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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

Space Research - - the Newest Market II

United States Market for Electrical Equipment

East Meets West in Malaysia

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Part I of this two-part article discussed the space-research program in both Canada and the United States. In Part II, the author describes the range of products that NASA needs and how Canadian firms can get and are getting some business.

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Forty-four months ago, the Inter-American Development Bank made its first loan. Since then, it has helped to finance nearly 200 projects and many technical assistance plans. Canadians have supplied goods and services for IADB developments; perhaps your firm could too. The article tells you how to make IADB contacts.

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From 1964 to 1980, investor-owned utilities in the United States expect to spend \$119 billion on new construction. Domestic manufacturers will supply many of the needs under this program, but Canadians in this field are not excluded. They should first obtain U.S. approval of their equipment and then compete for orders.

East Meets West in Malaysia 18

"The most progressive economy in South East Asia"—that's how the author describes Malaysia, where he spent two years. This experience makes him a good guide for the Canadian exporter considering a business visit to the Federation.

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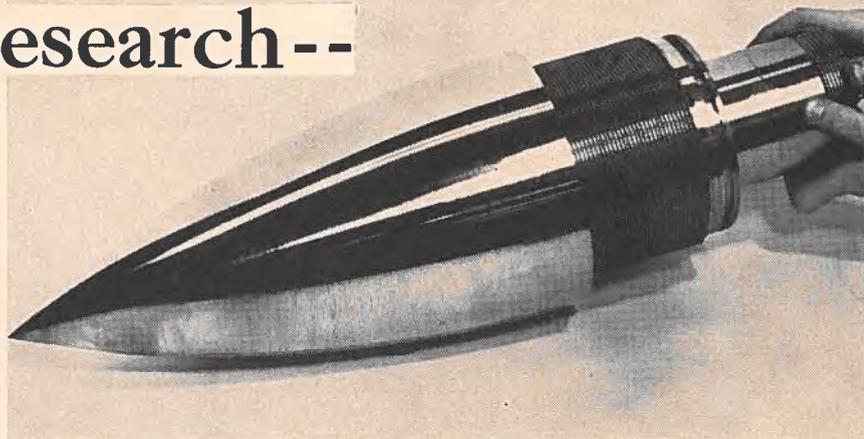
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COMING—HOW TO SUCCEED IN FOREIGN MARKETS, OCTOBER 17 ISSUE

Space Research-- the Newest Market



Obtaining business from NASA's prime contractors is possible; Canadian firms are not restricted by the Buy American Act and some have already won orders. You'll find details here—and you'll learn about the enormous variety of products and proposals that NASA buys and how to approach this U.S. space pioneer.

G. E. BLACKSTOCK,
Consul and Assistant Trade Commissioner, New Orleans.

CANADA enjoys a unique relationship with the United States' National Aeronautics and Space Administration. No other country has had such a long history of close liaison and co-operation with the space agency. We were the first Western country after the United States to put a satellite of our own into orbit. Another series of four Canadian satellites will be put up under a program jointly sponsored by Canada and NASA. Canada's new \$8 million ground station to be built in Nova Scotia will send and receive signals from orbiting NASA satellites.

Canada also has unique opportunities to do business with NASA. Speaking in 1960 of the NASA procurement program the administrator of NASA said, "Participation by Canadian contractors with the requisite technical capability will be

welcomed." Special clauses were written into the NASA management manual specifically excepting bids and proposals offering Canadian end products from the restrictions of the Buy American Act—although applicable duty must be added in evaluating such bids. No other country enjoys this tremendous advantage.

Launch Vehicles Needed

NASA buys a broad range of products. Among the largest and most expensive are the launch vehicles used to boost payloads into orbit and beyond. These range from the Scout—a four-stage, solid propellant rocket capable of putting 220 pounds into a 300-mile orbit—up through the Delta, Thor-Agena, Atlas, Centaur and Titan to the Saturn family, the largest rockets NASA has so far developed.

● **The Saturn Family**—The Saturn I and IB are the first two of a family of three launch vehicles being built for NASA's Apollo program at a New Orleans plant. They are 21 feet in diameter, weigh a little over one million pounds when fueled, and develop 1.5 million pounds thrust. They consist of no less than 200,000 separate parts each. Their job will be to put the early models of the five-ton Apollo spacecraft into earth orbit for testing and for space-rendezvous rehearsals. The Saturn IB will be capable of putting 17 tons into earth orbit.

The need for a vehicle much larger than the Saturn I was established as soon as the decision was made to land man on the moon. The rocket for the job is to be the enormous three-stage Saturn V, which will measure 33 feet in base diameter and rise to 360 feet, a full 70 feet taller than the Peace Tower in Ottawa. The five 18-foot cone-shaped F-1 engines powering the S-IC booster stage will develop an incredible 7.5 million pounds thrust, five times that of the Saturn I, and enough to lift a weight of 45 tons up to the 25,000 mile per hour escape velocity necessary for lunar trajectory. This is about equivalent to the weight of 25

The picture on the left shows telemetry being installed by Computing Devices of Canada in the nose cone of a gun-launched sounding probe, to be used in Project HARP, being carried on by McGill University in the Barbados.

standard-size family automobiles or 80 Mercury spacecraft capsules. During its 150 seconds of powered flight, the S-IC will burn 4.4 million pounds of kerosene and liquid oxygen at the rate of 15 tons a second. The second stage of the Saturn V, the S-II, fueled by liquid hydrogen and liquid oxygen, will develop one million pounds of thrust. The third or S-IVB stage will also burn liquid hydrogen and liquid oxygen and develop 200,000 pounds of thrust.

The Apollo spacecraft, made up of the lunar excursion module, the service module, the command module and the launch escape system, sits above the third stage. Seventy-

nine feet from top to bottom, it is almost as tall as the Mercury spacecraft and the Atlas booster rocket that put it into orbit combined. When they strap themselves into their command module on top of the fully assembled Saturn V, the three Apollo astronauts will lie more than 30 storeys above the launch pad.

● **The Nova Rocket**—After the Saturn rockets will come the Nova, a launch vehicle which will have two or three times the weight-lifting capacity of the Saturn V. Not yet out of the study stage, the Nova will eventually be used for landing larger payloads on the moon and perhaps for manned interplanetary exploration.

Testing and Launching

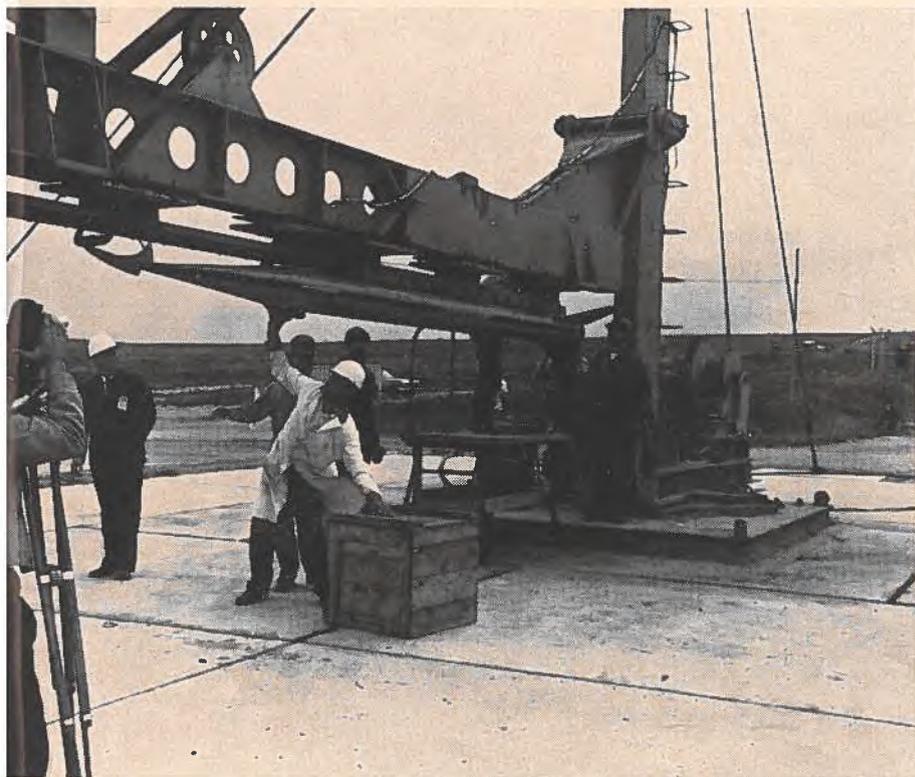
The huge size of the Saturn rockets has called for several new test-

ing, assembly and launching facilities to be developed. At the John F. Kennedy Space Center in Florida, which launches the rockets, several major construction projects are in progress. A Saturn I launch complex was completed in 1961 and already there have been five successful test flights of that rocket. On Merritt Island, a new 80,000-acre annex adjoining the present Cape Kennedy facilities is under development for launching the Saturn V and other large vehicles. Construction has already begun on the world's largest building, the Vertical Assembly Building. Instead of putting the various stages together on the launch pad, the previous practice, the Saturn V rocket will be assembled and checked out in the upright position inside the VAB and then moved the two miles to the launching site. Launch-pad assembly limits the number of rockets that can be handled to one at a time, but the VAB will have space for four at one time. It will cover about the same area as six football fields, will be 524 feet high, and will cost \$100 million to build. Most of its interior will be free of columns or floors and be open right up to the 52-storey ceiling.

Each Saturn V will be assembled on a large platform which will serve as the vehicle's launching platform and will also have the umbilical tower mounted on it, to give servicing access to the rocket's many levels. Altogether NASA will spend over \$1 billion on the new Merritt Island launch area. In addition to the VAB and launch pads which make up what will be known as Launch Complex 39, there will be a huge industrial area, a sort of scientific city of almost 50 major buildings to house the laboratories and offices of all the engineers, scientists and technicians assigned to the Center.

Subcontractors Play Part

If it seems unlikely that any Canadian company is capable yet of building any of the more outside pieces of NASA hardware, there are



A launch crew from Canadian Bristol Aerojet Limited assists in the prelaunch check-out of the Black Brant III upper atmosphere research rocket at Point Arguello, Pacific Missile Range. The firm designed the Black Brant in co-operation with the Canadian Armament Research and Development Establishment. Using solid fuels developed by CARDE, it can carry 25-300 pound payloads to 100-800 mile altitudes.

