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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

British Attack the Housing Problem

Selling Electrical Equipment in Germany?

LKP Sells to Communist Countries

FOREIGN TRADE

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COMING——CANADA'S FISHERIES MARKETS IN 1963, MAY 16 ISSUE

British Attack the Housing

Builders in Britain must boost output by 50 per cent in the next ten years if they are to satisfy urgent need for new homes. This means adopting industrialized building methods and creates opportunities for Canadian suppliers of prefabricated houses and components. Capitalizing on these calls for salesmanship and knowhow.

O. HICKIE, *Commercial Secretary (Timber), London.*

THE BRITISH have been moving into newly built homes at the rate, on the average, of about 1,000 families every working day since the end of World War II. About 4.6 million new houses and flats have been built in the postwar years throughout the country and about 700,000 older houses improved and modernized. As a result, the total housing stock in Britain is currently estimated at about 16.7 million.

From a purely statistical standpoint, the number of houses available in Britain today is just about in balance with the number of households. In actual fact, however, there are not enough houses to go around because of some maldistribution of population in relation to existing housing. Consequently, severe local shortages persist in numerous areas, especially in and around the main centres of employment. Official estimates place these at between half a million and one million homes, with the more seri-

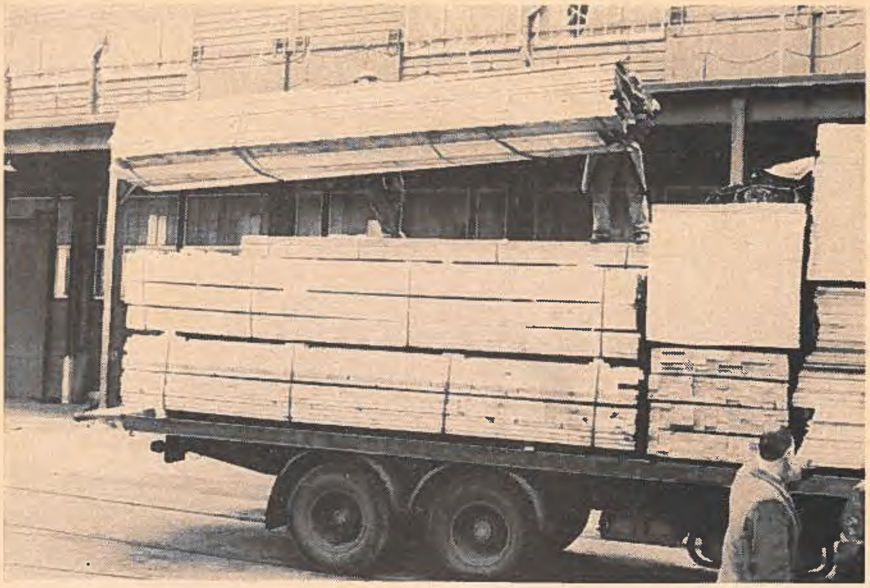
Construction of Houses and Flats in Britain 1959-1963

Item and Year	Starts			Completions			Under Construction (end of year)		
	By Housing Authorities*	By Private Builders	Total	By Housing Authorities*	By Private Builders	Total	By Housing Authorities*	By Private Builders	Total
Britain									
1959	152,640	172,336	324,976	128,402	153,166	281,568	158,443	114,745	273,188
1960	130,680	186,061	316,741	132,850	171,405	304,255	156,273	129,401	285,674
1961	127,104	192,950	320,054	122,434	180,727	303,161	160,943	141,624	302,567
1962	144,317	189,116	333,433	135,432	178,211	313,643	169,828	152,529	322,357
1963	174,420	202,536	377,056	129,927	177,787	307,714	214,421	177,278	391,699
England & Wales									
1959	125,228	164,078	289,306	102,905	146,476	249,381	127,579	108,298	235,877
1960	104,647	175,653	280,300	107,126	162,100	269,226	125,100	121,851	246,951
1961	103,572	181,106	284,678	98,466	170,366	268,832	130,206	132,591	262,797
1962	114,613	178,423	293,036	111,651	167,016	278,667	133,168	143,998	277,166
1963	138,070	192,255	330,325	102,413	168,242	270,655	168,825	168,011	336,836
Scotland									
1959	22,988	5,336	28,324	23,061	4,232	27,293	26,397	4,358	30,755
1960	21,696	7,119	28,815	22,063	6,529	28,592	26,030	4,948	30,978
1961	19,312	8,307	27,619	20,083	7,147	27,230	25,259	6,108	31,367
1962	23,081	7,553	30,634	18,977	7,784	26,761	29,363	5,877	35,240
1963	30,515	7,149	37,664	21,595	6,622	28,217	38,283	6,404	44,687
Northern Ireland									
1959	4,424	2,922	7,346	2,436	2,458	4,894	4,467	2,089	6,556
1960	4,337	3,289	7,626	3,661	2,776	6,437	5,143	2,602	7,745
1961	4,220	3,537	7,757	3,885	3,214	7,099	5,478	2,925	8,403
1962	6,623	3,140	9,763	4,804	3,411	8,215	7,297	2,654	9,951
1963	5,935	3,132	9,067	5,919	2,923	8,842	7,313	2,863	10,176

Source: Central Statistical Office, *Monthly Digest of Statistics*, January, 1963 and 1964.

*Including the Commission for the New Towns and New Towns Development Corporations, the Scottish Special Housing Association, the Northern Ireland Housing Trust, and housing associations and houses provided or authorized by government departments for families of police, prison staff, the armed forces and certain other services.

Problem



—Canadian Pacific Photograph

The photograph shows part of a shipment of Canadian pre-cut houses being unloaded from the Beaverelm *into a lorry at Southampton. The Canadian firm has shipped nine houses to Britain so far; the first unit, imported complete down to bathroom fixtures, was erected as a show house and attracted 25,000 enthusiastic visitors.*

ous shortages in greater London, the larger industrial cities of the Midlands, and central Clydeside in Scotland.

Higher Standards Today

The British housing problem is not entirely a shortage in absolute numbers. Housing authorities are equally concerned about the large number of existing homes that are substandard. These include about 2.8 million built before 1862, 3.3 million built between 1862 and 1900, and 1.5 million built between 1900 and 1919. Most of those built before 1862, for example, lack adequate kitchens, food storage facilities, hot water, bathroom and lavatory facilities. In fact, they are slums that can never be converted economically into good homes by modern standards.

Consequently, although the current demand for more homes is strong, there is also a growing clamour for higher standards in new housing generally. The postwar years of relatively full employment at higher rates of pay and a thorough-going system of national social security and welfare have changed former living patterns and standards drastically. It is now possible for the British to enjoy an easier, more varied life and they want homes that fit the new pattern.

Prefabrication for Production

In an effort to solve these problems, Government Ministries and high-ranking housing authorities have repeatedly emphasized the urgent need to step up the rate of housebuilding. They have pointed out that to overcome the housing deficit in the next ten years the building industry must increase output by as much as 50 per cent. Looking even farther ahead, officials estimate that in the next twenty years some 60 per cent more building of all kinds will have to be done by a labour force only about 6 per cent larger.

In the housing sector alone, the immediate target is to increase production to 350,000 units from the almost static average over the past decade of 300,000 houses a year. (See Table I.) Unofficially, even that figure has now been boosted to 400,000, considered more realistic if the national housing need is to be dealt with effectively. This figure takes into account present shortages, anticipated net increases in family formations, and the modernization of current housing at a conservative rate.

Obviously these objectives are well beyond the present capacity of the building industry. Because there is little prospect that a labour force not expected to increase appreciably can meet the estimated demand, most of the rise in output will have to be achieved by adopting industrialized methods that offer greater efficiency and productivity. A great deal of public attention has been focused on the need for factory-built houses and components as well as "dry" construction as the means of overcoming housing problems. In fact, the phrase "industrialized system building" has rapidly become something of a magic phrase on everybody's lips.

Prefabrication in Britain has had a long, checkered history but because the materials and labour needed for traditional construction were generally cheap and plentiful in the past, earlier experiments with industrialized building failed to have any lasting effect. The rapid advances in technology over the last century gave rise to some experimentation with other systems of prefabrication using cast iron, concrete, steel and aluminum. At various times, all of these came into their own for relatively brief periods. For the most part, the initial impetus was provided by a combination of unusual circumstances, such as the necessities of a war and its aftermath, a radical change in economic conditions, or a desire to try something different. These conditions were frequently temporary and as the weaknesses of some of these earlier systems became evident, interest in them waned.

Although factory methods have made no sustained or significant contribution to housebuilding in Britain so far, this type of construction is now on the verge of coming into its own on an undreamed-of scale. At present, only about 4 to 5 per cent of all houses are being built by industrialized methods. Traditional methods will undoubtedly continue to provide the bulk of British homes but factory-built houses are certain to account ultimately for most of the 100,000 to 150,000 annual unit increase, if not more.

Competition Will Be Keen

If future developments come up to expectations, this market will offer unprecedented opportunities to Canadian suppliers of prefabricated houses and components who are prepared to capitalize on them in an aggressive and intelligent way. The timing for entry into the British prefab housing market will probably never be better than it is now but Canadian companies must recognize that initially there are some formidable obstacles to be overcome. Moreover, the same opportunities are open to other industrialized systems using steel and precast concrete and in some respects, these today have a definite edge over timber prefabrication techniques here.

Up to now, British imports of prefabricated houses of all kinds have been negligible, except for the early postwar years when new accommodation in volume was urgently needed. According to available data, slightly less than 500 prefab houses were purchased abroad in the last ten years. The bulk of these were timber-frame, single-family dwellings supplied by Norway and Sweden, and the remainder steel-frame and concrete experimental prototypes from France, Germany, Italy, the Netherlands and Switzerland. In view of present trends, imports in the near future will probably increase rapidly. At the same time, the lion's share of the prefabricated housing market in Britain will undoubtedly be supplied ultimately by domestic manufacturers and builders.

If You Want to Enter This Market . . .

- **Become familiar with the housing problem and the housing field here.**
- **Modify house designs to conform to British tastes and bylaws.**
- **Invest effort, patience and imagination in the selling job.**
- **Set up some type of organization here to undertake planning and sales development.**
- **Consider entering into a joint venture or similar arrangement with an established builder, architectural firm, or estate developer.**
- **Plan assembly operations in Britain if high freight costs preclude shipping fully prefabricated units.**

At present, some 260 different industrialized building systems are known to British housing authorities. Most of them are Continental in origin and employ various techniques in precast concrete; a few also feature steel and plastics. Only a relatively small number have progressed to the stage where they are being seriously considered for use here. Several of the systems that have gone into production fairly recently and some that are in advanced experimental stages are British and authorities regard them as at least a partial answer to future housing needs.

In addition, there are about 50 British firms that our office is aware of which manufacture and build prefabricated timber houses on a relatively small scale, using variations of Canadian frame techniques. Only a few of these so far have a significant output; the largest is a firm with a capacity of about 750 homes a year. The present annual output is estimated at between 4,000 to 5,000 units, but this volume is expected to rise sharply in subsequent years. The gradual acceptance of timber frame houses and the general improvement in attitude among central and local housing authorities, building societies, builders and home buyers in Britain has become fairly widespread, particularly during the past year. This has started a noticeable scramble among other builders keen to get on the bandwagon.

Bylaws Are Restrictive

Although there is a marked improvement in the acceptance of the Canadian type of house and this will continue, there is still a strong preference for the traditional type of construction. Old practices are not easily or quickly changed and they are still reflected in building bylaws and insurance restrictions and in the mortgage lending policies of some building societies on timber house construction and design. Many of these restrictions resulted from the strict fire regulations influenced by the Great Fire of London in the 1600's and cannot readily be justified in the light of present-day experience in other countries.

The model bylaws for England and Wales that most of the local authorities have adopted are being rewritten, and the new regulations will probably be ready for implementation by the end of this year or early in 1965. When the new Central Regulations come into force, certain bylaws on structural fire precautions will be relaxed and this will permit the wider use of timber in housing. The revisions are also designed to remove, or at least minimize, some of the bylaw interpretations that now vary widely from one local authority to another —a fact that has often militated against Canadian construction techniques. The new Scottish Draft Building Regulations, due to become effective in June of this year, are also more favourably disposed to the use of timber in house construction. Although these new sets of regulations will mean a considerable improvement from our viewpoint, they still will not be as liberal in their treatment of timber as the Housing Code of Canada.

Building Societies Conservative

Another serious problem in the past has been the attitude of the building societies and insurance companies. These societies and a few of the larger insurance firms provide the bulk of the mortgage funds for housing. There are currently over 700 of these firms and their capital resources range from less than one million pounds to several hundred million. Their funds come from savings deposits of individuals on which they pay interest and they thus have a function akin to banks and trust companies. This is why their lending policies have tended to be conservative. In safeguarding what they regard as the interests of their depositors, they lend with an eye to the saleability and expected life of property and usually play it safe on construction methods and design.

As a result, when available mortgage funds were in short supply, they staunchly resisted non-traditional forms of building and this acted as an effective brake on the large-scale development of prefabricated system building. As funds held by the societies have become more plentiful in the last two years and with some prodding by government Ministers and officials, they seem to be less rigid in their attitude. In fact, a former president of the Building Societies Association has stated publicly that they may have underestimated the merits and durability of some of the other forms of construction and the desire of the younger generation to buy more modern homes, different in construction and design. And some important building societies have indicated that they are willing to consider mortgage loans for non-traditional buildings on a par with traditional, provided that the quality of these houses meets their standards. Most insurance companies are falling in line as well and some are even prepared to underwrite fire risks on timber-frame houses at virtually the same premium rates as on traditional homes.

Land Values Rising

Although conditions for prefabricated housebuilding in Britain have improved significantly on several fronts, one serious obstacle remains —the shortage of building land in many areas of the country. This is acute and is likely to become worse as home-building increases. Land values have therefore risen sharply in the last few years, particularly in southeast England and around London, where the rise has been more than fivefold in the last five years.

The existing Town and Country Planning Acts which created "green belts" designed to stop ribbon development were also aimed at a more economic use of urban land. However, the population increase in the more densely settled areas has been much greater than planning authorities anticipated, with the result that building land allocated several years ago has not been sufficient. This has restricted house construction in the areas more seriously affected. The scarcity of land has forced many of the large builders to set up "land-finding" sections in their organizations, consisting normally of several employees who are responsible for seeking out and buying building property. The Government is keenly aware of this predicament and in his White Paper on Housing issued last June, the Minister of Housing and Local Government made it clear that steps will be taken to make more land available, by compulsory appropriation if necessary.

Houses or Flats?

Because of land scarcity, high-density housing has always been an important consideration in Britain. Yet high-rise apartments have never been popular with householders here. They prefer single and two-storey homes rather than multi-storey flats. This accounts for the fact that about 80 per cent of all government-built housing is largely two-storey. The proportion of single and two-storey dwellings in the private sector is still higher. Authorities feel that, by careful design and planning, they can achieve the desired density and at the same time provide owners with a pleasant environment in which they will be content to live.

