has become an institution in Ontario.

*Published by: McClelland and Stewart Limited, 25 Hollinger Rd., Toronto 16, Ontario.*

### **Selling to the Canadian Government**

*Department of Trade and Commerce. 39 pages. Free.*

THERE'S a potential customer for the Canadian businessman in his own Federal Government which buys more goods and services than any corporation, company or agency in the country. In the fiscal year ended March 1959, the Canadian Government spent \$1.4 billion for the purchase of office materials and supplies, equipment, services, construction and the leasing of accom-

modation. *Selling to the Canadian Government* tells the businessman what he can sell to this major customer and how to go about it.

Prepared by the Small Business Branch of the Department of Trade and Commerce in co-operation with other federal departments, the manual explains in individual sections the purchasing procedures of the nine departments which are the largest buyers and lists their Ottawa and district purchasing offices. Appendix II provides the addresses of the purchasing offices for other government departments and agencies which buy on a smaller scale. The wide range of commodities which federal government departments buy are conveniently listed in Appendix I.

*Order from: Trade Publicity Branch, Department of Trade and Commerce, Ottawa.*

### **Nigeria: Handbook of Commerce and Industry**

*Federal Ministry of Commerce and Industry. 227 pages. \$2.50.*

THE recent Export Trade Promotion Conference in Ottawa disclosed both a mounting interest in and a lack of knowledge about Nigeria. The fourth edition of this useful handbook should do much to satisfy the Canadian exporter's curiosity about and dispel his ignorance of this well-endowed, newly independent country.

Traders will probably find the chapters on industrial development (ten new factories began producing in 1959 and 14 were under construction) and on overseas trade particularly helpful. They will also wish to read carefully the one on government departments concerned with trade and industry.

The section styled "commercial information" will answer questions on advertising, on weights and measures, trademarks, hours of business, and so on. The appended maps include plans of the major towns and can be detached from the Handbook and carried by the traveller.

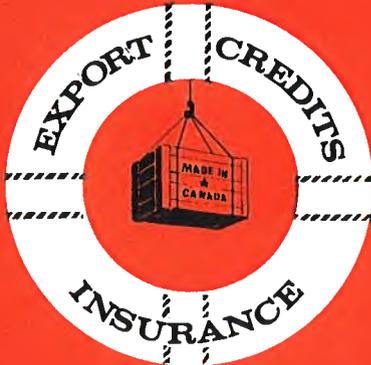
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