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few U.S. companies either. In fact, no single company anywhere has the immediate resources to manufacture whole space vehicles. They are the most complex structures ever built, consisting of thousands of subassemblies, specialized devices and components that must be made and assembled to the most exacting standards. NASA's biggest prime contractors, of whom there are about six or eight, get a very large share of the dollars the space agency spends. But they in turn spend very large shares of their contract dollars—often more than half—on subcontractors.

McDonnell Aircraft of St. Louis, for example, had no less than 4,000 subcontractors on its \$145 million Mercury space capsule project. In the space business, it is rare to hear a company claim the advantage of experience because everything is being done for the first time, and production runs—if any—are likely to consist of 10 or 20 copies only. The major prime contractors manage the project or system they are working on and they are responsible for delivering a finished product and for its reliability. But they are more often just putting together pieces they have subcontracted to other companies than actually making them themselves. An important aspect of selling to NASA for Canadian companies, then, is selling as subcontractors.

It should also be remembered that NASA buys a lot more than the rockets and space vehicles. Tremendous amounts of ground control equipment, checkout and remote control guidance systems, computers and tracking facilities, all electronic, are needed as well.

Research, Development Needs

Perhaps the broadest and most unlimited field of opportunity is in research and development. As each of its projects pushes deep into the unknowns of space, NASA is confronted on all sides with unanswered questions. The problems man faces in space after the giant boosters have lifted him out beyond the

earth's protective atmosphere, for example, are manifold. He must take his environment with him. He must have air to breathe, regulated temperatures and humidity, food and water. He must be protected from extremes of heat and cold and from such sharp temperature changes as on the moon's hostile surface where astronauts will experience an immediate drop of 200 degrees F. just by stepping into the shade. Other problems include weightlessness, cosmic radiation, meteoroids, psychological problems.

On the longer space flights of the relatively distant future, involving weeks or even years, it will not be possible to carry expendable supplies, so completely balanced closed-cycle systems must be developed to produce food and oxygen from recycled wastes. Entirely synthetic, low-residue liquid diets made up of distilled water, amino acids, vitamins, salts and artificial flavouring are being tested. Biologists are also considering induced hibernation for long space trips.

Then there is the problem of protecting the moon or distant planet from contamination by earth microorganisms and conversely, protecting the returning astronaut and the earth from contamination he might pick up.

In response to the tantalizing question of whether there is life elsewhere than on earth, NASA has developed a whole series of detection devices for use in both manned and unmanned space exploration.

The space agency is conducting research on new kinds of propulsion systems using nuclear fission, nuclear fusion, ion rocket engines, plasma accelerators and photon rockets. Although these are still far in the future, they all show great promise. For example, if the energy released in a hydrogen bomb explosion could be controlled for space propulsion, it could propel a million-ton spacecraft on a round trip between the earth and Mars.

New electrical power sources are being sought. Improved solar cells,

fuel cells, devices for turning heat directly into electricity, and nuclear sources are all being studied.

Alternative methods of spacecraft guidance are also being researched, including new applications of the now commonly used inertial systems, as well as semi-inertial, radio guidance, star tracking and infrared systems.

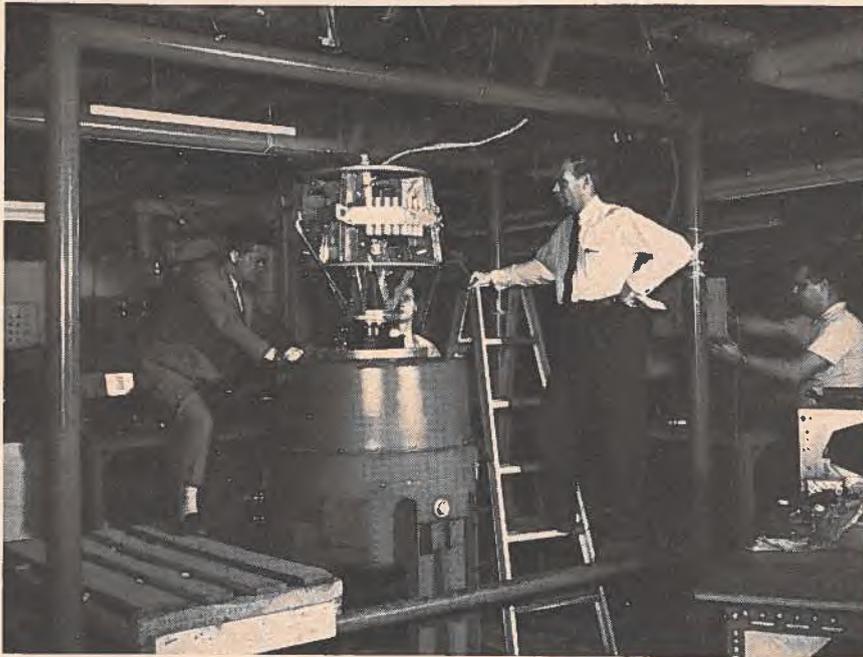
New materials are always being sought to meet the ever more extreme demands for space flight of lightness, strength and heat resistance. New methods for bonding metals are needed, particularly for the new specialty metals and alloys that are being used and the very high pressures they must withstand.

To protect delicate space components both in shipment and in use, new packaging techniques are needed. One firm developed a new packaging material and promoted it by mailing fresh whole eggs wrapped in the material to potential customers.

Submitting R & D Ideas

NASA encourages unsolicited proposals and they are particularly appropriate to Research and Development projects. The company wishing to submit one must have some direct contact with NASA first to discover fields of mutual interest. NASA is interested in a wide range of things, some of them bearing little apparent relation to the space effort. Where there are mutual interests, unsolicited proposals are often accepted and result in study or research contracts to companies, research organizations and universities. A second way of doing business with NASA, then, is selling R & D. A significant advantage of the R & D contract is that no hardware is involved and customs duties are not a factor.

NASA buys a lot direct from smaller companies. Even what may look like a small proportion of its outlays for supplies left after the major prime contractors' share still pays for a great many five, six and seven figure procurements.



RCA Victor designed and made communication receivers and transmitters for Relay I and II satellites. This wideband communications receiver is undergoing environmental tests inside the Relay; the solar cells have been removed while testing goes on.

First Steps for Canadians

What should Canadian firms do about selling to this giant? NASA makes it easy. First you should have a copy of its useful 40-page booklet *Selling to NASA*, which sets out what NASA is, and what and how NASA buys. It also contains a directory listing and describing briefly each of the NASA Centers where there is procurement activity. They all operate with a great degree of independence from Washington and from each other on all but the major procurements, and it is necessary to apply for a separate listing as a supplier at each Center. Suppliers must complete a Bidder's Mailing List Application, which is a standard GSA Form 129 used by all U.S. Government procurement offices, and return it with a Vendor Capability Listing form to each Center in which a supplier listing is desired. Blank forms can be obtained on request from any of the Centers. Correspondence should be addressed to the Procurement Officer, National Aeronautics and Space Administra-

tion, at any of the following addresses:

Ames Research Center,
Moffett Field, California.

Flight Research Center,
Box 273, Edwards, California.

Goddard Space Flight Center,
Greenbelt, Maryland.

Jet Propulsion Laboratory,
California Institute of Technology,
4800 Oak Grove Drive,
Pasadena 3, California.

Lewis Research Center,
2100 Brookpark Road,
Cleveland 35, Ohio.

Manned Spacecraft Center,
2101 Webster-Seabrook Road,
Houston, Texas.

Marshall Space Flight Center,
Huntsville, Alabama.

Space Nuclear Propulsion Office,
U.S. Atomic Energy Commission,
Washington 25, D.C.

Langley Research Center,
Langley Station,
Hampton, Virginia.

John F. Kennedy Space Center,
Cocoa Beach, Florida.

Wallops Station,
Wallops Island, Virginia.

NASA Headquarters Procurement Division,
Washington 25, D.C.

Two Canadian firms which have led the way in doing business with NASA are the Special Products and Applied Research Division of de Havilland Aircraft of Toronto, and RCA Victor Co. of Montreal. The two worked together on the Alouette, which earned them a high reputation, and will share responsibility to an even greater degree for the four new satellites to follow.

Some Canadians Are Selling

de Havilland made its mark with its unique STEM (Storable Tubular Extendible Member) devices, which have a variety of uses, the most successful of which is as antennae. The Alouette uses four of them, each a lightweight 18 inches long before being extended for use. With no power required other than an electrical or mechanical release mechanism, two of the antennae extend after the spacecraft is in orbit to 75 feet and two to 37 feet. de Havilland has perfected an antenna to extend to many times that length and is reportedly working on one which will reach out an incredible 10,000 feet. These very long antennae enable the use of relatively low power for communications in space. A number of NASA and other U.S. space projects are using de Havilland STEM devices, including Javelin, Scout, Mercury, Gemini and many others. de Havilland was the first Canadian company to win a contract from the NASA Manned Spacecraft Center at Houston.

RCA Victor designed and built the Alouette's FM telemetry transmitters, which have since been ordered for use in U.S. satellites. The company also won a major contract to supply and install tracking facilities for NASA's advanced SYCOM satellite system. The communication receivers and transmitters in both the Relay I and II satellites were designed and manufactured by RCA Victor. The Montreal firm also holds several study and testing contracts from NASA.

Canadair is working on space capsule escape devices. Computing

Opportunities in Boston

TO improve businessmen's understanding of developments in space and to brief them on their relationship to the space program, NASA held its fourth National Conference in Boston, Mass., last spring.

Representatives from several Canadian electronics companies attended this conference. All expressed an interest in developing business with NASA and were told that the major business opportunity is in the field of unsolicited proposals. In order to achieve success, it is important to have prior contact with NASA technical personnel. It is then possible to assess whether or not there is a community of interest. If there is a mutual interest in any research idea, the submission of an unsolicited proposal is advisable. It was stressed at the conference that NASA supports many projects which might seem to have little direct relationship to the program and there are thus many opportunities for firms that might feel their work is not related to the space program.

Boston has been selected as the new headquarters of Electronics Systems Development for NASA, and the hope is that this organization will be func-

tioning by late 1964 or early 1965. Canadian firms interested in business in this area should contact the Consul and Senior Trade Commissioner in Boston, Mr. M. R. M. Dale, Canadian Consulate General, 607 Boylston Street, Boston 16, Massachusetts.