The Englishman's strong preference for houses rather than flats could be a significant factor in favour of the Canadian type of prefabricated home, normally of the single and two-storey varieties. At the same time, this preference militates against many of the Continental industrialized systems using precast concrete and steel, since these usually cannot be adopted economically to this kind of housing. Their maximum efficiency is achieved in high-rise construction and to that extent, the effectiveness of these systems will be limited. Although this gives Canadian suppliers an advantage, certain changes in house layouts and designs will probably be necessary if they are to conform to British tastes and bylaws. Certainly, it is essential that they be more compact and the overall dimensions somewhat less generous than in Canada. However, because of the flexibility of the timber-frame system, making the required modifications should not be a problem.

Timber-Frame More Popular

As this review of current conditions and developments shows, there are substantial market opportunities here for Canadian prefabricated houses and components. Evidence to support this has been almost overwhelming at times, particularly in the last twelve months. For the first time in years, there is keen interest in the timber-frame system as a possible solution to housing problems here. Timber-frame houses have suddenly become almost respectable.

This upsurge of interest came about as a result of some widely publicized events last year. The severe winter in 1963 pointed up the inadequacy of heating and insulation in the traditional British home. This led to public discussion and press coverage of the comparative warmth and comfort of Canadian timber-frame homes. Then the success of the British Housing Mission to Canada last June and the arrival in Britain of the first completely prefabricated Canadian house helped to stir further interest. The fact that the Canadian Government has agreed in principle to carry out the recommendations of the Mission and erect three pairs of demonstration houses and undertake construction of a 200-house project in Britain has attracted wide attention and considerable interest.

Exploiting the Opportunities

Thus, while there is a tremendous market potential which can be expected to expand for several years at least, it will require plenty of effort, patience and imagination on the part of Canadian suppliers if they are to exploit these opportunities to the full. Nothing much can be accomplished by merely visiting this country for a casual look and then corresponding sporadically with a few contacts after returning to Canada. This kind of half-hearted approach is almost certain to fail. On the other hand, those who have the courage to invest a considerable amount of time, effort and money to develop this market—without expecting a quick return—could reap long-term rewards.

It is important to recognize from the outset that a prefabricated house is, by its very nature, not a simple commodity that needs only an agent and/or a buyer to close the deal. Export sales to Britain involve the whole complicated process of finding the necessary land and presenting plans and designs to local housing and other authorities for approval, with all that this entails. These are not necessarily serious problems but they mean a considerable amount of work that cannot be done effectively by correspondence or transatlantic telephone. It is essential to set up some form of organization in Britain to do the planning and development work. It is equally important that the people doing this market development be thoroughly familiar with conditions here and experienced in the house-building field.

This organization could take the form of a joint venture or some similar arrangement with an established builder, estate developer, architectural or engineering consultant firm, many of whom are keenly interested in getting into prefabricated timber housing. It could also be set up to carry out assembly operations if necessary. From the limited fund of actual experience available so far, it probably will not be economically feasible or possible to ship fully prefabricated house units to this market competitively because of high freight costs, unless a supplier has some significant geographic or shipping advantage. The logical alternative is to ship only partially prefabricated components and/or pre-cut house kits for assembly on this side.

Some Have Started

Although several Canadian prefab manufacturers visited Britain last year, only one company has actually set up an operation here which is reaching the stage where a growing volume of sales can be expected. Another firm is currently making preliminary arrangements for entering the market and hopes to be in full swing before the end of this year. So far the one established company has shipped nine prefabricated houses and the response has been tremendous. The first unit, imported complete down to bathroom fixtures, arrived last August and was erected as a show house. It created a great amount of interest and got wide publicity in the national and trade press. More than 25,000 visitors from widely scattered parts of the country came to see the house in less than three months after erection. The other eight homes arrived in February in the form of pre-cut kits and were assembled over here.

It is expected that this modest but auspicious beginning will ultimately mean a significant volume of new export business for Canada as more suppliers successfully enter the market. There is every reason to believe that the building industry in Britain is now on the eve of an unprecedented expansion that could last for a decade or more. Certainly great changes are bound to take place because the industry has neither the manpower nor the organization to carry out construction programs of the size now facing it. A great deal will naturally depend on the continuation of current government policies on housing, but both major parties have made numerous public pronouncements committing themselves to a radically stepped-up housing program. ●

Britain Sets Up Building Agency

The British Government's new National Building Agency is expected to promote greater use of industrialized and prefabricated house-building methods, provide advice on and training in the new techniques, and co-ordinate building programs of contractors.

CYRIL I. ROOKE, *Commercial Assistant (Timber), London.*

THE British Government has for some time been studying ways of helping the building industry to tackle the enormous task that confronts it. Recently it announced, in a published White Paper, the formation of a National Building Agency for this purpose and outlined in detail the services that this organization will offer to industry. Among these are:

1. To assist clients, both public and private, to pool their building requirements and collate them into phased programs. Responsibility for the contracts and the control of their execution will remain with the clients.

2. To advise these clients on the administrative procedures and the professional services they need in order to use the newer methods of building and to offer a range of professional services to clients according to circumstances. A full design and planning service will be provided only in exceptional cases.

3. To counsel clients and their professional advisers on particular methods of building that may satisfy their needs and on the procedures for design, contract arrangements and administrative control appropriate to them.

4. To make available existing systems of building controlled by local authority consortia to clients who do not belong to these consortia.

5. To help clients and their professional advisers to establish sound working relationships with the commercial firms which control certain systems of building.

6. To encourage educational bodies and other organizations (including any Industrial Training Board set up for the construction industries) to provide more extensive training in the new techniques of building for members of the professions and the staffs of building contractors and component manufacturers and to collaborate in providing these facilities.

7. To advise building contractors and component manufacturers, as required, on the development of systems of building and components.

8. To assist clients who are using traditional methods of building to order their materials and components in bulk where they are agreed on common specifications.

Will Aid Industrialization

The Agency will play a big part in helping the building industry to reap the full benefits from industrialization by giving some assurance that there will be sufficient volume of construction and also continued demand to justify the financial investment required for large-scale mechanization. By co-ordinating the programs of building contractors, the Agency will be able to combine their requirements into orders large enough for them to gain full advantage from bulk buying and prefabrication techniques. Major contractors have already developed proprietary building systems from their own resources but they may welcome assistance and advice from the agency on the latest technical advances.

Some local authorities have formed consortia to handle not only housing projects but also school-building programs, thus enabling them to plan and pool their requirements so as to benefit from the industrialization of building. At the present time, several local authorities have set up consortia in Yorkshire and the Midlands, three others are being developed in the northwest, and one is being formed in the London area. Together they involve no less than 37 local authorities accounting for 11 per cent of the total housing program. In Scotland 16 local housing authorities, with four New Town Corporations and the Scottish Special Housing Association, have formed a consortium for housing, covering 70 per cent of the Scottish housing program.

The smaller private builder, although he contributes half of the industry's output, is not in a financial position to experiment with system building, nor is he generally able to program his work well in advance. He is therefore deprived of the advantages of modern building techniques. By co-ordinating the programs and requirements of this section of the building industry, the National Building Agency will be able to play a major part not only in improving productivity but also in reducing costs.

Organization and Personnel

Initially the Agency will have offices in London and Edinburgh but other offices may be opened throughout the country as needed. It will not be part of a government department nor will it be subject to detailed control by a Minister. It will, however, have close relations with the Directorate-General of Research and Development in the Ministry of Public Building and Works, Sir Donald Gibson. Its status will be that of a public agency enjoying a large measure of independence and it will take the form of a company limited by guarantee.

Heading the organization as Managing Director will be Mr. T. Prosser, head of a Liverpool firm of building contractors and a former president of the National Federation of Building Trades Employers. His deputy is Mr. A. W. Cleeve Barr, formerly Chief Architect of the Ministry of Housing. Both will serve full time. They will have the support of 12 part-time directors, drawn from the professions of architect, engineer, surveyor, accountant and general administrator. Initially operations will be financed by a grant-in-aid from the British Exchequer, but once it is on its feet, the Agency is expected to obtain at least part of its income through fees charged for the services it provides to the building industry. It will neither undertake building itself nor order or stockpile materials or components.

It is expected that the Agency will be of special benefit in the first instance to the smaller housing authorities. Of the 1,450 housing authorities in England and Wales and the 232 in Scotland which account for about 45 per cent of all housing, 1,196 in England and Wales alone build less than 100 houses a year. The Agency will not confine its services to these local housing authorities: private building organizations are also expected to benefit from its up-to-date knowledge of the techniques and possibilities of greater industrialization of building.

Revision of Building Bylaws

The British Government has also taken a new look at the building regulations to see what changes should be made in the light of modern developments. Although the building bylaws have been revised from time to time, this is the first big revision since 1914.

The Minister of Public Building and Works has announced the drawing up of new regulations based on an Advisory Committee's recommendations. These will be drafted by April and completed in July and should come into effect a few months later. The "New Charter" will permit modern methods of building with timber and prefabricated materials, currently hampered by restrictions enforced by local authorities under building regulations. It will, for example, require waste and soil pipes to be placed inside house walls to prevent freezing, a common occurrence in the severe winter of 1962/63. The whole problem of insulating homes will be studied and basic standards set out in future regulations. In announcing the New Charter, the Minister indicated that it will do away with petty restrictions and this should not only increase productivity but also reduce housing costs. There is an entirely new approach to fire safety, based on past experience. The new regulations will sweep away different standards among the 1,400 local authorities and will constitute for the first time a national code.

Administering the Code

Responsibility for the administration of the new building code has been transferred from the Ministry of Housing and Local Government to the Ministry of Public Building and Works, which is now not only looking after research and development of building techniques and materials but also controls the application of the new building regulations.

Studies have yet to be undertaken on weatherproofing of roofs, ventilation, thermal insulation, and definitions of basic structural elements. Based on these, the Ministry may make new regulations to improve standards.

The Director-General of Research and Development for the Ministry of Public Buildings and Works, Sir Donald Gibson, visited Canada in June 1963 at the invitation of the Government as leader of the 16-man British Housing Mission which studied Canadian methods of construction, factory production and on-site organization.

Reports Published

Full details on the setting-up of the Building Agency are contained in the White Paper issued by H. M. Stationery Office at a cost of eightpence. The report containing the Advisory Committee's full recommendations can be obtained from H. M. Stationery Office at a cost of four shillings. ●

Selling Electrical Equipment in Germany?

You Must Conform

More and more manufactured goods from Canada are finding their way to highly industrialized countries which used to look upon Canada as a supplier of raw materials and agricultural products only. This is certainly true in West Germany, where an increasing number of firms have found that Canadian manufactures are often better than competitive products.

Many of these manufactures contain electrical components that must comply with certain standards that differ from country to country. Canadian manufacturers are often aware that if they want to market their electrical equipment in Germany, they must adapt it to meet German standards, 220 volts and 50 cycles. But in general they do not know that there is a German equivalent of the Canadian Standards Association operating its own testing plant and examining electrical equipment before it receives approval. This Association, the Verein Deutscher Elektrotechniker (VDE) (German Electrical Technicians' Association), 21 Stresemann-Allee, 6 Frankfurt/Main S 10, West Germany, has been authorized by the German Government to act as the official testing authority.

Approval Helps Sales

This means in practice that electrical equipment that has passed the VDE examination and is permitted to carry the VDE mark of approval is considered safe. If accidents occur, the reason is sought in the persons involved and not in the equipment, unless it can be proved otherwise. This is important for manufacturers who, if their equipment has not passed the VDE inspection, invariably have to prove after an accident that their equipment was really safe and should not be held responsible.

Do It Now

It is for that reason that Canadian firms supplying products to Germany which include electrical devices should in their own interest try to obtain VDE approval before these are sold in West Germany. It is true that non-approved equipment may be sold, but VDE-approved articles are accepted more readily. This is also true of oil burners that have an electrical ignition device, to name only one important product imported into Germany from Canada.

Articles for which VDE approval can be obtained range from automatic cut-outs and circuit breakers to lighting fittings of all kinds, connecting material, conduits and conductors and cables, electric heating devices, electric tools, telecommunication and radio sets, voltage testers and technical equipment.

It's Really Simple

Non-German firms applying for VDE approval must register their trade-marks with the German Patents Office in Munich or with the International Patents Office in Berne, Switzerland. Firms supplying installation material and electric conduits can obtain approval only if the articles are made in their own plants. The VDE Testing Institute exchanges correspondence only with authorized German representatives who, with the foreign applicants they represent, are jointly responsible for carrying out the instructions received.

When filing a request for testing, the applicant must observe carefully a number of instructions on payment of fees, safeguarding proper use of the VDE seal, inspection of his plant and warehouse by VDE inspectors, and so on. All these stipulations are made to guarantee strict observance of the VDE rules and of standards of quality.

In German, Please

One piece of practical advice. Because the VDE Testing Institute demands the appointment of an authorized German representative for any foreign firm applying for VDE approval for its products, it is recommended that applications be filed through the German representative only, especially since correspondence has to be carried on in German.

Canadian firms wishing to take advantage of the facilities offered by the VDE Testing Institute should either contact the VDE Office in Frankfurt directly or write to the Commercial Division of the Canadian Embassy, 35 Kennedy-Allee, 532 Bad Godesberg, for detailed information.

—O. SCHROEDER,
Commercial Assistant, Bad Godesberg.

Businessmen visiting Vienna should plan for some free time because the city has much to interest the tourist, including beautiful buildings like St. Stephen's Cathedral.

C. J. VAN TIGHEM,
Commercial Counsellor, Vienna.

THIS is an invitation to Canadian businessmen to examine the Austrian market in person. Contrary to many countries where one must visit several commercial centres to explore the market potential, a visit to Vienna alone is sufficient to determine sales prospects in Austria. The reason is that more than two-thirds of the import/export firms, plus the import or export subsidiaries of manufacturing companies, are located in Vienna. The city of Vienna alone accounts for more than 25 per cent of Austria's population and over half its population is located in the surrounding Danube Valley and Vienna Basin.

There are certain preliminary steps you should take before climbing on board the aircraft in your home city bound for Vienna.

Timing the Visit

First, you can save yourself time and frustration by planning your trip to avoid local official holidays and vacation time. Generally speaking, July and August are vacation months in Austria and most businessmen are likely to be absent from their offices during most of this period. Other things being equal, you should not plan to come during these two months. Similarly, from mid-December to early January is not a good time because it is difficult to arrange business appointments during the Christmas season. The best times, both from the point

You'll Enjoy Visiting Austria

It's a small market—but don't under-estimate what a personal visit can do. With sound planning, a short stay in Vienna could win customers for you—and there will be "fringe benefits" too.

of view of climate and business opportunities, are spring and autumn.

Because you will probably stay for only a few days, you will want to make sure that the time you have picked does not conflict with official Austrian holidays. The following public holidays are observed in Austria:

New Year's Day	Corpus Christi
Epiphany	Feast of the Assumption
Easter Monday	All Saints' Day
Labour Day	Immaculate Conception
Ascension Day	Christmas Day
Whit Monday	Boxing Day

In deciding how long to stay, you should remember that the five-day week is becoming increasingly popular and that you cannot count on making business appointments for Saturday morning. Generally speaking, two or three working days are sufficient to make the necessary business calls in Vienna. However, if you have to visit centres outside of Vienna, you should make sure to allow sufficient time. Inter-city travel, primarily because of the narrow and twisting roads, is much slower than in Canada.