The opening of the Electronic Systems H.Q. in Boston is an excellent opportunity for the Canadian electronics industry to enter the NASA market. Although the terms and conditions for Canadian participation in NASA are not included in the Defence Production Sharing Agreement, they do come under the NASA management regulations which provide that Canadian firms are exempt from the Buy American Act. It does not, however, provide for duty-free entry but because unsolicited proposals are not appraised on price alone but on their value to NASA, this should not prove an insurmountable barrier. There is a real potential in NASA for alert and aggressive Canadian firms who offer superior solutions to the needs of NASA.

—D. S. BAKER,
*Vice Consul and Assistant Trade
Commissioner, Boston.*

Devices of Canada is building instrumentation packages for gun-launched sounding probes. **Bristol Aero-Industries** is making sounding rockets and rocket fuels. The Canadian Mimik Tracer is being used by Boeing at its Michoud plant for close tolerance machining of Saturn V S-IC booster parts. A Canadian firm makes communications equipment for its U.S. parent to fit into a larger NASA system, and still another company makes guidance system components for its U.S. parent to supply to NASA. A Canadian manufacturer does light gas gun facility work for the space agency, firing small plastic plugs and other projectiles at very high speeds, which go through one-inch alumi-

num alloys like soft butter, to study micrometeoroid effects on orbiting spacecraft.

Reliability Is Vital

The demands of the space exploration program are having a profound effect on business and industry. Much business thinking is becoming obsolete and many longstanding concepts are being replaced. Reliability is a good example. Never have the demands of any customer been so close to absolute perfection. But never before has it been possible for the failure during a rocket launch of a two-dollar item to cause the loss of a \$2.2 million space vehicle, as happened recently. One manufacturer

spent \$50,000 to develop a small thermal shield that cost \$5 to produce, but its failure in a rocket system resulted in a \$23 million loss. This illustrates another point about NASA business—relatively little involves production runs or procurements in quantity; all the emphasis is on quality. Basic thinking is all long term. While the automakers are planning three or four years ahead, space engineers are looking ahead 20 years and more. Canadian businessmen hoping to jump aboard the space train would do well to understand this. Experienced Canadian firms know that it can take six to ten years from conceiving an idea for a sophisticated piece of space-age hardware to the first sale. At the same time, the less specialized the item is, the more quickly it can be produced, but the more competing companies are in the field. And nowhere in the world can the competition be rougher than in selling off-the-shelf stock items to NASA. For the more standard hardware, time schedules are usually very tight.

Selling to NASA is not the same as defence selling in the United States, in which many more Canadian companies have had experience. There may be similarities in some of the items, but specifications are usually different, quality control is more severe, security is much less of a problem, and there is no duty-free entry.

Making Contact

It is hard to imagine an organization easier to make contact with than NASA. Each Center's procurement department has an industry assistance officer who bends over backwards to see every business visitor, help him localize areas of particular interest to him in the operations of that Center, and arrange for him to talk to the right technical people. NASA publications are also first rate. There are booklets, pamphlets, brochures, technical papers, information of all kinds on every aspect of NASA's work. For a better understanding of

it, and of where a particular company or research or business activity might fit in, all you have to do is write and ask for the material you want. You should get *Selling to NASA*, and at the same time you could ask for *Space, the New Frontier*, an excellent 72-page general-interest booklet published by NASA.

To keep up with space developments on a regular basis, order a subscription to *Missiles and Rockets* magazine, published weekly by American Aviation Publications, 1001 Vermont Ave., N.W., Washington 5, D.C., and to *Aviation Week and Space Technology*, also a weekly magazine, published by McGraw-Hill, 330 W. 42nd St., New York 36. The *Science News Letter*, a weekly put out by Science Service Inc., 1719 N Street N.W., Washington 6, D.C., often has worthwhile articles on NASA and aerospace subjects.

By all means visit the NASA Centers; send your Bidder's Mailing List Application and Vendor Capability form in by mail first. NASA conducts excellent vendor symposiums at various intervals all over the United States; they last one or two days each (see box feature for a description of the one held in Boston last spring). You can write for information on these and plan to attend one. Some Canadian aerospace capabilities may lend themselves to marketing through manufacturers' representatives. If so, there are many good, technically trained ones who specialize in one phase or another of aerospace requirements. The major NASA prime contractors—Boeing, Douglas, Chrysler, North American, McDonnell, Grumman—also have elaborate procurement and public relations organizations and welcome new vendors.

The space project is enlarging man's notions not only of the potentialities of the universe, but also of himself. Now is the time for Canadian industry to stand back and pause long enough to consider carefully how and where it can make its contribution. ●

Opportunities through IADB

S. G. HARRIS, *Assistant Commercial Secretary, Washington.*

THE Inter-American Development Bank's participation in financing the development of Latin America has increased rapidly since the Bank was set up in 1959. Last year it approved 56 loans totalling nearly \$259 million from its three separate funds. This brought its total lending since the first loan was made in February 1961 to \$875 million. These loans, it is estimated, have helped to finance 192 projects in all.

The three separate funds or "windows" through which the IADB

operates are the ordinary capital resources, the fund for special operations, and the social progress trust fund. The latter is a special appropriation from the United States and goods or services financed from this fund must be procured from U.S. firms or from firms located in the borrowing countries. Projects and procurements paid for out of the other two funds, however, are open to international competition and Canadian firms have obtained some of this business. Table I gives details

TABLE I
LOAN COMMITMENTS ACCORDING TO SOURCES OF FUNDS

(Up to December 31, 1963)

(in thousands of U.S. dollars)

Country	Ordinary Capital Resources		Fund for Special Operations		Social Progress Trust Fund		Grand Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Argentina	13	68,213	2	6,215	2	35,000	17	109,428
Bolivia			5	23,060	3	10,935	8	33,995
Brazil	11	56,190	4	24,915	8	55,360	23	136,465
Chile	8	47,729	3	8,847	8	25,638	19	82,214
Colombia	9	42,921	2	3,208	4	31,337	15	77,466
Costa Rica	4	11,502	1	1,000	2	3,600	7	16,102
Dominican Republic	1	6,000			2	6,500	3	12,500
Ecuador	1	2,343	3	8,462	7	24,515	11	35,320
El Salvador	3	3,959	1	183	4	11,640	8	15,782
Guatemala	4	8,450	1	300	3	11,300	8	20,050
Haiti			1	3,500			1	3,500
Honduras	2	510	3	9,210	4	7,235	9	16,955
Mexico	10	77,464	1	3,800	7	30,700	18	111,964
Nicaragua	1	2,000			3	7,885	4	9,885
Panama			2	3,200	2	10,362	4	13,562
Paraguay	2	2,750	5	16,450	1	2,900	8	22,100
Peru	6	15,072			4	26,300	10	41,372
Uruguay	4	19,443	1	640	2	10,500	7	30,583
Venezuela	3	21,208	1	2,700	6	53,000	10	76,908
Central America			1	6,004	1	2,925	2	8,929
Total	82	385,754	37	121,694	73	367,632	192	875,080

TABLE II
DESTINATION OF LOANS
Up to December 31, 1963
(in thousands of U.S. dollars)

	Ordinary Capital Resources	Fund for Special Operations	Social Progress Trust Fund	Grand Total
Industry and mining	153,087	35,679	.....	188,766
Agriculture	126,839	49,691	68,603	245,133
Electric power and transport	66,702	18,223	.....	84,925
Water supply and sanitation	38,626	17,150	114,154	169,930
Housing	.....	.....	168,650	168,650
Advanced education	.....	.....	16,225	16,225
Total	385,254	120,743	367,632	873,629

TABLE III
TECHNICAL ASSISTANCE OPERATIONS
Up to December 31, 1963
(In thousands of U.S. dollars)

	Bank's Own Resources	Social Progress Trust Fund	Total
General planning and feasibility studies	12,681	1,002	13,683
Agriculture	1,665	1,716	3,381
Development agencies	1,280	123	1,403
Water supply and sanitation	.....	660	660
Housing	3	1,300	1,303
Training	892	1,064	1,956
Miscellaneous	366	729	1,095
Total	16,887	6,594	23,481

of loans from each of the three funds and the countries to which they have been committed. Table II gives a breakdown of the types of projects that the Bank has financed.

Canadians Succeed

Many of these IADB projects are in fields in which Canadian engineers and suppliers have won a certain degree of international repute and acceptance and many Canadian firms have supplied goods and services in these areas, particularly for pulp and paper projects, hydro power, and mining. More business could be secured, however, and Canadian companies should always be alert to the opportunities for business that may be available through the IADB. Canadian firms wishing to be placed on the mailing list to receive the IADB press releases should write to the Information Division, Inter-American Development Bank, 808 17th Street N.W., Washington, D.C.

Technical Assistance

The Inter-American Development Bank's technical assistance activities have been oriented toward expanding the capacity of the member countries to absorb external capital and make a more effective use of investment resources. During the past three years the Bank has made technical assistance commitments to a total of \$23.5 million, making it

one of the most important external sources of technical aid for Latin America. Of this amount, \$16.9 million was committed from the Bank's own resources and \$6.6 million came from the resources of the social progress trust fund. About \$15.6 million was authorized as loans and \$7.9 million as grants. The Bank has followed the policy of financing grants from the net income (interest on loans) of the fund for special operations.

Up to December 31, 1963, 236 technical assistance projects had been authorized, covering a wide range of fields but falling into two broad categories: the technical assistance extended from the Bank's own resources, which has been oriented toward economic development and projects financed from the trust fund resources, which are directed especially to the promotion of social development programs, land settlement and improved land use, housing, community water and sanitation facilities, education and training. About 58 per cent of the total technical assistance commitments has gone to the fields of general planning and preparation of feasibility studies and 14 per cent has gone to agricultural development. A breakdown of the Bank's technical assistance operations is given in Table III.

Canadian engineering firms who would like to offer their services to

the Inter-American Development Bank should register their credentials with William A. Carter, Senior Engineering Consultant, Inter-American Development Bank, 808-17th Street N.W., Washington, D.C. Because the Bank has not yet devised its own engineering questionnaire, it would appreciate receiving a copy of registration forms which the Canadian company has filed with either the World Bank, the UN Special Fund or our own External Aid Office.

Iraq Nationalizes Drugs and Chemicals

THE Government of Iraq has set up an organization called the "Company for the Importation and Distribution of Drugs and Chemical Materials" which is now responsible for all imports of these commodities. The company went into operation on August 11.

Retail drug stores are being allowed to sell the stocks they now hold, but any consignment currently in customs or en route must be handed over to the government company at cost price. Pharmacies will continue to function and will obtain their supplies from the present stocks in store until these are exhausted. They will then have to deal with the newly established public company.

This ruling follows close on the heels of the Iraqi nationalization of banks, insurance companies and the larger industries.

West German Customs

How to Obtain a Binding Ruling

When are they useful?

Goods imported into West Germany without a prior binding customs ruling will be assessed duty at the port of entry according to the judgment of the assessing officer. As a general rule, the delay involved in requesting a binding ruling before shipment of the goods is worthwhile only in special cases—for instance, when the exporter expects to ship large quantities. Normal rulings do not create a precedent in Germany and they can be revised up to one year after the end of the year in which they were given. For example, a ruling given in January 1964 can be revised until December 1965. If a Canadian exporter anticipates difficulties, it would be worth his while to ask for a binding customs ruling before he ships.

Who can get one?

Anyone who files a proper application and is ready to bear the costs involved can obtain a binding customs ruling. Both Canadian firms and German importers can request one.

How do you go about it?

Because the application form and any correspondence with Customs has to be in German, a German address is almost a necessity. Give power of attorney to your agent or, if you do not have one, to your forwarding agent in Germany. He will write to the appropriate office of the Customs Appraisal Office (Oberfinanzdirektion) and obtain the correct form.

With the application form you should send four samples, or if this is not possible, four pictures and an exact description of the goods. If you are requesting that more than one Customs office be bound by the ruling, you must send an additional sample for each office. Mail these to your agent and mention to him the probable routing of your shipment.

The Canadian Trade Commissioners in Hamburg, Duesseldorf and Bad Godesberg are at your disposal to provide addresses or to clarify any point that may arise.

How long does it take? How much does it cost?

That depends on the complications involved. Normally,

it should take less than two months, but it has been much longer in some instances.

Fees charged to the applicant vary between \$2 and \$25. They cover analysis (carried out by technicians), shipping, packing costs, and in general all costs involving Customs office disbursements. There have been complicated cases in which fees climbed to \$150.

Are binding customs rulings binding for only one district?

When your form is sent to the Customs Appraisal Office (Oberfinanzdirektion) at a definite address, that office and the offices within its territory will be bound by the ruling given. There are two ways to make the binding ruling also valid for the areas where the goods are actually going to enter Germany:

(1) When you know that the goods will be entering at one or the other of no more than a few places (for example, Hamburg-Altona or Bremen-Seahaven) the Customs office responsible for these areas can be mentioned under question three of the form and one more sample sent for each. They will then be bound by the information you receive.

(2) After the binding customs ruling has been obtained for one area and you find that your goods will enter Germany through the territory of another office, a new application can be submitted, with one additional sample, mentioning the new office which you want to include. There is no charge for this and your incoming goods will be classified according to the ruling previously given by the other office.

Will the ruling be made public?

No. German Customs authorities are bound to secrecy and will not reveal the result of their analysis, not even to public tax officials.

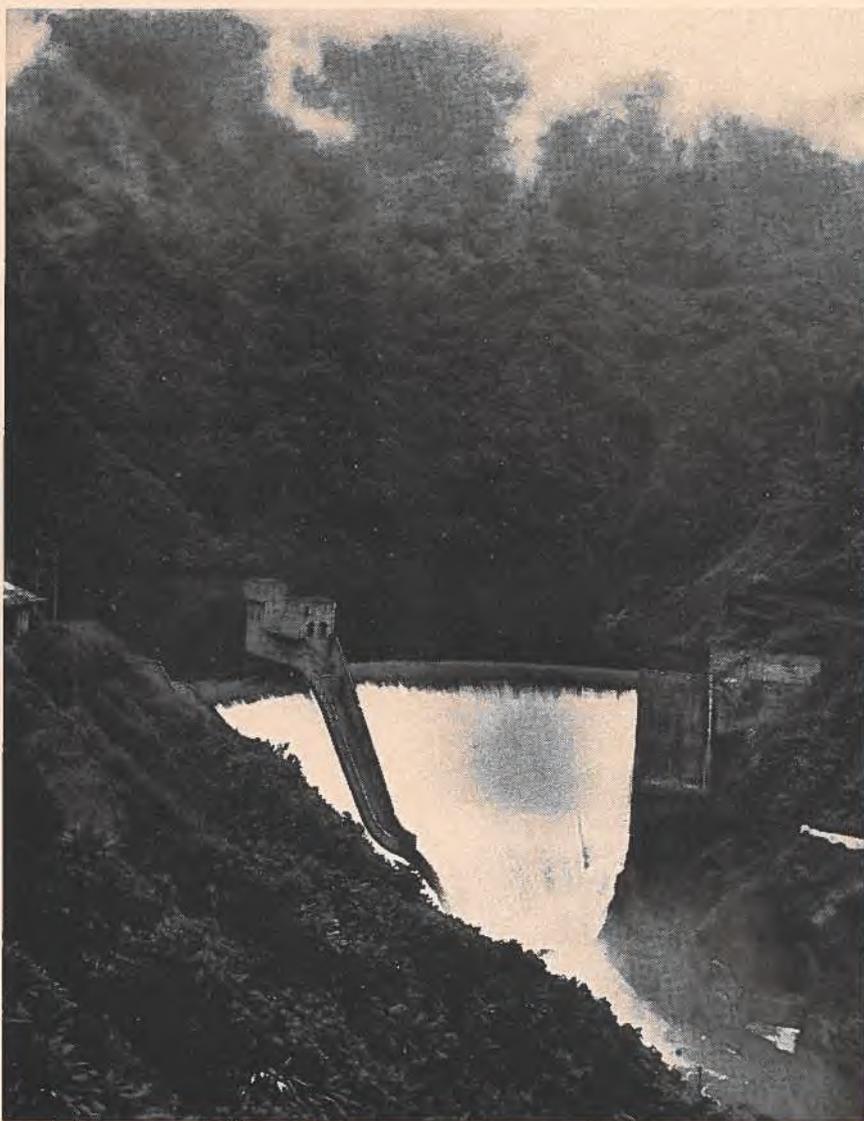
Can the ruling be appealed?

Yes. The ruling you receive includes a paragraph describing the procedure for appealing. ●

—CLAUDE RENAUD,
Assistant Commercial Secretary, Bad Godesberg.

Rich natural resources plus a sound program of industrial expansion for the ten years should make Colombia an attractive market for suppliers of heavy equipment and raw materials for export industries. Financing, however, will be an important factor. Import restrictions still in effect limit demand for consumer goods.

JAMES C. BRADFORD, *Assistant Commercial Secretary, Bogotá.*



Included in Colombia's Ten Year Plan is an 11 per cent annual increase in installed electric power capacity. This means the building of more power dams, like this one at Anchicaya. The country's mountainous terrain means great hydroelectric potential.

Colombia'

COLOMBIA, with a population of some 16 million, is the fourth largest country in Latin America, ranking after Brazil, Mexico and Argentina. The gross national product in 1963 was estimated at just over U.S.\$4 billion, making it fifth largest market area in dollar value in Latin America. The average annual growth rate during the '50's was about 4.5 per cent and it is expected that this figure will increase during the decade of the Ten Year Plan, 1961-71.

The country faces five serious handicaps that it must overcome if the goals of the plan are to be realized. The two most serious problems are its dependence on coffee for foreign exchange earnings and its lack of a middle class of any size. The low level of education and lack of facilities for it create inefficiency and low productivity in the labouring class. These problems are compounded by the lack of an internal transportation network.

On the positive side, oil production increased by 17 per cent in

TABLE I
COLOMBIA'S BALANCE OF TRADE
1951-70

Year	Exports	Imports	Balance
	(millions of U.S.\$)		
1951	463	419	44
1952	473	415	58
1953	596	547	49
1954	657	672	-15
1955	580	669	-89
1956	599	657	-58
1957	511	483	28
1958	461	400	60
1959	474	416	58
1960	466	519	-53
1961	435	557	-122
1962	463	540	-77
1963	446	467	-21
1964*	619	614	5
1970*	843	674	169

*Projections

Source "Plan General de Desarrollo Económico y Social"—Part I.

Ten-Year Development Program

1963 to 60 million barrels, and the recent discovery of new fields should raise this figure further in the near future. Colombia possesses considerable natural resources, with the largest known coal deposits in Latin America, iron ore production which reached 400,000 tons last year, and extensive salt deposits which contribute to a substantial soda production. In addition, valuable forests which include many commercial species cover much of the country and are beginning to provide substantial lumber exports. The mountainous nature of the terrain means considerable hydro-electric potential, and an 11 per cent annual increase in installed capacity should provide ample power for increasing industry.

Colombia's dependence on the fluctuation of the international price of coffee will be eased somewhat with the signing of the International Coffee Agreement. The growth of the economy during the '50's was severely affected by a drop in the coffee price from 80 cents per pound in 1954 to 45 cents per pound in 1959. With coffee now stabilized at about 50 cents per pound by the International Coffee Agreement, Colombia's outlook is better than it has been for some time. However, it is making a real effort to diversify its exports so that it will not be so dependant on coffee.

Politically, the country is enjoying a period of relative stability under the democratic National Front Government. In recent months the Government has been successful in reducing greatly the operations of the bandit and guerilla groups that have caused Colombia's infamous rural violence and terrorism. This calm period has encouraged industrial development financed by foreign capital and has meant that industry has located plants here with a view to participat-

ing in the Latin American Free Trade Association.

General Development Program

Colombia's main answer to its problems is the Ten Year Development Plan which consists of separate 1961-64 and 1965-71 sectors. This program is based on planning experience gained since the World Bank mission to the country in 1950, and is considered to be realistic by the *Alliance for Progress* officials.

Colombia has also received considerable assistance from the U.S. Government and international agencies. By the end of 1963, World Bank loans totalled \$339 million more than to any other country in the world of the same population.

The plan has been slow in getting off the ground, however, and during the period 1961-63 investment did not come up to the proposed targets. Better government organization of planning should result in more rapid progress in the later stage of the '61-'65 sector of the plan.