Reserve Hotel Accommodation

Hotel rooms can be difficult to obtain, particularly if your visit coincides with a major event such as the Vienna Spring (March) or Fall (September) International Fair or the height of the tourist season. We recommend that hotel reservations be made in advance. There is accommodation to meet a wide variety of tastes and budgets. Rates for single room with bath in the "A-1" category hotels (Ambassador, Bristol, Imperial, Intercontinental, Sacher) range from $10 to $16 a day. Satisfactory accommodation at lower rates is available in the category "A" (Am Stefansplatz, Astoria, Erzherzog Rainer, Europa, Kaiserin Elisabeth, Kummer, Regina, Royal, Prinz Eugen). An additional charge of $2 and $3 per day for visitors' tax and service is standard in all hotels. During the winter months, some hotels add a heating surcharge to the basic room rate.

Austrian businessmen use the metric system. Although some know English and French, many do not. For this reason, you should have the pertinent information about your product prepared in written form in German and in the metric system. Similarly, price information should be prepared on the basis of c.i.f. Hamburg or other North European port to facilitate comparison with quotations from competing sources of supply. At the same time, you should be prepared to give information on your terms of payment. Bear in mind that many European suppliers are granting terms of 30 to 180 days, depending upon the nature of the product.

Travel Documents

There are no particular problems about travel documents; all you need is a valid Canadian passport. No visa is required. You should bear in mind, however, that although Austrian regulations do not require a valid vaccination certificate, Canadian regulations do. Arrangements for your vaccination should be made far enough in advance of your departure from Canada to ensure that the time you have earmarked for business visits in Vienna is not cut down by any aftereffects of the vaccination.

Travel Arrangements

Once you have decided when to visit Vienna, you should make arrangements about how you will travel. Here again, there is no particular problem because Vienna has good rail, road and air connections. Assuming that you will travel by air, any number of possibilities are open to you. Trans-Canada Air Lines, for example, provides a daily service that enables a Toronto or Montreal businessman to leave his office in the late afternoon and to arrive in Vienna in the late morning or early afternoon the following day, through connecting flights in Paris and London. You may also want to investigate the other main international carriers to see whether their schedules fit in better with your travel plans.

Is the Trip Worthwhile?

At this point you may perhaps be saying to yourself, "It's all very well to know how to get there, when to get there, how long to stay, what to do before I start on my trip, etc. But what I want to know is—is it worthwhile going at all?" This is a question that can be answered only after some preliminary investigation. First of all, you will want to know whether your product is used in Austria, whether there is sufficient local production to satisfy the market, the volume and sources of supply if it is imported, prices, rates of duty and tariff preferences. These are all questions that this office can answer in advance.

Secondly, if you have had no previous contact here, you will want some suggestions about potential agents or importers. Or if you have already had contact with some local firms by correspondence, you may want to have detailed information on their operations, credit rating, and standing in the business community. Here again, we can help.

A letter addressed as follows—and preferably written several months in advance of your planned trip—will provide this information:

Commercial Counsellor for Canada,
P.O. Box 106,
Vienna 1/15, Austria.

On the basis of this preliminary investigation, you will be able to determine whether there is a reasonable prospect of selling your product that warrants investigation in person. Although a visit will not automatically ensure that you will find an agent or make a sale, it will improve your chances of doing so. In the mind of many an Austrian businessman, Canada is so far away that business is bound to be unnecessarily complicated because of longer delivery periods, longer intervals between correspondence (not to mention the added inconvenience of corresponding in a foreign language), extra costs of cables and telephone calls if problems arise, and so on. A visit from you can persuade him that these fears are unfounded and convince him that your product has advantages in price, delivery, style or quality that make a switch from his traditional source of supply advantageous. Your competitors visit him frequently and without this extra push from you, he is unlikely to make a change.

Business Hours, Appointments

The normal business hours in Vienna are from 8.30 a.m. to 4.30 p.m. Many offices are closed on Saturday mornings. Banking hours are normally from 8 a.m. to 1 p.m. and from 2.30 p.m. to 3.30 p.m.

It is usually possible to complete four or five appointments a day because most offices are in the downtown area lying inside the "Ring"—the former fortifications around the old city of Vienna. Distances are consequently short and little time is lost in going from one appointment to the next. Most Austrian businessmen are in their offices punctually in the morning so that the first business appointment can normally be scheduled at 8.30 to 8.45 a.m. On the other hand, because of the numbers who like to get away early on Friday afternoon for a weekend at their favourite winter or summer spot, Friday afternoon appointments cannot be counted on after 3.30 or 4 p.m.

Fringe Benefits

With a population of slightly over seven million and a per capita GNP of $1,000 (approximately one-half that of Canada) Austria is not a large market. Sales in most instances will consequently be small. However, although sales prospects may be more limited than in other countries, there are other factors which you may want to consider.

If you do decide to explore the market in person, you can look forward to a pleasant and enjoyable visit. Austria has much to offer the visitor. As any skiing enthusiast will confirm, a trip to Austria during the winter months provides an opportunity to enjoy some of the world's best skiing at a reasonable cost. Music lovers will look forward equally to the opportunity of attending the Vienna Festival (May/June), the Salzburg Festival (July/August), and the Vienna State Opera (September/June), or to hearing the Vienna Choir Boys sing in the Imperial Chapel. Whether you are an expert horseman or not, you will enjoy the precision and beauty of the famed Spanish Riding School. These are a few of what I might call the "fringe benefits" of a trip to Austria. You may decide that they more than compensate for the limitations which population and purchasing power put on sales. ●

Australia Plans Sugar Expansion

To meet changing conditions in world sugar markets, Australia has planned a big increase in output of sugar. The result should be a rise in sugar exports by 1970 to 2.5 million tons.

R. L. RICHARDSON, *Assistant Commercial Secretary, Sydney.*

THE suspension of trade between the United States and Cuba, the world's largest sugar exporter, has caused a major change in the pattern of the world's sugar trade. The subsequent collapse of the quota provisions under the International Sugar Agreement, the decline in Cuban production, and lower beet sugar production in Europe in 1962 and 1963 combined to spur Australian exports of sugar over the past two years. Australia was able, through increased productivity on the cane lands and improved efficiency in its mills, to take advantage of this situation by increasing total production of raw sugar from 1.4 to 1.8 million tons*.

The Queensland State Government set up a Committee of Inquiry to assess the trend in world markets for sugar and to determine both the extent and the means by which the Australian sugar industry could expand output to meet overseas requirements. The committee's report, now accepted by the Government, concludes that there will be a continuing demand for increased quantities of Australian sugar at remunerative prices. Implementation of the recommendations will increase the acreage under production by a quarter this year and provide for a steady expansion with the objective of 2½ million tons of raw sugar by 1970.

Assessing Markets

Behind the decision to expand production is a reassessment of the markets for Australian sugar. Australia has contractual commitments under the British Commonwealth Sugar Agreement to the end of 1970, which assures a market for 600,000 tons, with not less than 330,000 tons at a negotiated price. The quantity covered by the negotiated

*All figures in long tons.

price has risen over the past two years and stands at 330,000 tons for 1964. Under a 1963 agreement with Japan which runs to 1967, Australia is assured of a market for 350,000 tons a year but actual sales will probably not fall below 450,-000. The United States import quota is for only 35,000 tons, but sales to the U.S. last year reached 186,000 tons and there is no reason to believe that U.S. imports from Australia will fall below the 1963 figure over the next five years. Sales to Canada have recently been around 150,000 tons a year. Additional export sales of 15,000 tons to the Pacific Islands and a domestic consumption of 600,000 tons rising to 650,000 by 1970 round out the market prospects. On the basis of this assessment, Australia could envisage a market for 2.2 million tons in 1965, rising to 2.5 million by 1970.

Queensland Government's Rôle

The State of Queensland accounts for 95 per cent of Australian sugar production and, in agreement with the Commonwealth Government, is responsible for the production and marketing of Australian sugar. Under the agreement, sugar imports are prohibited and Queensland supplies domestic requirements. The sugar industry as a whole accepts the risk of losses from export. To assure the maintenance of this important primary industry, the Government has by means of legislation passed in 1915 played an important rôle in the production and marketing of sugar. This legislation, although amended on several occasions, retains the basic principle of controlled production through the allocation and acquisition of sugar both at the farm and at the mill, to assure a good return to all those in the industry. Thus any expansion program involves the State Government in a comprehensive plan to assure supplies to meet world demand. This includes the responsibility of protecting the relative positions of those in the industry while maintaining economic production to meet overseas competition.

How Acreage Is Allocated

Under the present system, the cane farmer is allocated an acreage for sugar production in any one year amounting to 75 per cent of his total acreage defined as sugar-producing land. This allocation is based on a guarantee that sugar from this acreage will be acquired at prices arising out of contractual commitments. The cane farmer has therefore developed a system of leaving one quarter of his land in fallow each year, with one plant and two ratoon crops. This system arose out of the need for control of output and not as a result of any proven need to fallow crop land every four years. In some areas and in isolated cases the fallow system is required to control weeds or insect damage. It has, however, been proved that at least three and possibly four ratoon crops can be raised economically.

For 1964, the Central Sugar Prices Board has guaranteed the purchase of sugar from the total of assigned lands. This will increase the area under production by 25 per cent. This is an interim measure, and the longer-term plan calls for the acquisition of sugar up to a maximum of 85 per cent of assigned lands and the bringing of new lands into sugar production.

Based on an average yield of four tons of cane per acre, it will require 742,000 acres in Queensland to assure a minimum output of 2.13 million tons of sugar. Thus 150,000 acres of new lands must be assigned to bring the total from the current 590,000 to 742,000 acres. A proportionate increase in acreage in the State of New South Wales will assure that total production in Australia reaches 2.5 million tons by 1970. These assignments will permit present cane farmers to increase their acreage and will possibly bring 1,000 new cane farmers into the industry. The over-all plan is designed to bring current holdings, where necessary, up to a desirable minimum size for an economic unit and one that will support a cane farmer and his family adequately. The program should therefore result in economic and social benefits.

Controls at the Mill

The control of production and marketing is further determined at the mill. A system of peaks is established for each mill, subject to an annual proclamation setting out any change in acquisition that applies proportionately to all mills. The prices paid to the mills have been determined in accordance with four quotas—domestic consumption, exports, the percentage acquired beyond the mill peak as determined annually in advance, and any excess sugar acquired at a penalty price.

The expansion program, which depends on anticipated world demand beyond contractual agreements, requires a revised quota system. The new system will operate under two price quotations: the first will cover domestic requirements and overseas contractual commitments and the second, all additional sugar sold at world market prices.

Capital Expansion

The Government is determined to avoid unnecessary capital outlays by the industry in achieving the new production goals. It has therefore recommended that no new mills be established at present but that existing facilities be extended to achieve the necessary capacity. Already some sugar mills are planning additional and improved production facilities. More storage capacity will also be needed at bulk terminals. The committee has recommended deeper dredging at a number of sugar ports to enable handling of vessels up to 16,000 tons capacity. To implement the entire program will cost an estimated £A50,000.

Those responsible for the sugar industry in Australia are undertaking a big program, but the committee's report indicates clearly that plans have been laid carefully. This augurs well for the future of an industry of major importance to the Australian economy. ●

LKP Sells to Communist Countries

For the last eight years, the Montreal trading firm of Lewis, Keefer and Penfield has made a special effort to sell Canadian products to the Communist state trading corporations. Crosby Lewis, a partner, reveals in this interview the problems his firm encountered and discusses the techniques that have made for success.

CROSBY LEWIS,
Lewis, Keefer and Penfield.

As told to O. MARY HILL,
Editor, "Foreign Trade."

HIGH UP in Montreal's shiny new Royal Bank Building in Place Ville Marie, looking north and east, are the offices of Lewis, Keefer and Penfield, an eleven-year-old firm of merchant traders. It seems appropriate that some of its windows face east, because nowadays it carries on nearly 90 per cent of its business with Eastern Europe and Communist China. It has handled orders from every Eastern European country except Rumania, Bulgaria and Albania, and negotiations with Bulgaria are under way. Last year it chalked up total sales of about $11 million.

About eight years ago, the firm became interested in trading with the Communist Bloc, beginning with a form of barter trade—or what one of the partners, Crosby Lewis, prefers to call "link" or "counter-purchase" transactions. First they made contact with a Polish cement company, bought about 110,000 tons of cement, and sold it in Canada, at a time when domestic production fell short of Canadian needs. In 1959 they sold American and Canadian steel to the Soviet Union, taking chrome ore in exchange. In this type of trading they concentrated chiefly on raw materials and the buying and selling ends of the transaction were not necessarily tied together exactly. Occasionally they bought raw materials from the Bloc, sold them here, purchased machinery or equipment with the proceeds, and sold it in turn in Eastern Europe.

Trading opportunities for Canadian companies in the Iron Curtain countries lie mainly in two fields—raw materials and capital equipment. Beginning with trade in metals and minerals, Lewis, Keefer and Penfield have gradually altered the emphasis and today specialize in "single transaction" trading in machinery and capital equipment. In 1962, for example, the firm became aware just 30 days before tenders were due that the Poles were in the market for a number of large transformers. One of the partners got in touch with a large Canadian electrical manufacturer, found that it could supply the transformers, established the price, and cabled an offer to Poland, adding "full details to follow". On the strength of the telegram and the promised letter, they were invited to go to Poland and negotiate a contract, accompanied by an engineer from the supplying company. The negotiations went fairly smoothly and Lewis, Keefer and Penfield landed an order for four transformers, on favourable credit terms. The four have now been inspected and delivered and an additional one has been ordered.

Sometimes a state trading corporation in one of the Bloc countries wants to secure a package deal for a complete plant. The Soviet recently came into the market for an asbestos processing mill for Siberia, plus equipment for mining asbestos. This, says Crosby Lewis, entailed getting quotations from a number of Canadian companies, putting them together, and making an offer. (The firm got the business.) Similarly, the automated saw-mill to be supplied to the U.S.S.R. in 1965 will be made partly by a Quebec and partly by a West Coast firm. In these instances, Lewis, Keefer and Penfield acts as the prime contractor, obtains equipment from subcontractors, and shares the financial risk.

Crosby Lewis makes clear that a firm like his plays a useful rôle in trading with the Communist Bloc because of the very nature of that trade. A Canadian company cannot employ local commission agents or distributors nor set up branch offices in these countries. It normally has little contact with possible end-users of its products. (In Yugoslavia, however, nationals can be employed as distributors or commission agents.) All trade is channelled through the state trading corporations and the trading itself calls for special techniques. His firm, says Mr. Lewis, has two things to offer its Canadian clients—carefully cultivated contacts with the state trading corporations in most of Eastern Europe and in Communist China, and experience in dealing with them. This puts it in a strong position as an intermediary in this trade.

Modifying a Contract

As one example of the problems faced in trading with the Bloc, Mr. Lewis cites contracts. Practically every country in Eastern Europe uses long, detailed contracts with 10 to 15 chapters. At first glance these contracts appear quite impossible. But he and his colleagues have found that, when they understand the reasons for the conditions of contract and analyze it carefully, it becomes much less onerous. And it can be modified so that a Canadian supplier can live with it, though this process takes time. In fact, the first contract that Lewis, Keefer and Penfield signed with a Soviet trading corporation took eight weeks to negotiate. Once the struggle with that first contract was over, subsequent ones raised fewer problems. In fact, the firm now has achieved a contract that can be used (with a few modifications) for almost all capital goods transactions with Eastern Europe.

On one point the Bloc countries are particularly tough—delivery dates. These are defined precisely in the contract and failure to live up to them incurs financial penalties —½ of 1 per cent of the value of an order for delays up to four weeks, 1 per cent after that, and so on up to 10 per cent. The state trading corporations book their own shipping space and delivery dates are therefore most important. (For the same reason, they normally want prices quoted f.o.b.) A penalty clause covering strikes is not permitted in contracts; all the supplier can do is take out insurance against strikes until the order is delivered.

In shipping to any of the Eastern European countries, the technical documentation, drawings, manuals, etc., must be prepared meticulously; any slips will be noted and the firm penalized. The documentation for capital goods sales to Eastern Europe differs from that required in Western Europe. The East European buyer requires this documentation to be largely in his own language, including blueprint details. It also must be in much greater detail than for Western Europe. It therefore figures as an extra item of cost for the exporter and may equal 1 to 1½ per cent of the total value of the contract.

Normally the trading corporation pays for part of a purchase by letter of credit and part by term notes of some type. The Canadian supplier must realize when the terms of payment are being negotiated that banking charges are substantially higher in Eastern Europe than they are in Canada and that the customer must keep in mind the cost of the credit. Canadian shipments to Communist countries can be covered by export credits insurance in exactly the same way as to other countries and medium-term credit (up to five years) may be granted.

Discovering Priorities

Lewis, Keefer and Penfield has long since served its apprenticeship in this type of trading. But how does the Canadian company with a product that it might sell to the Bloc countries or to Communist China get started? Crosby Lewis offers some advice on this point.

1. Find out what Eastern Europe and Communist China are buying, particularly from Western sources. What a Bloc country is looking for at a particular time depends on what sector of the economy the central planners are emphasizing. Printed sources will yield a certain amount of information. One publication that offers hints on what the current priorities are (fertilizer plant has now replaced plastics as the first priority in the U.S.S.R.) is *East and West Trade News,* put out once a week in London by Reuter's. Fundamentally a newspaperman's report, it gives good leads on market opportunities or on developments likely to affect trade, such as the trade treaty between Bulgaria and Britain negotiated a short time ago. (So much of Bloc trade with Western European countries is conducted under bilateral agreements that the terms of these are of widespread interest.) Mr. Lewis has also found the *Financial Times* of London and certain publications put out by the French banks helpful.

Another method of obtaining information on Eastern Europe's current needs is to get in touch with officials looking after trade matters in the Missions that these countries have established in Ottawa. Their trade representatives are always in touch with their home governments about goods the state trading corporations wish to buy or sell. The Canadian who goes to Ottawa to establish these contacts should take with him literature on his products and should acquaint the officials upon whom he calls with what he has to sell. These officials can then pass on suitable inquiries to him or can arrange for him to visit some of the Bloc countries if there are sales possibilities.

Canadian companies should realize that these possibilities are confined almost entirely to raw materials and capital equipment, with emphasis on complete plants for processing forest products and minerals and for turning out fertilizers and possibly industrial chemicals. Canada has the best chance of competing in fields in which it has a reputation for technology that the Bloc countries respect—such as timber processing, mining, pulp and paper manufacture, and hydroelectric power equipment. Here Canadian firms can hold their own against suppliers from Italy, France, Germany and Britain, all of whom are selling to the Bloc.

Acquiring Experience

2. Remember that the knowhow so essential in selling to these markets is best acquired by firsthand experience. One relatively inexpensive way to gain experience is to include in a European itinerary visits to four major trade fairs in Eastern Europe —Leipzig, Germany, and Poznan, Poland, in the spring and Brno, Czechoslovakia, and Zagreb, Yugoslavia, in the fall. Nearly all the Bloc countries send full delegations from their principal state trading corporations to these fairs. By making the rounds the Canadian visitor can talk with nearly all potential customers for his product and he can also see what his competitors are offering. And if he does this trade-fair circuit more than once, he will meet many of the same officials. Informal contacts at these fairs with both Eastern and Western visitors can teach the novice much about how Eastern Europe's trade is carried on. To attend any of them the Westerner need only obtain a visa and this presents no problem.

If trade with Communist China is the goal, the best and often the only way to begin is to visit the Canton Fair, entering the country from Hong Kong. Obtaining an invitation from one of the Chinese state trading corporations is not difficult but this is the essential first step in securing a visa. All the Chinese state trading companies have full delegations at this fair and interpreters are provided free, so that the visitor may talk to the officials who do the actual buying and selling.

3. Visit the Communist Bloc countries yourself if prospects are promising—just as you would visit other areas. Unless you are willing to go ahead and cover the market, you won't land many orders. Lewis, Keefer and Penfield sees to it that some member of the firm does two tours a year in Eastern Europe. In the last five years, Crosby Lewis has made twelve trips to Moscow and at one time or another he has been in every Communist country except North Korea, North Vietnam, and Outer Mongolia.

A business trip to Eastern Europe need not be any more complicated or difficult than one to Western Europe. To get a visa, the businessman must have a letter of invitation from a state trading corporation but this is forthcoming without hesitation once the corporation knows he has something worthwhile to discuss. (The Trade Commissioner in Vienna, whose territory includes Albania, Czechoslovakia, Hungary, Yugoslavia, Bulgaria and Rumania, or his colleague in Copenhagen, who covers Poland, will be glad to help Canadian exporters establish contact with the corporations.) In Crosby Lewis's experience, none of the formalities on entering these countries has proved difficult or even tedious, and he has never had his baggage opened. Currency restrictions, however, must be observed meticulously; the Soviet Union is particularly strict about this. As a Westerner, he has never felt unwelcome, even though he made his first visit to the U.S.S.R. at the time of the Hungarian uprising and the Suez crisis. (He was also there during the U-2 incident.) But he emphasizes that social contacts in these countries are strictly limited; in spite of many long sojourns in Moscow, he has never been invited to the home of a Russian with whom he was doing business.

Collectively, the staff of Lewis, Keefer and Penfield speaks and understands eight languages, including Russian and Polish. Familiarity with the language, says Mr. Lewis, is useful in conducting trade negotiations because it speeds things up. But it is not essential, and no one should stay away from the Bloc countries because he does not speak these languages. Most of the senior executives of the trading corporations speak two or three languages, including English, and interpreters are always on hand.

Expertise and Patience

According to Crosby Lewis, there are only two essentials in trading with the Communist countries—one is expertise and the other is patience. Actually, they are Siamese twins: it takes patience to acquire the expertise and more patience before a sale is concluded. But the experience of firms like Lewis, Keefer and Penfield demonstrates that the right product, merchandised in the special way that state trading demands and provided that it fits into the over-all foreign trade plan in each area, can be sold in the Communist countries.

Industrial Research in Japan

RDCJ, the Research Development Corporation of Japan, was created in 1961 to provide incentive for the development of new scientific and technological projects by industry. RDCJ will (1) commission the development of new technology, (2) disseminate this new technology, and (3) act as a mediator in the introduction of new technology to industry. Applications for patents in Japan reached 170,000 in 1960 and by 1962 had risen to 214,000, demonstrating the need for the Corporation. So far, it has investigated 27 proposals and six of these have been developed successfully.

The Japanese Corporation is patterned basically after the National Research Development Corporation of Britain. The Government provides all the capital—currently 1,540 million yen (Can.$4.6 million), ultimately 5,000 million yen (Can.$15 million).

How "Operation Trident" Took Shape

REMEMBER Neptune's trident, with its three prongs? "Operation Trident", planned and carried out by the Department of Trade and Commerce in the last eight months, was named after the Sea God's hardware because it was a three-pronged invasion of markets in four Western European countries—West Germany, Austria, Belgium and the Netherlands. The long prongs at each end of the trident symbolized trade fairs and the shorter one in between, a trade mission.

"Operation Trident" became a reality in mid-February, when ten Canadian manufacturers of household appliances, housewares, and heating equipment left Canada bound for Cologne. There they displayed their goods in the Canadian section at the four-day International Household Goods and Hardware Fair. When the Fair ended on February 23, they packed their bags and travelled to Brussels and Vienna to make on-the-spot surveys of the market for their products or to conclude sales or agency agreements initiated at Cologne. By March 8, the ten men were in Utrecht, ready to take part in the big International Spring Fair there. Two days after the Utrecht Fair ended, they were back in Canada.

Their participation in "Operation Trident" took just a month—but it was many months in planning and several branches of the Department of Trade and Commerce helped to make it a reality. The planning began when the Committee on Trade Fairs Abroad recommended participation in the Cologne and Utrecht Fairs and this recommendation was approved by the Minister of Trade and Commerce. Earlier the Trade Fairs and Missions Branch had compiled information on the two fairs, their size, their potential as sales media, the markets in the area, the comments of the Trade Commissioners stationed in nearby posts. The Branch submitted the recommendations for both the fairs to the Committee on Trade Fairs Abroad and, at the same time, the Exhibition Commission presented the estimated budget for each.

Once participation had been approved by the Department, a Working Committee was set up to look after all aspects of it. Even before this committee held its first meeting, the Canadian Government Exhibition Commission had negotiated for space with the Fair authorities at Cologne and Utrecht through the Trade Commissioners in Germany and Holland.

At this point the Working Committee took over. Chaired by the Chief of the Trade Fairs Abroad Division, it included representatives of the Trade and Commerce Branches concerned with trade promotion abroad, and officers of the Exhibition Commission which is responsible for the creation and administration of all government-sponsored exhibits abroad.

At its first meeting, the Working Committee discussed the nature and scope of the Fair, examined data on the market, decided upon the categories of

1. The Working Committee for the two fairs holds its first meeting on a warm summer's day. In the chair is F. J. Bradley, Acting Chief of the Trade Fairs Abroad Division. Members are (left to right) Gordon Stranks, Chief, Design Division, Canadian Government Exhibition Commission; P. C. Fredenburgh, Commodity Officer; Mrs. B. A. Hay, Trade Fairs and Missions Branch; the secretary of the committee (barely visible); Shirley Pink, Senior Project Officer, Exhibition Commission; Peter Bomford, Trade Publicity Officer.

products to be exhibited, and talked about the publicity that would be needed. Because the cost of participating in a trade fair is borne partly by the firms included, the committee also set the scale of fees. From then on, the efforts of the various members were co-ordinated by the Trade Fairs Abroad Division to ensure that preparations were in step with the schedule it set up. The Senior Project Officer co-ordinated the Exhibition Commission's part of the assignment.

The Commodity Officer on this committee set about canvassing the industries whose products were to be included, offering them the opportunity to participate. It was made clear to each firm that it would have to send senior personnel to man its booth and to take part in the trade mission between the two fairs.

The applications from companies were gone over at the second meeting of the Working Committee and the list of participants confirmed. The Exhibition Commission then sent out to them participation agreement forms and questionnaires seeking information needed by the designer and the Trade Publicity Officer. It also collected their participation fees. The Exhibition Commission designer then set to work on a scale model of the exhibit. The artists and writers in the Trade Publicity Branch collected information from the firms and began writing and designing the attractive booklet to be distributed at the Fair and used for publicity in other ways. It was produced in German and in Dutch, and contained general information, plus a write-up on each firm participating.

At the third meeting of the Working Committee—it could be called the "design" meeting—the committee examined and approved the model of the display submitted by the Exhibition Commission and recommended it for approval to the Committee on Trade Fairs Abroad. Then at the Commission's workshops the building of the exhibit began. Meantime, companies participating had forwarded to the Commission in Ottawa the products to be included in the displays. Contracts were let to selected stand-fitting contractors in Cologne and Utrecht for the physical erection of the exhibits on site.

Three weeks before the opening date of the Cologne Fair, the exhibit was packed up and shipped and the Exhibition Commission site officer departed for Cologne shortly after, followed later by the Commodity Officer and representatives of the companies exhibiting. After seven months of work, "Operation Trident" was under way!

The pictures on the following pages show the preparations stage by stage—and the final result.

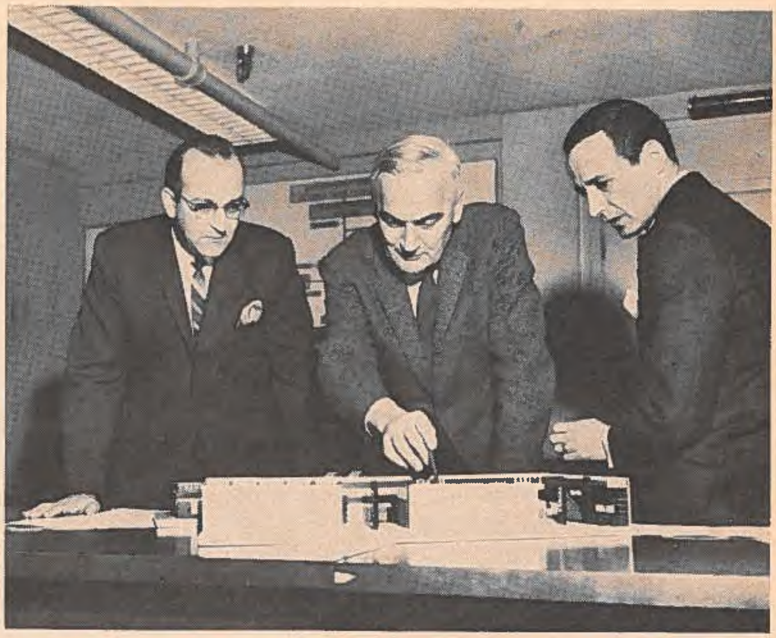
—O. MARY HILL, *Editor, "Foreign Trade"*.

2. Once he has received a firm list of the companies participating and the products they will display, an Exhibition Commission designer settles down to work out a scale model of the Canadian exhibit, to be presented for approval to the Committee on Trade Fairs Abroad. Here designer A. Kuhlmann is working on a model for the Household Goods and Hardware Fair.