Plan's Targets

The plan calls for an annual GNP increase of 5.6 per cent during the 10-year period. During the first five years, investment plans total U.S.\$4.14 billion. This is to be distributed among the sectors as follows:

Activity	Per cent
Agriculture	12.3
Mining	7.1
Manufacturing	17.9
Housing	16.6
Power	7.2
Transport	23.8
Other	15.1

As part of the campaign to reduce dependence on coffee, agricultural diversification is being attempted to produce new products for export. Expansion of coffee plantations is being limited to 2.7 per cent a year (in comparison with a 6 per cent

annual increase during the '50's), and increased production is projected for bananas, rice, corn, wheat, sugar, tobacco, cattle and the recently introduced African oil palm.

Industrial expansion is the keynote of the program and planners hope for an average annual growth of 8.6 per cent. Basic metals, wood, chemicals, pulp and paper, and industrial machinery are receiving special emphasis. These are the products which are causing the biggest drain on foreign exchange reserves at the present time. The Government will play an increasingly important rôle in this new investment—up to 36 per cent by 1971. This will boost its contribution to the GNP of the country to 7.6 per cent by 1971. Government activity will be mostly in transport, power, housing, education and sanitation.

The Import Problem

Because of chronic balance-of-payments difficulties, Colombia has adopted severe import regulations. It is evident that these will stay in effect for some time to come as the import of needed equipment for the Development Plan plus the cost of servicing foreign debt is not likely to be offset by rising exports.

Import substitution forms a key policy in Colombia's efforts to reduce the outflow of foreign exchange. As products enter into local production, their import is prohibited. This mostly affects consumer goods and this pattern is expected to continue during the period 1961-71 (see Table II). Metal products, machinery, electrical equipment, transportation equipment and chemicals should show little change. Consumer goods will face further restrictions and pulp and paper may be squeezed as new production comes into being. The import substitution program aims

TABLE II
PAST AND PROJECTED IMPORTS OF MANUFACTURED PRODUCTS

Product	Average	1960	1964	1970
	1957-59			
	(millions of U.S.\$, c.i.f.)			
Food (PL 480 wheat)	7.1	4.4	1.7	1.6
Beverages	6.3	3.1	1.3	1.5
Tobacco	1.2	1.4	1.5	0.5
Paper and pulp	21.9	25.1	15.0	14.7
Rubber	3.8	3.8	5.0	6.6
Chemicals	82.4	94.2	122.8	120.0
Oil derivatives	16.8	13.5	30.2	17.9
Non-metallic minerals	8.0	7.8	6.2	6.9
Basic metals	43.2	50.6	54.3	77.3
Machinery and metal products	165.0	235.0	338.5	402.7
Others	22.6	26.8	24.3	27.9
Total	378.3	462.7	598.7	678.1

Source: Plan General de Desarrollo Económico y Social—Part II.

TABLE III
PAST AND PROJECTED EXPORTS OF MANUFACTURED PRODUCTS

Product	Average	1960	1964	1970
	1957-59			
	(millions of U.S.\$, f.o.b.)			
Food	0.22	0.51	6.31	13.53
Textiles	0.18	0.44	0.40	0.80
Wood and furniture	1.18	1.83	3.00	6.00
Hides	0.91	0.31	0.40	0.50
Chemicals	0.92	1.41	10.63	35.06
Oil and coal	7.98	7.76	1.20	4.20
Non-metallic minerals	1.52	2.04	2.76	4.48
Basic metals	1.40	0.61	5.41	10.15
Metal products	1.03	2.31	2.70	6.15
Others	0.31	0.19	0.51	0.83
Non-registered exports	44.67	30.00	20.00	20.00
Total	60.33	47.40	53.32	101.70

mainly at cutting down on future imports rather than reducing present ones. The following are some specific 1970 import substitution targets:

Product	U.S.\$ million
Laminated steel and tinplate	41
Fertilizers	38
Electrical machinery	33
Lubricants	23
Metal products	20
Pulp and paper	43
Glass	9
Automobile parts	13
Plastics	12
Synthetic fibers	7

The Vallejo Plan

Under this plan, named after the country's Minister of Development, the Government offers import duty concessions to firms showing proof of exporting. In effect, this creates a "free zone" within an industry for the import of material which is to

be used solely for the production of exported goods. The plan also permits the import of duty-free machinery which is to be used to expand export production. This plan is now being used by firms exporting typewriters, tires, electrical goods and pharmaceuticals.

Financing the Program

The funds for the program are to be obtained from private and foreign sources. Approximately U.S. \$200 million a year will be required from official agencies abroad, with an additional \$40 million expected from foreign private investment.

Private investment capital is available within the country from a number of sources. The commercial banks can provide short-term financing, but interest rates are high (10 per cent up to 150 days and

12/14 per cent for more than 150 days). Other sources of short-term capital include workers' investment funds, bonded warehouses and private lending agencies.

Long and medium-term capital is in short supply. Banks may use only 15 per cent of their deposits for one to ten year loans. Insurance companies are an important source of capital, but at the present time their available funds are already completely invested.

In 1960, decree No. 2369 created charters for private financing organizations, "financieras". These organizations have access to wealthy organizations and private families and can raise funds by bond issue and local and foreign borrowing. The five major "financieras" have been successful in helping to stem the outflow of private capital which had assumed dangerous proportions. It is a reflection of increased confidence in the country's future that this outflow is being replaced by an inflow of private investment capital from Colombian accounts abroad.

Effects on Canada's Trade

The over-all trade picture should not alter substantially during the period of the plan. It is expected that imports of basic raw materials will be held at about the same level. Certain products such as tinplate and pulp and paper might be affected when local production is achieved. There are opportunities for substantial Canadian sales of heavy equipment if international tenders for the power and municipal-works sector of the plan could be obtained. However, financing is the key to obtaining contracts of this sort.

Trade prospects should improve after the plan's goals are realized and import restrictions are relaxed. At that time the market could open up for a much wider range of Canadian products. In the interim period, basic raw materials and the opportunity to finance power and public-development projects offer the best prospects for Canadian trade. ●

BUSINESSMAN'S BOOKSHELF

The United Kingdom and the Six

A. Lamfalussy. 147 pages. \$3.60.

DR. LAMFALUSSY, Economic Adviser to the Banque de Bruxelles, has abandoned professorial style in presenting a readable and systematic discussion of the major factors that affected British and Continental economic growth between 1950 and 1962. By forsaking the esoteric style of his contemporaries, he has produced an essay that the uninitiated can understand and enjoy.

The author sees the lag in British expansion as a result of a slower rate of growth of labor productivity, exports and, indirectly, capital investment. However, the most interesting part of the book deals with the phenomenal growth of the EEC in relation to its trading partners. The author's analysis of this growth, based on the factors mentioned above and on an increasingly favourable export market, makes interesting reading for those in search of an explanation of this phenomenon.

The book should be of particular value to businessmen who want to keep abreast of recent economic history.

Published by: Macmillan Co. of Canada Ltd., Toronto, Ontario.

1964 West Indies and Caribbean Year Book

Thomas Skinner & Co. Limited. 961 pages. \$14.00 (post free).

The thirty-fifth edition of this indispensable reference book for the Canadian businessman interested in this area includes thirty maps, presents forty classified business directories, and gives detailed information on the history, topography, political geography, government, public and social services, utilities, communications, resources, industry, finance, trade and commerce, diplomatic and consular offices, travel information, and newspapers and periodicals of over forty West Indian and Caribbean countries and colonies.

The businessman will find the sections dealing with currency, finance, customs tariffs, import and export requirements, and the indexes of government institutions and resumé of activities in the major industries of each country of particular value. British, European, Canadian and United States companies engaged in the exporting or importing, or both, of specific commodities are classified for quick reference. Facilities at principal ports in North America and in the Caribbean are given in detail. Steamship companies, principal airlines, and agents and sub-agents of Lloyd's Under-

writers and Marine Insurance are listed. The directory of West Indian organizations and a glossary of Spanish-English trade terms should help businessmen establish contacts.

The colorful advertisements and numerous pictures of the people, industry, and scenery add interest to this edition.

Order from: Thomas Skinner & Co. Ltd., 605-18 Rideau Street, Ottawa, Ontario.

Atlas of South-East Asia

Macmillan & Co. Ltd. 84 pages plus index. \$10.00.

IN his illuminating introduction to this useful Atlas, D. G. E. Hall, professor emeritus in the University of London, points out that the term "South-East Asia" came into use first in 1943, when the South-East Asia Command was set up. At that time, only Thailand was an independent country; now only Brunei and Portuguese Timor are dependent territories. This rapid change is only one reason why this Atlas is a welcome addition to our knowledge of this segment of Asia.

The maps themselves—130 of them altogether—present the "basic facts of physical and human geography." These facts include climate and vegetation, minerals, industries, communications, population, languages, land use, and so on. There is a large map of each of the seven countries covered (Indochina is treated as one unit) and detailed maps where needed—of the various parts of Indonesia, for example. Street maps of the principal cities are included. Most of the maps were prepared by Asian geographers.

Dr. Hall's article contains a great deal of historical and geographical information and the accompanying pictures are first class.

Order from: The Macmillan Co. of Canada Limited, 70 Bond Street, Toronto, Ontario.

Report on Jamaica 1960

Government Public Relations Department. 477 pages. 10/-

DESIGNED primarily as an annual report of government departments and a review of the economy, this publication also provides a good source of background information for anyone visiting or doing business with Jamaica. The format is similar to the Canada Handbook (*Canada 1963*) but a larger portion of the text is devoted to the work of individual government departments. A general review of rural policy, population growth and distribution, trade, manufacturing and

legislation is followed by separate chapters on Jamaica's early history; geography and climate; wages, labour organization and legislation; public finance and taxation; currency and banking; education; public works, and agriculture. The report treats topics historically as well as currently, so that information for 1960 is presented in the context of the past several years. Sections of the text outline legislation and explain policies now in effect, and should be useful as a reference in studying the Jamaican market in general. The bibliography is extensive and covers descriptive accounts, geology, economics, folklore, literature, etc.

Order from: Public Relations Department, Government of Jamaica, 124 East Street, Kingston, Jamaica.

How to Sell Successfully Overseas

Alfred and George Tack. 268 pages. 45 shillings.

"SELL" is the operative word in this title. This is natural, because the authors are managing directors of the Tack Organisation, which operates a sales consulting service and a training division for sales executives and salesmen. Its industrial division sells to over 40 countries, so its experience is not confined to domestic trade.