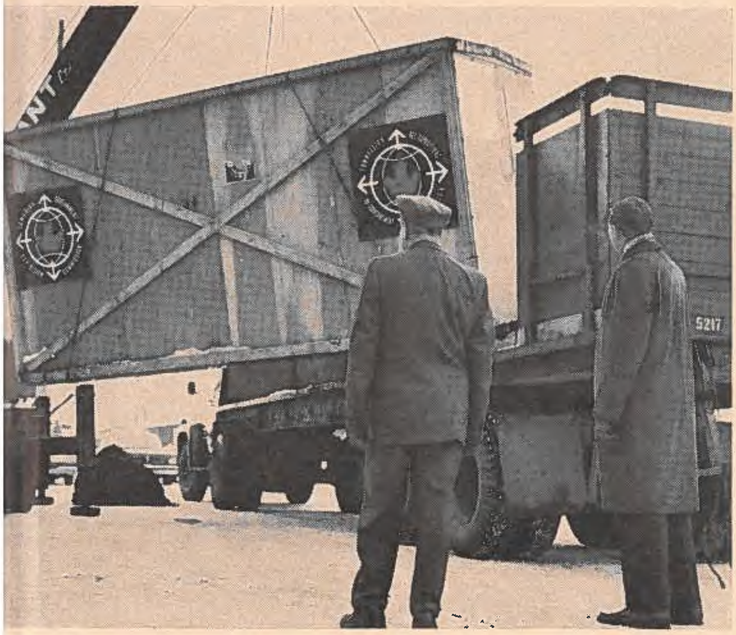
3. I trans can f the c

5. At this point, the painters and carpenters take over and th working drawings are transformed into a three-dimensional displa in the workshops of the Exhibition Commission. This exhib took about six weeks to build and was completed on schedul

gn has received the official blessing and is ready to be to a blueprint that the men who will build the exhibit Kuhlmann is deep in discussion with Miss Ann Hill, n who will have to prepare the working drawings.

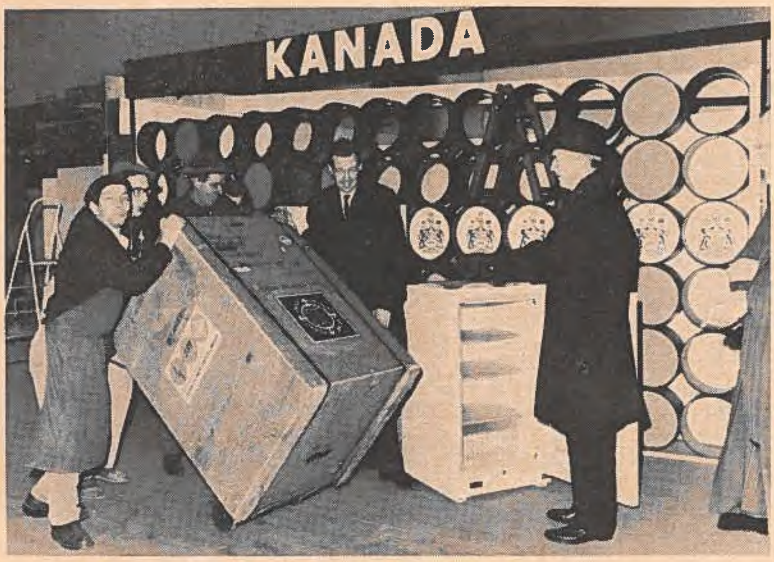


4. The individual exhibitor is naturally interested in visualizing how his products will fit into the display. Raymond Laroque (left), Vice President of Allied Building Supply (Ottawa) Limited, confers with Chief Designer Gordon Stranks (centre) and T. J. Parkinson, of the Commission staff, selected as the site officer at Cologne.



It's time to be going. The completed display, packed into big wood lift vans, begins the first stage of its journey to Cologne truck, then piggyback by rail to ship's side at the port of nt John. Jack Rachlis, Production Manager for the Exhibition mmission (left), and designer Kuhlmann watch the loading.

7. The ocean voyage over, the lift vans are landed on the dock at Hamburg, Germany, ten days before the Cologne Fair is due to open. Supervising the unloading from M/S "Transcanada" is R. Turcotte, Canadian Consul and Assistant Trade Commissioner at Hamburg.



8. Safely at the Fair site in Cologne well in advance of the opening, the lift vans are trundled in and opened by German workmen, the first step in putting the exhibit together again. On the right, watching the process, is Howard Campbell, Canadian Consul at Duesseldorf, and (centre) G. D. Valentine, the Vice Consul. Note the small Canadian-made refrigerator that has just been uncrated.

9. The International Household Goods and Hardware Fair is finally in full swing at Cologne, and business is brisk in the Canadian section. This marked Canada's third appearance at Cologne. Buyers are admiring the indestructible seamless fibreglass lampshade shown by one of the exhibitors, Bostlund Industries. On the right is Mr. Bostlund's daughter, who was helping to staff the stand.

10. Its tour of duty at the Cologne Fair over, the Canadian display has been re-erected at the International Spring Fair at Utrecht. Prince Bernhard of the Netherlands (centre), accompanied by his staff and Fair officials, tours the Canadian section on opening day, March 9. The Utrecht Fair ran for nine days and attracted up to 200,000 visitors.

Switzerland Applies the Brake

Recently new laws designed to slow down the boom and restrain inflation were passed by the Swiss Parliament. This control represents a new departure for the Swiss and other countries will be watching closely the effect of these measures.

SHIRLEY G. MacDONALD, *Commercial Counsellor, Berne.*

SWITZERLAND recently passed new laws designed to dampen down the overheated economy, following several weeks of intermittent debate in both the lower and higher houses of the Swiss Parliament. In terms of the usual Swiss approach to economic and financial matters, these laws are considered to be both sensational and completely unconventional.

Although in past months many voices have been raised over the rapidly developing boom and its concomitants, its seems hardly fair to blame the Federal Council, the various government departments, the Economic Observation Commission, or the large associations for having been repeatedly wrong in forecasting economic trends here in the postwar years.

As in Canada, the expected postwar slump and depression did not take place. Instead, as in Canada, the pent-up demand outweighed the loss of defence orders many times over. This, and the large capital investment in industrial plants, in construction of buildings and dwellings, and in large public works has led in late years to the development of an almost runaway boom.

Over-Employment a Problem

That Europe generally, and Switzerland in particular, should not be affected by the postwar business recessions in the United States was hardly predictable. But it was rather obvious to observers three years ago that the Swiss "EXPO '64", the national exposition held every 25 years and opening at the end of April this year in Lausanne, would act as a catalyst on all fronts. As a partial result, the country has full and even over-employment. Of a labour force of 2½ million (slightly less than half the population of the country) more than 800,000 are foreign workers.

Several years ago leading bankers cautioned against over-expansion and pointed out the dangers, inflationary as well as social, of creating more jobs than domestic labour could fill.

Today, responsible government and financial circles generally consider that the impasse and the dangerous current position of the economy—a position against which they have warned repeatedly over the past several years—has arisen from insufficient self-discipline in general and in part also from the lack of economic foresight. In mitigation of that charge, however, it must be emphasized that these planners are largely circumscribed by the nature of the Swiss political system and the division of authority between the cantonal and federal governments.

Three Main Proposals

The main proposals put forward by the Federal Council to the Swiss Parliament in their amended and final form are as follows:

• **Money and Capital Markets**—The Federal Government will require banks and other financial institutions to refrain from the payment of interest on foreign funds received after January 1, 1964, to make such deposits subject to a period of notice, and to pay their counter value into a special account with the Swiss national bank to the extent that these funds are not invested abroad in foreign currency. All institutions engaged in investment may be required to abstain from or to limit the investment of foreign funds in domestic securities, real estate and mortgages.

• **Credit**—The Federal Council may oblige the banks to restrict the expansion of domestic credits to a certain percentage of the increase in credits in the years 1960-1962. The Federal Council may also fix a ceiling for credits and mortgage loans granted by banks and other financial institutions for the purchase of land and for construction. The notification of public issues of bonds, shares and similar paper may be declared compulsory. Further, the Federal Council may, if necessary, stagger these issues so as to avoid excessive pressure on the capital market.

• **Building**—To reduce building demand, authorization will be necessary for building activity. The main exception to this rule is maintenance work, publicly subsidized house-building, and construction of hospitals and homes for old people and invalids. A one-year moratorium is to be declared on the construction of cinemas, other places of amusement, sports grounds, public and private administrative buildings, holiday and weekend houses (except in the mountains), and one-family houses of more than 1,200 cubic metres or with construction costs exceeding an amount to be determined. After a year, this prohibition is to be replaced by a system of permits. In every canton a ceiling is to be fixed for the total building permits that the cantonal authorities may issue; this limit is to be set so that demand will correspond with the building trade's more normal capacity. Both residential and business buildings may not be pulled down except where this is necessary for health or safety and on sites where a building permit for new construction has been granted or where no authorization for it is needed.

The Federal Council's proposals designed to check the boom represent a sudden switch or volte face from a policy of moral persuasion (which led to voluntary gentlemen's agreements in financial and industrial circles on restraining expansion, maintaining labour levels, and other restrictive agreements) to a government-directed economic policy. In place of gentlemen's agreements against the inflow of foreign capital as indicated above, the Federal Council is to have the power to prevent banks and financial institutions from paying interest on new foreign funds and to exercise control over banking in other ways. Up to now, this power has been unknown and unheard-of in Switzerland. The controls over construction go far beyond anything ever contemplated in this highly democratic country.

Implications Not Lost

The implications of the controlled economy instituted by this legislation are certainly not lost on the Swiss. Even though before, during and since the great debates in the Federal Parliament one and all have agreed that something drastic was necessary to cool down the overheated economy, the strong and deeply entrenched concepts of democracy and free enterprise have been rudely shaken by these proposals of the Federal Council and their passage into law by the Federal Parliament.

Although the Swiss do not see in this legislation a complete answer to the problems of the economy, they feel that the brake has definitely been applied. The results are being watched both in Switzerland and abroad with great attention. ●

TRADE COMMISSIONERS ON TOUR

In Canada

The following officers are undertaking tours of business centres throughout Canada as detailed below. Businessmen who wish to see them should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions: Toronto, Winnipeg and Edmonton, Canadian Manufacturers Association; Windsor (Ontario), Greater Windsor Industrial Commission; St. John's, Ottawa and Vancouver, Department of Trade and Commerce; Victoria, Department of Trade and Industry; Fredericton, Department of Industry and Development.

Britain—B. C. Butler, Minister (Commercial) in London.

Vancouver, Victoria, New Westminster—May 11-18
Kelowna—May 20
Edmonton—May 22
Calgary—May 25-26
Regina, Saskatoon—May 27-28
Winnipeg—May 29-June 2
Toronto, Brampton—June 3-9
Hamilton—June 10-11
St. Catharines, Welland—June 3-9
Brantford—June 15
London, Stratford—June 16
Windsor—June 17-18
Kitchener, New Hamburg—June 19
Montreal—June 22-26
Thetford Mines—June 27
Quebec City—June 28-29
Fredericton—June 30
Saint John—July 2
Halifax, Kentville—July 3-6
St. John's—July 7-10
Ottawa—July 13-

E. J. Ward, Commercial Secretary (Timber) in London.

Ottawa—May 4-8
Vancouver—May 9-26
Calgary—May 27-28

Denmark—K. Nyenhuis, Commercial Counsellor in Copenhagen, Denmark. Greenland and Poland are also included in the territory of the Copenhagen office.

Halifax—May 1-4
Fredericton—May 7-8

Spain—M. T. Stewart, Commercial Counsellor in Madrid.

Windsor—May 4-5
St. Catharines, Welland—May 8
Winnipeg—May 9-13
Toronto—May 13-20

Temporary Duty in Ottawa

N. L. Williams, Assistant Trade Commissioner in Glasgow, Scotland, May 6-21. Contact Commonwealth Division, phone: 99-22421.

Geo. Hazen, Assistant Trade Commissioner, Singapore, Malaysia, May 18-29. Contact Commonwealth Division, phone: 99-22421.

In Territory

Chile—J. R. Midwinter, Commercial Secretary in Santiago, has advanced the date for his visit to Puntas Arenas (Province of Magallanes) to May 11.

Denmark—K. O. Hillyer, Acting Commercial Secretary in Copenhagen, will visit Aarhus and Aalborg (North Jutland) May 11-15.

Iceland—J. E. Lancaster, Commercial Secretary in Oslo, Norway, will visit Iceland May 11-15.

Korea—J. D. Blackwood, Commercial Secretary in Tokyo, Japan, will visit Seoul May 11-15.

Poland—K. O. Hillyer, Acting Commercial Secretary in Copenhagen, Denmark, will visit Warsaw June 4-17.

Spain—R. M. Dawson, Commercial Secretary in Madrid, will visit Cordoba, Seville, Huelva, Jerez de la Frontera, Cadiz and Malaga April 23-May 6.

Businessmen who would like these officers to undertake assignments for them should write to them at their posts as soon as possible.

Netherlands Market for Lumber

Domestic forest products industry cannot keep up with demand, particularly from housebuilders. Imports, including shipments from Canada, are rising rapidly and could be increased. West Coast lumber for interiors sells so well that demand outstrips supply, but market for Eastern softwoods should also be exploited.

J. E. MONTGOMERY, *Assistant Commercial Secretary, The Hague.*

THE NETHERLANDS is widely known for its agriculture and industry but its woodlands are often overlooked. Few realize that the word "Holland" is derived from "Houtland", meaning a country of woods. Even today 682,000 acres —or 7½ per cent of the land area— is covered with standing timber. These forests produce 8.2 million cubic feet of timber a year, the greater part of which is used for pitprops or pulpwood. Coniferous sawn production in 1962 totalled 36 million board feet.

Despite this domestic production, the forest products industry imports substantial quantities of wood from many countries, including Canada —(see Table I). These imports will probably increase because of the active housebuilding program and Canadian lumber firms should be able to sell more here.

Dutch Industry

To understand the import market, it is necessary first to know something about the Netherlands forest products industry and what use it makes of both domestic and imported wood. At present, the industry consists of about 1,160 enterprises (ten or more workers), employing about 43,300 persons. There are 105 saw and planing mills, over 200 joinery works, more than 400 furniture factories, and even 14 firms making wooden shoes.

• **Saw and Planing Mills**—The saw and planing mills have lost some of their importance, because most of the softwoods are imported already sawn. At present they mainly saw and plane tropical and European hardwoods but provide a substantial percentage of the wood that the building industry needs.

• **Joinery Works**—The joinery works, equipped with modern machinery, make window frames, doors, stairs, complete kitchens and panelling, and they are the major users of Canadian wood. In addition, their production program includes garages, holiday chalets, bungalows and schools. The Netherlands building industry, which has put up over one million homes since 1941, is leaning more and more towards standardization. The most popular items produced are standard doors and kitchens, with about 1.4 million of the former and 75,000 of the latter made each year.

• **Veneers and Plywood**—In recent years waterproof plywood has been in great demand for fast sailing and motor yachts. Plywood with a surface of an expensive type of wood

TABLE I

NETHERLANDS IMPORTS OF WOOD

	(cubic metres)		(cubic metres)
Softwood		**Pitprops**	
Sweden	866,413	Belgium/Luxemburg	25,124
Finland	622,799	West Germany	4,130
U.S.S.R.	313,380	Finland	2,679
Czechoslovakia	123,990	Portugal	2,343
Total	**1,926,582**	**Total**	**34,276**
Tropical hardwood		**Pulpwood**	
Gabon	56,896	Finland	279,378
Ivory Coast	45,792	Canada	141,608
Cameroon	47,550	Sweden	9,495
Nigeria	12,026	**Total**	**430,481**
Total	**162,264**		
Other hardwood, sawn		**Piles and Telegraph Poles**	
West Germany	29,376	Belgium/Luxemburg	95,439
France	16,062	Sweden	10,303
Yugoslavia	12,611	Finland	9,706
Total	**58,049**	**Total**	**115,448**
Other hardwood, unsawn		**Railway Ties (Number)**	
Belgium/Luxemburg	49,079	France	487,138
France	36,201	West Germany	82,797
West Germany	14,090	Belgium/Luxemburg	75,356
Total	**99,370**	**Total**	**645,291**

is particularly popular for panelling in luxury yachts, hotel conference halls and meeting rooms.

● **Furniture**—The furniture companies employ 33 per cent of all workers in the wood-processing industries, which have become highly mechanized in the last few years. Specialization is proceeding steadily in the Netherlands furniture industry. The main items produced are chairs, tables, storage furniture, cupboards, bedroom and other household furniture. The dual-purpose type of furniture is becoming more popular as a result of the modern smaller types of homes.

● **Wooden Shoes**—Sales of wooden shoes are decreasing because of the greater use of rubber boots, but several million pairs are still made each year. They are effective in the damp climate and particularly useful for working outside; they are easy to step out of on entering the house.

Research and Quality Control

The Netherlands wood-processing industry and the wood trade are keenly interested in new applications of wood and in quality and they make use of the services of the Wood Institute at Delft and of the Wood Information Centre at Amsterdam. The Wood Institute carries out scientific research and supplies information on wood and wood products. It investigates the technical properties of the various types of wood and also different aspects of woodworking, including drying, gluing, sawing and planing. The Wood Information Centre at Amsterdam, which was set up by the Netherlands wood trade and industrial organizations, promotes the sale of wood.

On the initiative of a number of timber merchants, a bureau was set up at Amsterdam in 1962 to control the quality of wood. This bureau is managed by representatives of the Ministry of Housing and Construction, the Association of Netherlands Architects, the Royal Institute of Engineers, and the Wood Information Centre. For some years Netherlands organizations have been occupied with the preparation of standards for the quality, dryness, strength and other qualities of wood. Some standards, inspection specifications and quality levels have already been drawn up. The bureau intends to establish a quality mark that will provide consumers with certain guarantees.

Housing Stimulates Demand

The major factor stimulating the wood industry in the Netherlands is housebuilding. It has been calculated that the Netherlands has a shortage of 215,000 housing units. In addition, 320,000 units cannot be improved economically and must be replaced within a reasonable period of time. It has been estimated that annual construction must reach at least 70,000 units a year for new housing, plus 15,000 replacements. The Government has set a target of 90,000 units for 1964. Even if this target is achieved, it will take time to make up the backlog of 215,000 units, and the number of replacements (15,000 a year now) will rise in years to come if rehousing projects are undertaken. The building industry also must improve 240,000 dwellings which do not come up to desired standards. This is a staggering problem which is aggravated by a severe shortage of labour (vacancies exceed the number of unemployed) and high land values.

It is obvious that the Dutch construction and wood and wood products industries are optimistic about the future. Of special relevance to Canadian businessmen is the increasing interest in prefabrication techniques for duplexes and multiple units and improved systems of central heating. The exploitation of the tremendous natural gas reserves has lent impetus to central heating and gas-fired hot water systems are receiving a good deal of attention.

Canadian Sales Expanding

Imports of Canadian timber, almost exclusively from the West Coast, have been rising rapidly, as Table II shows.

TABLE II

IMPORTS OF WOOD FROM CANADA

	1961	1962	Jan.-Sept. 1963
	(cubic metres)		
Coniferous pulp wood	111,913	141,608	70,649
Coniferous wood, square hewn or sawn	3,245	2,711	4,407
Sawn coniferous wood, n.o.p.	11,739	20,573	20,374
Coniferous plywood	33	790	1,650

The market here for Canadian West Coast lumber would increase even more rapidly if adequate supplies were available. During the Department of Trade and Commerce's Timber Exhibit in Amsterdam in November 1963, we received nothing but praise for Canadian wood. The only question was —"How do we get it?" This lumber is used mainly for interior house trim, and importers almost invariably ask for clears, because the freight is the same as for merchantable grades. Western red cedar is also becoming popular for interior panelling.

The potential market here for Canadian Eastern softwoods has not been exploited. There are definite sales possibilities for East Coast exporters, but they must be careful to pay attention to quality and delivery dates. Holland is a buyer's market for softwood.

The Commercial Counsellor's office in The Hague is ready to assist any Canadian exporters of wood and wood products looking for a market in the Netherlands and welcomes inquiries from Canadian exporters.

Correction

We regret that in the preparation for printing of the table of Canadian exports to the Far East and Southeast Asia in the last issue, the correct total for 1963 Canadian exports of $459,337,000 was unfortunately changed to $648,335,000.

When Costa Ricans see this threatening sight they know that Irazú is erupting once again. Showers of ash from the volcano cause discomfort and heavy damage to crops and industry.

Costa Rica Faces Up to Irazú

Thousands of tons of volcanic ash falling in the San José area during the past year have created a national emergency—and Irazú is still erupting. Coffee and other crops, cattle herds, construction, retail sales—all have been severely affected. Perhaps your company makes a product that could help combat the effects of the ash.

JOHN H. NELSON, *Commercial Secretary, Guatemala City.*

IRAZÚ has been erupting since 1963, covering the nearby city of San José and the surrounding area with shower after shower of volcanic ash. Black to dark grey in colour, the ash has a high specific gravity and the consistency of sand or a coarse grinding compound. The fact that the volcanic ash deposited long ago in this valley is responsible for the fertile soil that produces some of the world's finest coffee is cold comfort today when these new deposits are seriously damaging crops. The film of ash cuts off essential light from the leaves of vegetation; when it rains, the ash becomes mildly acid and burns the foliage.

International and national agencies recognize the Irazú volcano as a national emergency. They have already given a good deal of help, including food products, animal feed, and the transportation equipment needed by San José to collect and dispose of the thousands and thousands of tons of ash dumped on the city. No doubt they will give more if the volcano continues to be active.

Business Suffers Severely

Estimates of losses resulting from the ash give only a partial idea of the magnitude of the problem. Costa Rican coffee growers calculate that their crop is down about 20 per cent and if the eruption continues, their losses will be even greater next year. Other agricultural crops have been similarly affected. Many beef and dairy herds have been drastically reduced because the animals cannot graze on ash-covered fields.

In the city of San José, capital expenditures have dropped sharply. Most people who planned to build, expand or modernize have held their plans in abeyance because no one knows how long the volcano will continue to erupt. Retail business is also affected. When the ash is falling it is most unpleasant (just like a heavy snowstorm in Canada), and people stay indoors if they can. There are many days when the ash does not fall because of the direction of the wind, but this same wind blows about the deposits lying on rooftops, trees and streets. Retailers say that on clear, calm days their customers are buying, but not enough to make up for the sales lost.

Many Canadian businessmen may be wondering how their interests in Costa Rica have been affected. A number of Costa Rican agents and distributors representing Canadian firms have noticed a decline in their sales during the past year which they attribute principally to the direct or indirect effects of Irazú's activity. But there appears to be virtually no defeatism in business circles: in fact, there is a surprising degree of optimism, considering the gravity of the situation.

If you want to visit your Costa Rican agents and representative or would like to investigate this market, don't let Irazú deter you. Certainly it is an inconvenience but the Costa Ricans have lived with it for a year. You will have to change your clothes more often and you will want to shower or bathe more frequently (you will probably shake out a bit of Irazú ash the first time you turn down your trouser cuff when you get home). *A word of caution:* anyone subject to bronchial or other conditions caused or aggravated by dust should check with his doctor before planning a visit here.

Could Your Product Help?

The immediate need, of course, is for something that will protect people and things from the ash. It gets in the eyes, it seeps under doors, falls through hairline cracks in ceilings, gets into machinery, covers merchandise in stores. What the whole city and the surrounding area need is the sort of protection nature gave the camel's eye so that it could see during a sandstorm in the desert. Any practical ideas or products that Canadian firms believe would help will be welcome. A limited supply of small samples of the ash to assist in preparing an offer is available from the office of the Commercial Counsellor, Canadian Embassy, P.O. Box 400, Guatemala, C.A. We can also help Canadian firms to get in touch with suitable agents, distributors, and government offices in Costa Rica. ●

What's current in commodities?

Textiles

West Germany—Fabrics for men's and women's wear and soft goods in brisk demand; consumers like imports that are distinctive. Samples needed full year in advance, delivery dates vital, and exporter must study German tastes and preferences.

HENRY MAHNCKE, *Commercial Assistant, Duesseldorf.*

NO ONE has calculated the number of miles of fabric unrolled on the cutting tables of Germany's clothing industry in 1963, but they added up to $2.6 billion worth. Additional fabrics went into bed and table linens, towels, blankets, draperies and curtains—and consumers bought still more as piecegoods over retail counters. Textiles of all types used in Germany last year totalled over $4 billion in value.

Who are the sellers and where are the buyers of fabrics in Germany? The Federal Republic's own giant mills supplied 72 per cent of the demand last year. Actually they could have met the entire demand but, like people everywhere, Germans are always looking for something different. They found it in fabrics imported largely from Switzerland, France, the Netherlands, Italy and Belgium; the remainder of production from German mills was exported. Canada's textile sales to Germany last year totalled only $150,000 but they could (and should) be larger. Surely Canadian mills too are producing the "something different" that the German buyer is seeking.

The largest consumer of fabrics in the Bundesrepublik is the $984 million clothing industry. Manufacturers of women's apparel, who make up the most important segment, are chiefly concentrated in West Berlin and in the area around Duesseldorf.

For Women's Wear

The fabric requirements of the various branches of the clothing industry are detailed below.

Women's dress and blouse manufacturers—prefer on the average slightly heavier weights of fabrics than those used in North America. They buy woollens and synthetic blends in widths of 58 inches and about 60 yards in length. They prefer cottons and pure silks in widths of 36 inches, on 100-yard bolts. Roughly 80 per cent of their purchases are of woollens and synthetic blends, in prices ranging from about $1.10 a yard for rayon butcher linen in solid colours to as much as $3.50 for finer woollens. Unlike Canadian dress manufacturers, buyers here want sample swatches a full year in advance of the season. For example: swatches of materials for fall and winter lines are required in the previous September and early October. From these swatches, German manufacturers select sample lengths to be delivered in November and December to make up into models. They then place volume orders for delivery between January and March.

Women's sportswear manufacturers—found principally in Southern Germany with a concentration around Munich, they buy large quantities of woollens and water-repellent synthetics for skiwear. They prefer materials ranging from 55 to 58 inches in width and in lengths of from 50 to 60 yards. The most popular material in this field is woollen loden cloth, which resembles a heavy melton with a brushed effect and sells for $5.00 a yard in a weight of 450 grams per square yard.

Lingerie manufacturers—are pretty well scattered throughout Southern Germany, with a few important factories located in Bielefeld. They use primarily cotton fabrics, including finer batistes for their more expensive lines. The use of synthetic materials is on the increase and many manufacturers are looking to overseas sources for their requirements of this material. Most factories are geared for materials in 36 inch widths and 100 yard lengths.

For Men's Wear

Men's wear manufacturers rank second in the Bundesrepublik as buyers of fabrics. The industry is divided as follows:

Men's suits and coats manufacturers—centered largely in West Berlin, Aschaffenburg (near Frankfurt) and the area around Duesseldorf. They use woollens predominantly in their garments but are beginning to accept synthetics blended with wool. Italy is the main supplier of fabrics for cheaper suits and Britain supplies fabrics for higher-priced lines. They prefer widths of 58 inches, in conservative colours and patterns. Wool worsteds used in less expensive suits cost as little as $3.50 a yard; manufacturers of better quality suits are paying $8.00 a yard for high-grade worsteds imported from England.

Industrial clothing manufacturers—located chiefly in West Berlin and the area around Duesseldorf; buy heavy-weight cottons. They are currently obtaining the bulk of their requirements from West Germany and are paying $1.00 a yard for 12-ounce denims. Production is geared to materials 55 inches wide in 60 yard lengths.

Pyjamas, underwear and shirt manufacturers—Located northeast of Duesseldorf in the area around Bielefeld, they buy mostly cottons. Shirt manufacturers, however, are making up 50 per cent of their garments in synthetics to meet the current demand for "wash and wear". Shirts for leisure wear are made from a variety of fabrics, including fine corduroy and lightweight woollens. Pyjama manufacturers prefer materials with bright satin stripes and solid-colour cottons with a satin finish. Prices currently paid for nylon shirting materials range from 40 to 60 cents a yard; striped cottons for making up into pyjamas run from 50 cents to one dollar. Most manufacturers prefer materials 36 inches wide by 100 yards long.

Soft Goods Industry

The soft goods industry in Germany presents a varied picture. The manufacture of table and bed linen is highly developed, and top-quality products are turned out by converters in Bielefeld and West Berlin. They buy materials to make up into sheets, pillowcases, tablecloths and serviettes, and to cover eiderdowns, very popular here. On the other hand, the drapery industry is almost non-existent, with only a few small firms in Southern Germany producing finished drapes. Most drapery fabrics are bought in retail stores and are made up at home by the housewife. The most popular drapery fabrics are rayon and cotton, ranging in price from $1.50 a yard for 36 inch wide rayon satin to $5.00 a yard for 36 inch wide cotton velour. There are numerous manufacturers of towels, but most of them make their own fabrics. Their products tend to have less nap and are less absorbent than towelling made in Canada. Better-quality bath towels, measuring 18 × 36 inches, wholesale for $8.00 a dozen. Many retail stores stock towels from Canada and the United States and it will probably be just a matter of time until converters here start asking for the type of towelling Canadian manufacturers can supply.

A lot of home sewing is still done in Germany and as a result $1.4 billion worth of piecegoods were sold in retail stores last year. Department store chains are the biggest outlets for this kind of material, although specialty shops and smaller outlets do a fairly good

CANADIAN CONTINENTAL EASTBOUND FREIGHT CONFERENCE
CONTRACT OCEAN RATES ON TEXTILES

Rates per 2,240 lb. or 40 cu. ft.

	To Hamburg	To Rotterdam
From Montreal		
Cotton fabrics	$46.00	$42.00
Wool and synthetic fabrics	$54.00	$50.00
From Toronto		
Cotton fabrics	$49.00	$45.00
Wool and synthetic fabrics	$57.00	$53.00

Minimum Bill of Lading Charge

From Montreal to Hamburg and Rotterdam	$18.00
From Toronto to Hamburg and Rotterdam	$20.00

Note: All rates are subject to change without notice and should be confirmed before any firm commitment is made.