At first glance, this handbook may appear elementary and includes a good deal of advice on selling that applies anywhere. But there are sections—such as the ones on market research and effective distribution—that new exporters will find very helpful. And it's a book that keeps in mind the small exporter; in fact, it points out that the small firm "can often think and act far more quickly than its bigger rivals, and thus match speed against size."

Throughout, the emphasis is on selling, rather than on export procedures and export financing, though there is a short chapter on documentation, insurance, and finance. The section on packaging is also practical. Most of the information given applies to the Canadian exporter as well as his British counterpart.

Order from: The World's Work (1913) Ltd., Kingswood, Tadeworth, Surrey, England.

The Special Commonwealth African Assistance Plan, 1961-62

The Commonwealth Economic Committee. 57 pages. \$1.40.

THE Special Commonwealth Assistance Plan was conceived at the meeting of Commonwealth Prime Ministers in May 1960 and was launched at a meeting of the Commonwealth Economic Consultative Council in September 1960. At that time it was agreed that as aid expanded under the Plan, it would not be

channelled through any particular organization but would be arranged by negotiation between Commonwealth countries. This report is an examination in detail of the operation of the Plan in 1961-62.

Aid in social and economic development has been given by the more developed to the less developed African Commonwealth nations. In other terms, this aid increased by more than \$74 million over the previous year. In keeping with the spirit of the plan, a substantial addition to the supply of experts, teachers and advisors and a doubling of scholarships were included in the aid.

The Canadian Parliament voted \$3.5 million for the program's first year. Included in Canadian aid was the allocation of \$500,000 to the Nigerian Aerial Survey and Mapping Project. Canada also sent 103 teachers and advisors to various African Commonwealth countries and financed 48 students for periods of a half to five years under the Commonwealth Scholarship and Fellowship Plan.

Order from: Queen's Printer, Government Printing Bureau, Ottawa, Ontario.

The EUROPA Year Book 1964

Europa Publications Ltd.

Volume I. 1,045 pages. \$25.00.

Volume II. 1,280 pages. \$25.00 (pair, \$44.00).

THESE books, a world survey and directory, offer something for everyone. For the statistician or exporter they give facts and figures on economic affairs, population, trade, transportation and industry. For the travelling businessman they supply details on the constitution, religion, education, and communications of the country, plus capsule comments on their geography, climate, recent history, politics, and national holidays. In addition, an informative section covers international organizations such as the United Nations, the Organization of American States, and the European Common Market, and many others, describing their functions, procedures, constitutional framework, principal officers and purposes.

The scope of these volumes is broad enough to cover all these areas, yet detailed enough to indicate names of important organizations, publications, educational institutions, and people in these various spheres of activity. The presentation is clear and logical, with easy-to-read type and efficient layout. Volume I deals with Europe, the U.S.S.R., Turkey and international organizations. Volume II covers Africa, the Americas, Asia, and Australia. For up-to-date information or reference, these books are a valuable addition to any business library.

Published by: Europa Publications Ltd., 18 Bedford Square, London, W.C. 1, England.

What's current in commodities?

Nylon Yarns

Iran—This is a small but growing market for certain types of nylon yarns, provided prices are low. Germany, Italy and Holland are chief suppliers, with Germany in the lead.

A. F. WYETT, *Commercial Assistant, Tehran.*

THE demand for nylon yarns in Iran is increasing. Two years ago the consumption was ten tons per month and it has now reached forty tons. The market is a competitive one and orders are usually won on the basis of price. At the present time Germany holds first place, followed by Italy and the Netherlands.

The yarn is imported direct by the factory but always through a commission agent. Orders are usually small, ranging from two to five tons at a time.

All the factories using nylon are situated in the Tehran area and are small, one-owner operations. Currently there are seven factories using nylon yarn, one manufacturing lace from nylon, and two turning nylon yarn into stretch yarn using a heat process with a small crimping machine. One of the stretch nylon plants has a production of about six tons per month.

Nylon is called for in sizes from 15-30 denier semi-dull and 40 denier dull. Two years ago the nylon was imported on returnable spools but this is no longer necessary because all factories now have winding machines. The average packing is in wooden cases weighing 87 kilos gross, 58 kilos net and 40 kilos net, and with dimensions of 71 × 60 × 78 centimeters. (Packing weights for this kind of material should never exceed 100 kilos to facilitate handling at ports.) Boxes usually contain forty cops.

A typical factory (using nylon) situated in the bazaar area has:

4 German automatic looms, with a fabric length of 112 inches

1 spool-winding machine for taking yarn off cones

17 persons employed

Each loom: one worker (unskilled)

Production per month, two tons

Facilities available on premises for cutting and stitching finished fabric into garments

Dyeing equipment

Heating equipment for moulding fabric

The yarns used are chiefly No. 30 denier and No. 20 denier, with the No. 30 in the lead.

The market has expanded over the past two years and this should continue. Machinery has been ordered from Germany for weaving 70 and 100 denier, and on the arrival and erection of this machinery, there will be a demand for 25 to 30 tons more of nylon.

The market is competitive and the exporter must appoint a sound and energetic agent. However, unless he can offer a competitive price, the agent will make very little headway.

Prices ruling at the present time for German nylon c. & f. Khorramshahr are:

15d.	=	U.S.\$4.10 (per kilo)
20d.	=	\$4.25 " "
30d.	=	\$3.30 " "
40d.	=	\$2.89 " "

Payment terms are on draft at 180 days. ●

Electrical Apparatus

United States—Canadians who want to sell electrical equipment should first approach investor-owned utility companies, which do not come under the regulations of the Buy American Act.

MALCOLM ROWAN,

Consul and Assistant Trade Commissioner, Chicago.

THE electrical industry in the United States will by 1970 have added over 45 million kilowatts to its present capacity and by 1980 the investor-owned utilities alone will have spent \$119 billion on new construction since the beginning of 1964. (See Table I.)

The market for electrical apparatus in the United States can be divided by potential into three main parts:

1. Investor-owned utilities.
2. Government-owned and supported companies, either federal, state or municipal.

3. Rural electric co-operatives.

Investor-owned electric utilities represent by far the best potential market for Canadian electrical apparatus because they produce 75.7 per cent of the country's electricity. Federal power and other publicly owned systems and co-operatives account for only about 24 per cent. In addition, although there are nearly 2,000 municipal electric systems, about 80 public utility districts and other local, publicly owned elec-

tric utilities, and about 1,000 rural electric co-operatives, these are generally small companies which purchase most of their power requirements at wholesale rates from federal and private power utilities. (See Table II.) Thus the bulk of the market for electrical apparatus clearly lies with the privately owned utilities.

The Chicago office has conducted a survey of electric utilities to determine which ones in its territory would consider purchasing Cana-

dian equipment. In general, most utilities would be interested in having Canadian firms tender, provided they can obtain prior approval of their equipment. This usually involves "selling" one's firm—mainly its technical and service abilities—to the purchasing and engineering departments. This can be done by a personal visit.

Buy American Act

Even if one ignores the larger potential market offered by the investor-owned utilities, one cannot ignore the Buy American regulations which apply when a foreign company wishes to sell to federal government power companies and those financially supported by the federal government. The Buy American regulations mean that a Canadian supplier must maintain a price differential of 6 per cent below U.S. suppliers before his equipment is considered competitive. In labour-surplus areas, the price differential is 12 per cent. Even then, a domestic manufacturer may be favoured over a foreign one for various other reasons. Few private firms maintain their own Buy American price differentials.

There may be occasions, however, when Canadian firms can be competitive in spite of the Buy American Act and can sell to publicly owned power utilities and co-operatives. Canadian firms should definitely explore this market, though its potential is more limited.

Each Trade Commissioner Service office in the United States can give an exporter assistance and guidance should he be interested in selling to the private and public utilities in its area.

As a first step, a number of the federal government agencies and other "public" power-producing and distribution companies are described below.

Definitions and Functions

● **The Federal Power Commission** is a regulating agency. It is not concerned with the physical production or distribution of electric power but

TABLE I
NEW GENERATING CAPACITY SCHEDULED—1964-1967 AND LATER
(4,000 kv. and larger)

Utility by Type	KW. Scheduled 1964	KW. Scheduled 1965	KW. Scheduled 1966	KW. Scheduled 1967 and later	Total KW. 1964-67 and later
Investor-owned companies	8,609,730	8,738,126	7,913,100	8,775,300	34,036,256
Co-operatives	219,000	531,700	372,000	.....	1,122,700
Government agencies					
Federal (TVA, Bonneville, etc.)	2,028,026	1,823,000	342,000	970,000	5,163,026
Municipal	1,254,250	605,113	796,000	311,000	2,966,363
Power districts, state projects	161,125	967,550	128,250	864,570	2,121,495
Total electric industry	12,272,131	12,665,489	9,551,350	10,920,870	45,409,840
Of which: Government Agencies	3,443,401	3,395,663	1,266,250	2,145,570	10,250,884

Sources: Historical Statistics of Electric Utility Industry, Edison Electric Institute.

TABLE II
GENERATING CAPACITY AND ELECTRICITY PRODUCTION
BY TYPE OF PLANT AND OWNERSHIP—1962

Utility by Type	Generating capacity (KW. in thousands) (Nameplate)	Per cent of total electric industry	Production (KW. in millions)	Per cent of total electric industry
Investor-owned companies				
Hydroelectric	13,629	7.1	62,786	7.4
Steam plants	130,290	68.2	587,994	69.0
Internal combustion	658	.4	236	.0
Total investor-owned	144,577	75.7	651,016	76.4
Co-operatives				
Hydroelectric	47	.0	225	.0
Steamplants	1,169	.6	5,101	.6
Internal combustion	321	.2	737	.1
Total Co-operatives	1,537	.8	6,063	.7
Government agencies (all types)				
Hydroelectric	23,666	12.4	105,272	12.3
Steam plants	19,218	10.0	86,131	10.1
Internal combustion	2,069	1.1	3,832	.5
Total government	44,953	23.5	195,235	22.9
Total electric industry*	191,067	100.0	852,314	100.0

*Except Alaska and Hawaii.

Sources: EEI Statistical Year Book; Federal Power Commission Reports.

with regulations covering the production, sale and rates, etc., of electricity within the United States.