Customs Duties and Imports of Textiles

Tariff Item No.	Description of goods	Import Duty Common Market Countries (per cent)	Import Duty Countries outside Common Market (per cent)	Turnover Equalization Tax (per cent)	Imports 1963	Main Suppliers
53.11	Woven fabrics of sheep or lamb's wool or of fine animal hair:				$116.8 million	Italy, Netherlands, Belgium, Luxemburg, France
	A. With warp wholly of manmade fibres					
	1. With warp of yarns of continuous textile fabrics (CT:6)					
	a. with a width of 80 cm. or more and a value of					
	1. more than 7 and not more than DM 12 per sq. m.	5.4	12	8		
	2. more than DM 12 per sq. m.	5.4	12	8		
	b. other	5.8	13	8		
	B. Other					
	1. Loden					
	a. weighing from 200 to 400 grams per sq. m. and of a value of more than DM 7 per sq. m.	5.4	13.5	8		
	b. weighing more than 400 and up to 500 grams per sq. m. and of a value of more than DM 8.50 per sq. m.	5.4	13.5	8		
	c. weighing more than 500 and up to 700 grams per sq. m. and of a value of more than DM 10.00 per sq. m.	5.4	13.5	8		
	2. Other	5.8	14.4	8		
55.07	Cotton gauze:				$950,000	Switzerland, France, Belgium, Luxemburg
	A. Consisting wholly of cotton weighing not more than 70 grams per sq. m. and having per sq. m. a total of not less than 40 warp and weft threads counted together	4	11.2	6		
	B. Other	5	13	8		
55.08	Terry towelling and similar terry fabrics of cotton	5.6	14.4	8	$80,000	Netherlands, France, Belgium
55.09	Other woven fabrics of cotton:				$53 million	Belgium, Luxemburg, France, Netherlands, Italy
	1. Broché					
	a. weft-broché fabrics of a width taken between two successive points of reversal of the figure-weft-thread of not more than 22 mm.	4.5	12.2	8		
	b. pocket-handkerchief fabric	4.5	12.2	8		
	c. other	5.8	13.6	8		
	2. Other					
	a. mixed with flax or ramie	4.5	12.2	8		
	b. other	4.8	13.6	8		
56.07	Woven fabrics of manmade fibres:				$37.8 million	Belgium, Luxemburg, Italy, France, Netherlands
	A. With warp consisting wholly of manmade fibres:					
	1. with warp of yarns of synthetic textile fibres	6.8	17	8		
	2. with warp of yarns of artificial textile fibres					
	a. of a width of 80 cm. or more and of a value of					
	1. more than DM 7 and not more than DM 12 per sq. m.	5.6	15.7	8		
	2. more than DM 12 per sq. m.	4.8	14.9	8		
	b. other	6.8	17	8		
	B. Other					
	1. with warp of yarns of synthetic textile fibres	7.6	17	8		
	2. with warp of yarns of artificial textile fibres	7.6	17	8		

To the duty-paid value must be added the turnover equalization tax (similar to our sales tax in Canada) which is levied on all fabrics imported into Germany.

business. Buyers for these stores are located in Essen, Duesseldorf and Cologne, Frankfurt and Stuttgart. They are inundated with offers from all over the world and will only do business with firms that quote prices c.i.f. German ports (or to the door of the store) and give assurance of making deliveries on schedule. They purchase a wide range of fabrics and are always on the lookout for close-outs and novelty lines. When placing orders, they expect to receive a discount of 3½ per cent for payment and usually take full advantage of it.

To gain a foothold in the market, the Canadian manufacturer must appoint an agent or distributor who will show his range of fabrics to buyers over here. The names of suitable representatives can be obtained from Trade Commissioners located at:

Canadian Consulate General
Ferdinandstrasse 69
2 Hamburg

Commercial Division
Canadian Embassy
Kennedy-Allee 35
532 Bad Godesberg

Canadian Consulate
Bismarckstrasse 95
4 Duesseldorf 1

With a good agent, the Canadian firm should be able to develop some worthwhile business, provided samples are placed in his hands at the start of each buying season and orders are filled with care and delivered when promised.

Introduce at Interstoff

A good way of introducing a new line of textiles into the German market is to exhibit them at the Interstoff trade fair held in Frankfurt am Main in May and November of each year. It attracts fabric buyers from all over Germany. Space at the fair costs Can.$15.00 per square yard and minimum-size booths have roughly 20 square yards of floor space. ●

Candy and Confectionery

United States—This billion-dollar market is largely supplied by the big domestic industry, but imports reached $25 million in 1962. Canadian quality products are selling here; perhaps yours will too. Here is advice on how to assess prospects and plan sales.

MALCOLM ROWAN,
Consul and Assistant Trade Commissioner, Chicago.

IT TAKES $1.25 billion worth of confectionery and candy every year to satisfy the American sweet tooth; per capita consumption of both domestic and imported products reached 17.4 pounds in 1962. United States confectionery manufacturers achieved record sales in 1962 and topped them by 4 per cent in the first ten months of 1963.

Although imports supply only a fraction of this big demand—76.4 million pounds worth $25 million in 1962 and 53.6 million pounds worth $15.6 million in the first eight months of 1963—Canadians can sell and are selling quality products here. During the first eight months of last year, our sales totalled $850,000, 5.4 per cent of total U.S. imports in that period. Tables I and II give U.S. imports of sugar candy and confectionery and of sweetened chocolate during the past three years.

In this article, the term "candy and confectionery" includes:

Coated fondants or chocolate cream centres
Chocolate-covered nuts and fruits
Solid chocolate sold as bulk or packaged goods
Coated bar goods
Special holiday items, such as Easter eggs and Valentine hearts
Moulded chocolate bars
Hard, pulled, grained or filled candy
Nut brittles
Toffees
Nougats
Fudge
Marshmallow
Pectin or starch jellies
Caramels
Canned goods such as Jordan almonds and jelly beans
Glacé nuts and fruits
Caramel-coated popcorn
Licorice
Sugar wafers

Not included are chewing gum, unsweetened popcorn, salted or unsalted nuts, and cough drops.

Chocolate products continue to be popular. Sales increases of 11.3 per cent by quantity and 8.2 per cent by value were reported in 1962 for moulded chocolate bars, solid chocolate bulk goods, and packaged goods with a large proportion of chocolate and retailing at $1.50 or more. This compares with an average increase for other confectionery products of 1.1 per cent in volume and 0.5 per cent in value. This trend continued during the first ten months of 1963 and in response, U.S. confectionery manufacturers added new varieties to their chocolate lines. New products, attractively and conveniently packaged, are continually being offered through food, drug and variety stores. Imports of chocolate products lagged behind those of sugar candy and confectionery last year because domestic brands were so popular (see Tables I and II).

U.S. Sales by Product

Package goods—A survey of U.S. confectionery manufacturers indicates that the package goods group, which accounts for the largest sales volume, increased sales in 1962 to 1,065 million pounds valued at $444 million, winning 39 per cent by value of the market. Of this total, the largest sellers were packaged goods costing less than 50 cents. Next most popular were those priced at 50 to 99 cents, $1.50 to $1.99, $1.00 to $1.49, and $2.00 and up.

Bar goods—Bar goods continued in second place, holding 34.4 per cent of the market by value; 947 million pounds valued at $390 million were sold in 1962. In the first ten months of 1963, sales were up 2 per cent by volume over the same period of 1962. Impulse purchases of a single bar (both over the counter and from vending machines) and fast-growing purchases of multi-packs played an important part in bar goods sales.

Sales of chocolate-covered bars in 1962 totalled 435 million pounds valued at $166 million, or 14.6 per cent of the total confectionery market. Moulded chocolate bar sales reached 275 million pounds valued at $145 million, or approximately 12.8 per cent of the market. During the same year, sales of confectionery (cocoa)-coated bars dropped to last position in this group—108 million pounds valued at $37 million, or 3.3 per cent of the market, a decrease of 15 per cent from 1961.

Other (non-chocolate) bars recorded sales of 130 million pounds worth $41 million, or 3.7 per cent of the market, an increase of 6 per cent over 1961.

Five-cent and ten-cent specialties—These are sold in the same way as bar goods and include rolls of mints, flavoured and coloured hard candies and wafers, small boxes of caramel-coated popcorn, Jordan almonds, jujubes, licorice, caramels, jellies, gumdrops and sugar or chocolate-coated specialties. In 1962, 253 million pounds valued at $108 million were sold, or 9.5 per cent of the total market by value. In the first ten months of 1963 sales increased by 8 per cent over the same period of the previous year.

TABLE I

U.S. IMPORTS OF SUGAR CANDY AND CONFECTIONERY

	1961		1962		1963 Jan.-Aug.	
Sources	**'000 lb.**	**$'000**	**'000 lb.**	**$'000**	**'000 lb.**	**$'000**
Canada	370	132	230	95	834	364
Austria	1,617	510	1,200	443	508	145
Belgium and Luxemburg	2,588	652	3,163	757	2,048	479
Britain	33,964	7,843	35,993	9,565	27,963	7,091
Cuba	19	5	....	....	....	....
Czechoslovakia	213	69	124	37	59	21
Denmark	1,569	372	1,935	462	928	219
Finland	667	148	810	168	554	117
France	1,318	343	1,295	402	1,147	355
Greece	59	23	74	26	....	....
Hong Kong	180	54	232	68	....	....
Ireland	621	221	876	346	587	223
Israel	816	202	1,173	262	787	179
Italy	998	722	1,433	961	1,430	479
Japan	332	109	364	130	108	44
Mexico	112	24	121	30	....	....
Netherlands	6,325	1,552	7,095	1,769	4,447	1,083
Norway	89	40	66	34	....	....
Poland	344	50	186	29	....	....
Spain	699	508	734	677	....	....
Sweden	1,393	279	1,826	400	1,543	326
Switzerland	1,367	1,035	1,460	1,063	621	422
West Germany	1,620	688	2,041	793	967	349
Other	115	26	156	28	1,160	257
Total	**57,395**	**15,607**	**62,587**	**18,545**	**45,691**	**12,154**

Source: U.S. Department of Commerce, "U.S. Imports of Merchandise for Consumption" Statistical Class 1650500.

TABLE II

U.S. IMPORTS OF SWEETENED CHOCOLATE*

(value 10¢ per pound or more)

	1961		1962		Jan.-Aug. 1963	
Sources	**'000 lb.**	**$'000**	**'000 lb.**	**$'000**	**'000 lb.**	**$'000**
Canada	148	107	1,462	659	1,237	485
Austria	60	50	98	41	....	....
Belgium and Luxemburg	1,314	538	1,917	741	1,196	459
Britain	1,679	771	1,271	565	683	303
Czechoslovakia	123	82	119	85	85	58
Denmark	92	72	47	41	16	11
Ireland	180	37	530	148	580	97
Israel	247	101	422	174	437	195
Italy	380	212	849	378	662	290
Netherlands	4,515	1,965	4,418	2,041	1,780	794
Switzerland	1,244	955	1,294	931	552	387
West Germany	915	526	1,315	716	412	207
Other	84	42	110	60	398	153
Total	**10,981**	**5,458**	**13,852**	**6,580**	**8,038**	**3,439**

*Except bars and blocks weighing ten pounds or more.

Source: U.S. Department of Commerce, "U.S. Imports of Merchandise for Consumption", Statistical Class 1503300.

Bulk goods—Bulk goods include solid chocolate, chocolate-covered, and confectionery (cocoa)-coated products. In 1962, 437 million pounds were sold for $140 million, making up 12.3 per cent by value of the market; figures for the first ten months of 1963 showed little change.

Penny goods—1962 sales reached 179 million pounds worth $54 million (4.8 per cent of the market), and there was little change during the first ten months of 1963.

Distribution

A survey of 208 manufacturer-wholesalers (the mass producers of the candy industry who sell to all levels of distribution, but mainly through other wholesalers and retailers) showed that they had combined sales of $893 million in 1962 and that 47.0 per cent of their production went to wholesalers and 47.6 per cent to retailers. Retail distribution was as follows: chain stores 33 per cent, independent retailers 8.5 per cent, department stores 1.7 per cent, and vending machine operators 4.4 per cent. Of the remaining 5.4 per cent, consumers accounted for 0.6 per cent, government 1.4 per cent, and other outlets (including exports) 3.4 per cent.

The survey also showed that 53 manufacturer-retailers (the small number of producers who sell about 75 per cent of their confectionery, usually boxed chocolates, direct to the consumer through manufacturer-operated stores) had combined sales of $72 million in 1962. Of this, direct sales to consumers accounted for 64.1 per cent, wholesalers and jobbers bought 6.2 per cent, and retailers 16.8 per cent. Distribution of the remainder was not given, to avoid disclosing figures for individual companies.

Seven Points for Exporters

If you are considering exporting to the U.S. or would like to improve your present exports, here are seven important points to consider:

1. Decide which of your products are best suited for the United States market, considering public taste, your ability to supply, and ease of changing packaging, etc., to meet Food and Drug requirements.

2. Find out from the Bureau of Customs, Washington, the value for duty of your product and the rate of duty. Write to the Commercial Division of the Canadian Embassy in Washington at the same time so that it can follow up with the Bureau of Customs if necessary.

3. Check with the Food and Drug Administration, Washington 25, D.C., about the acceptability of your package and its contents. All that you need to do is send a sample package, either printed or typed, and a quantitative formula of your product to the Food and Drug Administration, asking whether it has any objections to sales of candy and confectionery of that type and in that package to the United States. Again, it is useful to advise the Commercial Division, Canadian Embassy, because you may want it to follow up your request.

4. To be on the safe side, you may wish to register your trademark with the United States Patent Office in Washington. You can find out how to go about registering a trademark in the U.S. by asking the Patent Office to send you a copy of its pamphlet *General Information Concerning Trademarks.*

5. Prepare an export price list which shows your prices both f.o.b. Canadian plant and f.o.b. point of most convenient distribution in the U.S.—for example, Chicago. It is important to give it in U.S. funds, duty paid, if you wish to compete with U.S. manufacturers and other candy-exporting countries.

6. Choose the best selling method for your company—

(a) servicing retail accounts yourself on a regular basis

(b) dealing through U.S. confectionery wholesalers

(c) selling through food brokers or manufacturers' representatives

(d) a combination of two or more of the above.

7. Investigate thoroughly freight charges and the savings accruing from carload lots to points of effective distribution in the U.S. Perhaps you should consider storage in U.S. public warehouses to ensure fast deliveries and help overcome sales resistance and the problems of hand-to-mouth buying. The Chicago office can give you more information on how to estimate costs accurately and on the services that public warehouses offer.

If you are interested in this market and have done the groundwork necessary for exporting, we will be happy to help you get your sales pitch across to the U.S. trade. Send us export price lists and samples, and information about your previous experience and present U.S. distribution outlets, if any. We will get in touch with buyers and let you know how they react to your products. It would be wise for your sales manager to make a personal visit at this time.

Advertising Booms in Japan

PHENOMENAL—a favourite adjective of the Japanese advertising fraternity—is no exaggeration when used to describe the rapid rise in spending on promotional advertising in this country. The equivalent of Can.$745 million went into advertising in 1962, a recent survey shows; this represents 1.59 per cent of the national income. Fifteen years ago the figure was about $42 million, 0.15 per cent of the national income. Phenomenal as the growth in advertising is, it really cannot be considered a phenomenon in a country whose people are so addicted to newspaper reading and TV watching; every family in Japan is said to read an average of 1.16 newspapers a day, and four out of every five families own a TV set.

COMMODITY NOTES

Aluminum Foil

GREECE—Viohalco (Copper & Aluminum Co. S.A.), one of Greece's larger industrial establishments, will soon be producing aluminum foil. Production in the first year should be about 500 metric tons, and is expected to reach 2,000 metric tons in about five years. Les Etablissements Charles Coquillard of France will provide technical assistance for a flat fee.

Viohalco (founded in 1938) manufactures products from non-ferrous metals, iron pipes and radiators, electric conductors, and telephone and power cables. Most of the aluminum it uses is of Canadian origin—Athens.

Atomic Power

DENMARK—The Isefjord Power Works Inc. plans the first nuclear power works in Denmark, to be finished after 1970. The chairman, the vice-chairman, and the director went to the United States to discuss plans and a loan of $100 million for the construction. Estimated cost is approximately 700 million D.Kr.—Copenhagen.

U.S.S.R.—An atomic power station is being erected on the banks of the Don River, 40 km. from the town of Voronezh. Its projected capacity is 210,000 kw. The reactor, a high-pressure vessel, is over 12 metres long and has a diameter of about 4 metres. It weighs 180 tons and water pressure in it will reach 100 atmospheres. The reactor fuel will be enriched uranium oxide contained in tens of thousands of tubes in 349 zirconium assemblies. Fuel life is estimated at a year and a half. In December 1963, nuclear fuel was loaded into the reactor by a program-controlled crane.

A reactor of this type with a smaller capacity has been operating for four years aboard the atomic icebreaker *Lenin*—Moscow.

Coffee

ANGOLA—According to the Coffee Institute of Angola, 1963 exports of green coffee, particularly of the Robusta type (the more common quality), set a new record at 2,396,775 sacks containing 144,000 metric tons, valued at Can.$73,675,000. This is particularly significant because the majority of the coffee plantations are in the northern areas most affected by terrorism—Lisbon.

Cotton

ISRAEL—The 1963 cotton crop yielded 924 pounds per acre, which is considered average, for a total of 60,000 bales or about 12,700 tons. The quality was good. The basic price set by the Cotton Marketing Board last year was I£2.50 per kilo, which included a 77.5 agurot subsidy. Israeli textile manufacturers are expected to absorb 23,000 tons of cotton, or about double the amount picked. The high quality of Israeli cotton is understood to have contributed to the success of the country's yarn exports. For the next cotton crop, 35,000 acres have been planted, 2,500 more than this year; prices will remain at the 1963 level—Tel Aviv.

Diamonds

SOUTH AFRICA—Net sales of diamonds through the Central Selling Organization for the year ended December 31, 1963, totalled a record of about $348 million. This represents sales on behalf of South African and other producers, and is some 20 per cent above the previous record set in 1962—Johannesburg.

Home Appliances

SWEDEN—Sales of most types of home appliances went up in 1962; refrigerators, however, fell by 17,000 units to 177,549. Electric stoves were up by 5,900 units to 114,500, home freezers by 7,564 units to 91,475, washing machines by 4,218 units to 72,634, and centrifuge dryers by 6,265 units to 21,827. Taking the group as a whole, 477,985 home appliance units were bought, one for every fifth household—Stockholm.

Iron Ore

INDIA—In 1962-63 Indian exports of iron ore to Japan reached 1.8 million metric tons. The new Minerals and Metals Trading Corporation has reached an agreement with the Japanese steel mills whereby India will supply 80 million metric tons of iron ore over the next 17 years. Initially shipments will total two million tons a year and will increase gradually to six million. This new supply is in addition to the normal purchases that Japanese steel producers make—New Delhi.

MOZAMBIQUE—Newspaper reports say that two large iron ore outcrops have been uncovered in Northern Mozambique, one of them estimated at 20 million tons. Analysis of the material is reported to have shown a 97.75 per cent iron oxide content of which 64 per cent is pure iron, 0.2 per cent titanium, 1 per cent columbite, 0.9 per cent tantalite and 1.5 per cent tin—Johannesburg.

VENEZUELA—The Venezuelan Ministry of Mines and Hydrocarbons announced recently that iron ore production in 1963 dropped to 11,745,052 metric tons, from 13,265,880 metric tons in 1962. The monthly production average last year was 978,754 (1962, 1,105,549 metric tons), a decrease of 126,800 tons, or 11 per cent—Caracas.

Lead

BRAZIL—Brazilian production of primary lead reached 14,000 metric tons in 1962, up from 12,500 tons the previous year and from 2,500 tons in 1950, when significant production began.

Imports of lead and lead alloys, mostly in ingot form, were slightly over 8,000 tons in 1962, with LAFTA countries supplying the bulk and Canada none. In 1961 imports totalled 13,500 tons. Denmark and Spain were the principal sources and Canada supplied 67 tons—São Paulo.

Pleasure Boats

UNITED STATES—Sales surpassing the record set five years ago have been predicted for the small pleasure boat industry in the United States this year. Shipments so far are 14 per cent ahead of early 1963.

A leading U.S. manufacturer says the small boat industry grew too fast after World War II, and he estimates that the business now has 50 per cent fewer manufacturers, distributors, and dealers than it did three years ago. Up to 1959, sales were showing annual increases of 15 to 45 per cent. This manufacturer is concentrating on exports and hopes to take advantage of the rising living standard in European Common Market countries. In recent years he has sold more craft in Paris than in Chicago—Chicago.

Radio-Controlled Crane

U.S.S.R.—A radio-controlled overhead magnet crane that will lift, haul and place a ten-ton load has been developed at the Bauman Technical College in Moscow. The portable-size radio transmitter incorporates as many frequencies as there are units in the crane. The "electronic brain" in the receiving set carried by the crane picks up signals from the radio transmitter, identifies the frequency, and activates the unit of the crane indicated—Moscow.

Steel

JAMAICA—The Caribbean Steel Company Limited will build the first steel rolling mill in Jamaica at a cost of £900,000 (Can.$2.7 million approximately). It will make steel reinforcing bars from local and imported scrap. The mill will have a capacity of 18,000 tons of finished products a year on a one-shift basis, but this can be expanded to 60,000 tons in three shifts. The annual ingot production of the mill will be 30,000 tons, considered adequate for present and foreseeable demand.

The plant is due for completion by the end of January 1965 and is to be financed by a combination of Canadian, U.S. and Jamaican capital. It has been underwritten by a Canadian investment firm. Its products will be protected against imports, provided the quality of the steel is underwritten and the prices do not exceed the maximum price determined in an agreement with the Jamaican Government—Kingston.

Timber-Weighing Machine

FINLAND—Finnish engineers at Varkaus have built a revolutionary new machine that is expected to simplify the task of calculating cubic volume of felled timber and save time for producers. The apparatus, which floats on pontoons and includes a hydraulic lift, weighs timber in the air and under water. The difference between the figures secured in the two weighings gives a cubic volume figure that is accurate to 1 per cent —Stockholm.

Foreign Tariffs and Trade Regulations

New Zealand

IMPORT CONTROL POLICY 1964-65—Our Commercial Counsellor in Wellington reports that New Zealand's import control policy for the licensing period July 1, 1964, to June 30, 1965, will follow the general pattern that has been in operation during past licensing years. As most 1963-64 allocations were taken up, the smaller than usual carry-over will be reflected in a reduction in the total value of licences to be issued during 1964-65.

Further items exempted from import licensing are tea imported in packages of five pounds and over; fresh, chilled or frozen meat, except poultry; dried, salted or smoked meat; greasy or scoured wool; undressed hides and skins (except fur skins).

Some reduction in licence allocations are noted for certain types of printing paper, excluding newsprint; wallpaper; yarns containing any proportion of discontinuous manmade fibres; carpeting; fishing hooks, rods and tackle.

Full details on the application of import control to specific products may be obtained from the Commonwealth Division, Office of Trade Relations and Trade Policy, or the Canadian Government Trade Commissioner in Wellington, New Zealand.

Peru

DOCUMENTATION—Peruvian regulations on the documentation of shipments have been amended to require that the make, model and serial number of merchandise exported to Peru must be indicated in both the consular invoices and the commercial invoices when the merchandise has such characteristics.

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 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 Office of Trade Relations and Trade Policy, 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 .925390.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent April 20	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Free	.007917	126.31	
Australia	Pound		2.4197	.4133	
Austria	Schilling		.04183	23.91	
Bahamas	Pound		3.0246	.3306	
Belgium and Luxemburg	Franc		.02171	46.06	
Bermuda	Pound		3.0246	.3306	
Bolivia	Peso		.09119	10.96	
Brazil	Cruzeiro	Official Free	.000916	1,091.70	
Britain	Pound		3.0246	.3306	
British Guiana	Dollar		.6301	1.59	
British Honduras	Dollar		.7562	1.32	
Burma	Kyat		.2269	4.41	
Ceylon	Rupee		.2268	4.41	
Chile	Escudo	Bank rate	.4701	2.13	
		Free	.3361	2.98	
Colombia	Peso	Free	.1082	9.24	
		Certificate	.1201	8.33	
Congo, Republic of	Franc		.007204	138.81	(4)
Costa Rica	Colon		.1631	6.13	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1501	6.66	
Denmark	Krone		.1566	6.39	
Dominican Republic	Peso		1.08063	.9254	
Ecuador	Sucre	Official	.06003	16.66	
		Free	.05835	17.14	
El Salvador	Colon		.4323	2.31	
Fiji	Pound		2.7249	.3670	
Finland	Markka		.3377	2.96	
France, Monaco, etc.	Franc		.2205	4.54	(1)
Franco-African Republics, etc.	Franc		.004410	226.76	(2)
French Pacific	Franc		.01213	82.44	(3)
Germany	D Mark		.2719	3.68	
Ghana	Pound		3.0246	.3306	
Greece	Drachma		.03602	27.76	
Guatemala	Quetzal		1.08063	.9254	
Haiti	Gourde		.2161	4.63	
Honduras	Lempira		.5403	1.85	
Hong Kong	Dollar	Free	.1887	5.30	*April. 3
		Official	.1890	5.29	

‡There is no trading in Cuban pesos in U.S. or Canadian banks at present.
*Latest available date.

Country	Unit	Type of Exchange	Can. dollar equivalent April 20	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02513	39.79	(4)
India	Rupee		.2268	4.41	
Indonesia	Rupiah		.003431	291.50	(4)
Iran	Rial		.01427	70.10	
Iraq	Dinar		3.0258	.3305	
Ireland	Pound		3.0246	.3306	
Israel	Pound		.3602	2.78	
Italy	Lira		.001729	578.37	
Japan	Yen		.003002	333.11	
Lebanon	Pound	Free	.3472	2.88	
Malaysia	Straits dollar		.3530	2.83	
Mexico	Peso		.08645	11.57	
Morocco	Dirham		.2161	4.63	
Netherlands	Florin		.2995	3.34	
Netherlands Antilles	Florin		.5730	1.75	
New Zealand	Pound		3.0039	.3329	
Nicaragua	Cordoba		.1544	6.48	
Nigeria	Pound		3.0246	.3306	
Norway	Krone		.1512	6.61	
Pakistan	Rupee		.2268	4.41	
Panama	Balboa		1.08063	.9254	
Paraguay	Guarani	Free	.009726	102.82	
Peru	Sol	Free	.04028	24.83	
Philippines	Peso	Free	.2774	3.60	
Portugal & Colonies	Escudo		.03759	26.60	(5)
South Africa	Rand		1.5123	.6612	
Spain and Dependencies	Peseta		.01801	55.52	
Sweden	Krona		.2103	4.76	
Switzerland	Franc		.2502	3.40	
Syria	Pound	Free	.2833	3.53	
Thailand	Baht	Free	.05195	19.25	(4)
Tunisia	Dinar		2.6151	.3824	
Turkey	Lira		.1201	8.33	(4)
United Arab Republic	Pound	Official	2.4854	.4023	
United States	Dollar		1.080625	.92539	
Uruguay	Peso	Free	.05585	17.91	
Venezuela	Bolivar	Official Free	.2404	4.16	
West Indies	Dollar		.6301	1.59	(6)
	Pound		3.0246	.3309	(7)
Yugoslavia	Dinar	Official	.001441	693.96	

Notes

1. Franc is also used in Algeria, French Guiana, Guadeloupe and Martinique.
2. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Cameroons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
3. New Caledonia, New Hebrides, French Polynesia.
4. Additional rates are in effect.
5. Portugal: approximately same rate for Portuguese territories in Africa.
6. Barbados, Trinidad and Tobago, Leeward and Windward Islands.
7. Jamaica.

C. R. GALLOW,
Trade Commissioner, Johannesburg.

South Africa Enlarges Chemical Complex

SASOL, the big producer of oil from coal and of other chemical products, is embarking upon a $140 million expansion program.

THE South African Coal Oil and Gas Corporation (SASOL) plans a $140 million expansion to be completed in 1966. Some $145 million has been invested since its establishment in 1950 and SASOL is thus becoming a substantial chemical complex.

A combined effort by government and private enterprise to produce oil from coal, SASOL is now also one of the largest oxygen producers in the world, processing daily 9,000 tons of air to produce 1,800 tons of oxygen with over 98 per cent purity. It also turns out a wide variety of products, from diesel oil and petrol to waxes, phenols, liquid petroleum gas, and acetate.

Included in the expansion plans is a pressure pipeline, costing $50 million, to supply gas for industrial purposes to the cities on the Witwatersand and in the Vaal industrial complex.

A project to supply methane gas to industries in Reef towns will cost an estimated $45 million and involves the construction of 90 miles of main-line pipe and 110 miles of branch pipe. CJB (Africa) has been established as a subsidiary of contractors John Brown of London and the Pretoria civil engineering consultants Van Wyk and Louw to act as consultants to SASOL for the design engineering and to supervise construction of the pipeline. SASOL is also prospecting for natural gas to supplement the gas from the plant. It expects to supply piped gas more cheaply than the Johannesburg and Springs municipalities and manufacturers are therefore interested in this project.

SASOL is at the centre of many related developments. Previously it sold byproducts to industries throughout South Africa for further processing, but now chemical companies have begun to set up plants near SASOL. The Republic's first inland superphosphate and mixed fertilizer plant was built by Fisons, using sulphate of ammonia produced by SASOL in making fertilizer mixtures. The plant is to be expanded at a cost of approximately $3 million. Another fertilizer company, Windmill, is building a modern plant at Sasolburg which will be completed at the end of the year. SASOL itself is currently erecting a plant which will be in operation within the year, to turn out the equivalent of more than 40,000 tons a year of pure nitrogen in the form of synthetic nitrogenous fertilizers to supply these two projects.

Equipment to produce styrene and butadiene for use in making synthetic rubber is now being installed at the SASOL plant. These products will be piped to the nearby Synthetic Rubber Company plant, the first of its kind in Africa, scheduled to begin production soon. It is estimated that the plant will be able to supply about 80 per cent of South Africa's rubber requirements.

African Explosives and Chemicals Industries is investing approximately $45 million in a cyanide plant slated to be in operation by the middle of 1964, in a polyethylene plant scheduled for production a year later, and in further plants for producing caustic soda, chlorine and polyvinyl chloride which are expected to be operating by 1966-67. SASOL will be the main supplier of raw materials for the AE & CI plants. A naphtha cracking plant will be built soon to enable SASOL to supply the company with ethylene.

SASOL and National Chemical Products are jointly setting up a $3 million factory, KOLCHEM, to produce paint, industrial solvents, styrene plastics and detergents. ●

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