• **The Bureau of Reclamation**, an agency of the Interior Department, is primarily concerned with water conservation and irrigation projects and with marketing power from hydroelectric projects, both those constructed by the Bureau and by the Corps of Engineers. It operates only in the 17 states west of the Mississippi. Engineering contracts and tenders are handled through the Chief Engineer, Central Design and Engineering Office, Bureau of Reclamation, Building 53, Denver Federal Center, Denver, Colorado. Interested suppliers should register with this office, providing full details and test data of their equipment and references from previous customers.

Interested companies may be placed on the bidder's list by filling out GSA Standard Form 129 and mailing it to the Denver office. At that time they should also ask to be placed on the mailing list for the *Advance Equipment Bulletin*. This publication comes out every two months, contains lists of current bids and past awards, and also gives advance notice of future contracts. The Buy American regulations apply to all Bureau purchases, but although the Bureau sticks firmly to the 6 per cent and 12 per cent rule, it has in the past bought European and Japanese equipment.

• **Department of the Interior**—In addition to the Bureau of Reclamation, three Interior Department agencies have been established to market electric power produced from dams constructed by the Corps of Engineers. These are:

(a) The Southwestern Power Administration, Tulsa, Oklahoma.

(b) Southeastern Power Administration, Elberton, Georgia.

(c) Bonneville Power Administration, Portland, Oregon.

All federal power-marketing agencies have the authority to build

transmission lines to deliver power to the load centers for further distribution.

• **The Tennessee Valley Authority** is a federal agency for regional development, part of which involves power generation and transmission. TVA's power system includes over 60 hydroelectric and steam generating plants. In addition, TVA buys all of the power produced by the hydroelectric projects owned by the United States Army Engineers in the Cumberland River Basin.

• **The Rural Electrification Administration** is part of the Department of Agriculture and acts as a bank, lending money at 2 per cent interest to rural co-operatives for the development of rural electrification and telephone systems. The REA has a staff of engineers to look into feasibility studies and to make suggestions and grant approvals for projects proposed to them by co-operatives. When an RE co-operative has been granted a loan, the procurement of equipment is carried out by the co-operative to the specifications and standards set and approved by REA. REA insists on implementing the Buy American regulations (which provide for the 6 per cent and 12 per cent price differentials as described above) for projects which are financed by an REA loan. No other restrictions on foreign equipment are imposed but it must meet the prescribed standards.

• **Rural Electric Co-operatives** are member-owned electric companies and receive financial support from the REA at favourable interest rates. Most co-ops are too small to generate their own power efficiently and therefore must buy it at wholesale from private utilities or from the federal power system. Nationally, co-operatives buy about 40 per cent of their wholesale power from commercial companies and 46 per cent from federal and other public suppliers, and generate the remainder themselves through Generating and Transmission Co-

operatives (G. & T's). G & T's are federations of several local rural electric systems which have combined to produce and transmit power to the co-operatives. (See Tables I and II.)

Each co-operative purchases its own equipment but some of them belong to joint purchasing organizations—for example, the Wisconsin Electric Co-op which operates as a regional supply agency for its members located in 14 states.

Summary

Given the relative demand for equipment and the restrictions imposed by the Buy American Act, the best potential market for electrical equipment lies with the investor-owned electric utilities. The other producers and distributors should not be overlooked, however.

The Chicago office would welcome the opportunity of assisting manufacturers to investigate the market for their particular equipment in the Midwest.

The Post Office Says . . .

Parcel Post to Korea—The P.O. reminds its patrons that surface and air parcel post service is in operation to the provinces that comprise the Republic of Korea (South Korea). Parcels addressed to this country that conform to the regulations and are properly prepaid will be accepted in the usual way.

Weight of Mail Bags—The P.O. asks publishers and other firms that make up direct bags of mail not to over fill them. For surface mail, bags should not weigh more than 66 pounds, and for airmail not more than 40 pounds.

Pack Parcels Carefully—The P.O. has had word from Poland that parcels from Canada are arriving damaged because they were not properly packed. Packing must be adequate to protect parcels from pressure and repeated handling; this is particularly important when they are sent by sea.

East Meets West in Malaysia



Singapore continues to be the commercial heart of Malaysia. (Left) in Singapore, which handles a variety of imported specialty lines; de (Right) A street lined with offices of small- and medium-size Chinese

A trip to the Far East would be incomplete without a stop-over in Malaysia where western products are gaining popularity in this oriental market—and your luggage would be incomplete without plenty of promotion material and an order book. Canadian goods can do well here, but remember—Malaysians prefer the soft sell.

D. S. McCracken, *Assistant Trade Commissioner, Singapore.*

"EAST is east and west is west," said Kipling, "and never the twain shall meet." He would be surprised to see present-day Malaysia, where a blend of Western business techniques and Eastern culture has produced the most progressive economy in South East Asia. Here the businessman-tourist will find a steadily expanding market for capital and consumer goods and when business is done, he can sample Chinese, Malay and Indian foods, tour Singapore or Kuala Lumpur at night, or relax beside the swimming pool in a modern, air-conditioned hotel.

Malaysia, with a rapidly expanding population which currently exceeds 10 million and a burgeoning economy based on tin mining, rubber, lumbering and small manufacturing industries, offers worthwhile opportunities for the exporter who is willing to journey a little farther afield. A partial list of export opportunities for Canadian manufacturers includes a wide range of items such as foodstuffs of all types, chemicals,

industrial raw materials, semi-processed materials, commercial machinery and spare parts, as well as a broad spectrum of consumer goods. Canada's export trade with Malaysia has been increasing steadily over the past few years and Canadian exporters now ship over 250 different products annually to this market.

Singapore, the "Lion City", is the commercial centre and is well serviced by the major international airlines. Like Hong Kong, (which is two hours away by jet) it is virtually a free port and does not levy duties except on a narrow range of items. Unlike Singapore, however, mainland Malaysia levies moderate duties on an extensive list of products, but as a member of the Commonwealth, Canada enjoys preferential tariff treatment on some items.

The capital of Malaysia is Kuala Lumpur, and it is there that many businessmen go to make contacts with government agencies or with trading houses which specialize in

bidding on government tenders. Kuala Lumpur is an hour away from Singapore by air, and a frequent shuttle service allows the businessman to make calls in both cities on the same day. There is no need to visit any other Malaysian business centres unless you are selling either sawmilling equipment or logging machinery. If so, then the cities of Sandakan in Sabah and Kuching in Sarawak are important. There is an air service from Singapore to both these points as well as one between them.

Getting Ready

The Canadian visitor to Malaysia needs only a valid passport and an international certificate of vaccination against smallpox, but he would be wise to be inoculated against cholera as well. The visitor should carry travellers cheques in U.S. dollars. These may be cashed at the airport as you arrive or at the banks and most hotels and restaurants. The current rate of exchange is 3.05 Malayan dollars to the U.S. dollar, or 2.84 to the Canadian dollar.

There are several good hotels in both Singapore and Kuala Lumpur but reservations should be made well in advance. The better hotels in Singapore are the *Goodwood*, *Singapura*, *Raffles*, *Adelphi*, and *Cathay*, all of which are within fifteen minutes of the business section.



The old established and largest department stores here also act as distributors and agents. Retailing businesses, vital in Singapore's commerce.

In Kuala Lumpur the *Merlin* and the *Federal* are recommended.

There are more public holidays, both political and religious, than in Canada and business visitors would be wise to check with the Trade Commissioner before making a firm itinerary. Some Canadians with time to spare, however, have deliberately timed their arrival to coincide with one of the festivals. Such spectacles as the Chinese New Year in Janu-

ary or the Hindu festival of Thaipusam in February are glittering and noisy examples of the East at its colourful best. They provide opportunities for the camera fan that are unexcelled anywhere.

The climate is almost uniform throughout the year, with continuously high temperatures and copious rainfall. This is not surprising because Singapore is less than 100 miles north of the equator. Maximum daytime temperatures are frequently in the low 90's but the evenings are considerably cooler and usually quite pleasant. Because of the high temperatures, clothes are more informal than in Canada. Normal business dress consists of light tropical-weight slacks with a long-sleeved shirt and tie. Jackets are rarely worn during the day but are required in the evening when dining out.

Industrialization Is Rapid

Malaysia's population is fairly evenly divided between Malays and Chinese, with Indians as a sizable minority. Although less than 2 per cent of the population is of British or European stock, this small num-

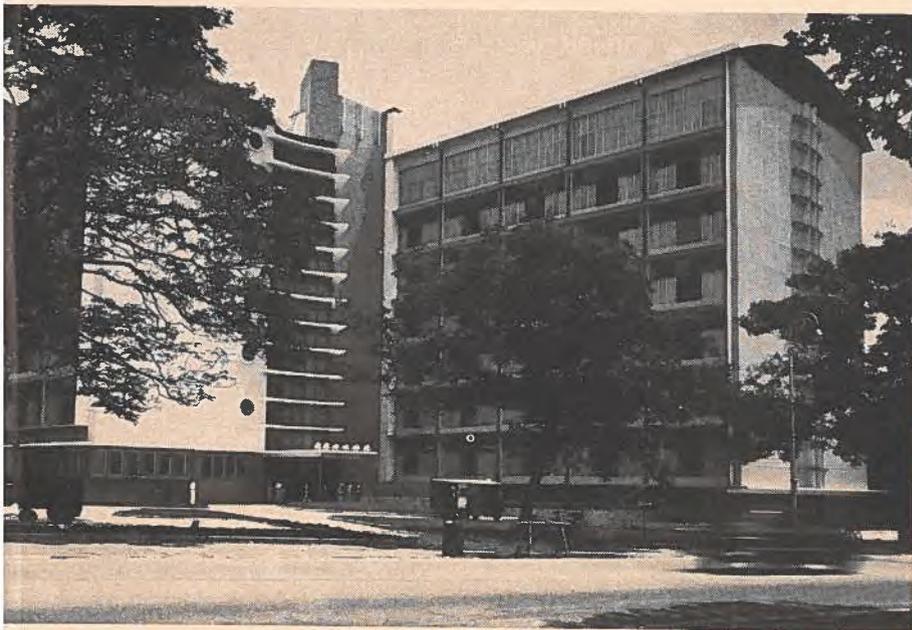
ber belies their importance in the commerce and industry of the country. Malay is the official language and its use is spreading. None the less, English is the common commercial language and the business visitor will not have any difficulty in making himself understood.

Traditionally, Malaysia has relied on primary production of tin and rubber for its livelihood, with the entrepôt trade through Singapore as a subsidiary source of income. In recent years, the accent has been on industrialization to offset overdependence on these two primary commodities. Singapore's relative decline as an entrepôt port has also spurred on industrialization. Industrial estates have been established throughout the country and others are planned. The Government has set aside these areas for local industry and to attract foreign capital. Various incentives are used to encourage industrialization: these include the granting of pioneer status which allows up to a five-year tax holiday and sometimes protection through tariffs or quotas. The industries which have already been established under this program range from a steel mill to basic chemicals, plastics, simple metal fabricating and the manufacture of rubber goods. Although this industrialization threatens Canadian exporters of competing items, it also opens up opportunities for selling the machinery and materials which the new plants will use. As the standard of living rises, the demand for consumer goods is increasing as well.

The salient point for the Canadian exporter to remember is that Malaysia is one of the most competitive markets in the world. Situated at the crossroads of the East-West Shipping lanes, Malaysia is within easy reach of Japan, Europe and Australia, which have a considerable freight-rate advantage over Canada.

Appoint an Agent

As a first step to success in the Malaysian market, it is almost always essential to appoint an agent.



The businessman who seeks government contacts must put Kuala Lumpur on his itinerary. Federal House contains a number of the Malaysian Government offices.

Although the Trade Commissioner is more than ready to recommend reliable agents, the exporter should make the final selection personally. There are many potential agents to choose from and these range from old and well-established British and European business houses which may have a hundred or so other specialized agencies to small local firms which are expanding.

Both European and Chinese agents are active in Malaysia. The largest business houses in Singapore are still subsidiaries of big British houses or have been set up specifically to deal in the Singapore market. However, Chinese firms are increasing in numbers and size and it is not unusual now to have a Chinese agent. In any case, even when one is dealing with a British export-import house, the person with whom one negotiates initially may well be a senior Chinese employee, highly educated and often trained abroad.

Unless the Trade Commissioner advises otherwise, shipments should be made only on the basis of confirmed irrevocable letters of credit until a satisfactory business history is established. The exporter should never give credit to firms which send unsolicited export inquiries.

Before You Come

When you are planning a trip to Malaysia, be sure to write to the Trade Commissioner well in advance for market information. If you are able to provide illustrated literature on the goods and precise c.i.f. or c. & f. Singapore prices, he will be able to give you an idea of the market potential and your degree of competitiveness before you leave Canada. This will also enable him to line up interested importers for you to visit after your arrival. Bring samples if you can. Some samples are currently dutiable. However, any duty paid on them is refunded on re-export.

A business trip to Malaysia need not take long. You should plan for a minimum of two days each for Kuala

Lumpur and Singapore, while a day or two in Sandakhan and Kuching will be quite sufficient. Singapore is still the commercial center and Kuala Lumpur the place to make government contacts, but some firms have their head offices in the latter. Most of the commercial decisions for all of Malaysia are made in Singapore.

The usual way to entertain is to give business lunches at a hotel; this is accepted practice for both Chinese and European agents. A European agent may entertain a visiting principal at his home, but a Chinese will take him to lunch or dinner at a Chinese restaurant. When he is talking with a group of Chinese the western businessman must address himself to the most important per-

son in the room, unless a subordinate has already been chosen as the spokesman.

The Chinese consider it very rude if a visitor to an office refuses coffee or a soft drink offered to him. Drink it, even if it means numerous cups of coffee or soft drinks in one day; to refuse is a gross insult. Above all, avoid embarrassing a Chinese businessman in any way or giving him the hard sell.

In Kuala Lumpur, where government contacts have to be made, the senior civil servants will be both Malay and Chinese and sometimes expatriate British officers who are holdovers from the colonial period. In almost all cases, the most senior civil servants in the Malaysian Government are Malays. ●

Asbestos: South Africa's Problem Product

FROM 1953 to 1963 the total tonnage and value of all grades of asbestos fibres produced in South Africa more than doubled from 83,500 tons valued at Can. \$14.2 million to 197,000 tons worth Can. \$34.5 million. More than Can.\$30 million of this came from export sales.

Most of this rise resulted from rapid expansion in the Cape Province in production of "Cape Blue" asbestos, which rose in a decade from 16,000 tons a year valued at Can.\$3.7 million to almost 80,000 tons worth Can.\$17 million. However, surpluses have led to a levelling-off in production, coupled with a movement by some of the major producers toward jointly organized selling. South Africa has a virtual monopoly on this type of asbestos fibre, with only Australia offering any competition. The same is true of amosite: Penge and Pietersburg are the only areas where this type of fibre is mined. Demand for amosite, however, is much less than for Cape Blue.

Unfortunately, the picture is not uniformly rosy. Producers of ordinary chrysotile fibre are facing heavy competition from Canada, the Soviet Union, and Southern Rhodesia. Some lines in the Eastern Transvaal can barely hold their own against overseas competition, and about 8,000 tons of Rhodesian chrysotile valued at just over a million dollars is imported each year into South Africa. Various small mines have closed, leaving only two or three currently operating. In fact, the Transvaal mines near Pietersburg are having a particularly tough fight for survival: they have been caught between increased production costs and a

static demand for their quality of chrysotile.

South African asbestos consumers have recently become very conscious of quality and price, and although producers have their own individual grading and testing systems, the standardization of grades is receiving serious attention. The South African Bureau of Standards will probably be consulted about this question. Meanwhile, local producers have gone to great lengths to produce grades in conformity with customer demands and in most instances have acquired more modern milling and testing apparatus to ensure a high-quality output.

In spite of the recently depressed state of crude asbestos in South Africa, the over-all pattern is generally healthy and both output and sales have already improved this year. Low-cost native labour is in good supply and conditions for the managerial and technical staff are being improved to attract men to the rather isolated mining areas. The large local producers are now co-operating to avoid over-production and price cutting and world consumption rates for all grades of fibre are rising buoyantly, aided by new uses for asbestos in exhaust tailpipes, plastics combinations and space-rocket nose cones. The Cape Asbestos Company Limited has demonstrated its optimism by starting a four-year plan to enlarge and modernize its mines at a cost of about Can.\$7.5 million.

—H. W. RICHARDSON,
Trade Commissioner, Cape Town.

COMMODITY NOTES

Atomic Ship

SWEDEN—A consortium of Swedish and Norwegian shipyards—under the name of Rederi Atom—is reportedly willing to build a 65,000-ton atom-driven ship if ship owners display sufficient interest. The vessel would cost about \$13.6 million, of which the nuclear power unit would account for \$2 million. Plans are said to have advanced to the point where series production could be undertaken if required—Stockholm.

Automobiles

AUSTRALIA—An all-Australian designed and built car with a fibreglass body has just been released after ten years' research. Called the Zeta, this new car is powered by a 324 c.c. two-stroke air-cooled engine and has a top speed of 60 m.p.h. The Zeta has been designed and manufactured by Lightburn and Co. Ltd. at its plant at Camden, near Adelaide, as the first stage of a two-phase development plan. The second stage is the marketing and ultimate manufacture in Australia of the Italian Alfa Romeo.

The standard model Zeta will sell for about \$1,450 the sports for \$1,680, and the utility for \$1,400. The Zeta range has also been developed for export and the company is currently negotiating with 22 countries—Melbourne.

FINLAND—According to a forecast made by the Car Importers' Association, Finland's 1964 car imports will reach 76,000, compared with 52,000 in 1963—Stockholm.

WEST GERMANY—The Volkswagen Works valued its 1963 turnover at Can.\$1,570 million, of which 57.5 per cent came from exports; the 1962 figures were \$1,500 million and 54.1 per cent. At the same time, production increased from 1,112,424 cars in 1962 to 1,132,080 cars in 1963. Ten years ago the same plant produced only 179,740 cars. (All the figures quoted refer to the German plant alone and do not include foreign companies operating on behalf of the Volkswagenwerk AG.) The company is quite optimistic about future sales and has increased its investments from \$91.7 million in 1962 to \$112.4 million in 1963. It proposes to pay a dividend of 16 per cent to shareholders this year (1962, 14 per cent). Despite this, share quotations on the market have not risen—Bad Godesberg.

Ferro-Chrome

SOUTH AFRICA—Two ferro-chrome plants recently began production in the Transvaal. The \$9 million

Transalloys plant at Witbank is a joint venture by the Anglo-American Corporation of South Africa and Avesta Jernverks AB of Sweden. This plant will produce initially 15,000 tons of low-carbon ferro-chrome; 5,000 tons of high-carbon ferro-chrome and 1,000 tons of ferro-chrome silicon, all of it for export. The process being used is a new one which permits production of commercial ferro-chrome from low-grade ore.

The \$7.5 million ferro-chrome plant of RMB Alloys (Pty.) Limited in Middelburg is of South African design and uses cheap chemical-grade chromite ore found extensively in the Transvaal. It is scheduled to produce 35,000 tons of low-carbon ferro-chrome a year, and this volume can be increased. RMB Alloys is an associate company of Rand Mines and since early 1961 has been producing a 0.03 per cent carbon ferro-chrome alloy in a pilot production plant here. It is reputed to be the first organization in South Africa to produce and sell low-carbon ferro-chrome and the first in the world to produce this alloy from chemical-grade chromite—Johannesburg.

Flooring

BRAZIL—Brazil has begun to export wooden parquet flooring, and it is hoped that this trade will become a new source of foreign exchange. The first shipment totalled 14 tons and went to Italy—São Paulo.

Frozen Foods

WEST GERMANY—The firm Apetito Fertigmenu is building a new plant in Rheine to produce frozen dinners for the German market. It will be the largest plant of its kind in Europe, will cover an area of 27,000 square feet, and will have a cold storage space of 6,000 cubic feet. It will be fully automatic and will be capable of producing 2,500 complete meals per hour. Total German production of frozen dinners in 1963 was 1,450 tons. Experts predict that this will double this year to 3,000 tons and reach 6,000 to 8,000 tons in 1965. The principal outlets for prepared frozen meals in Germany are factory cafeterias and canteens where there is a serious lack of kitchen help—Duesseldorf.

Heavy Water Turbine

SWEDEN—Stal-Laval Turbin AB of Finspång has been awarded a contract by the Swedish State Power Board for the construction of the world's first heavy water turbine. It will cost about \$6.3 million and will be installed in the projected Marviken atomic power station near Norrköping. The turbine design will enable the station to be run with either saturated or super-

heated heavy water steam. The former will provide an output of 138 mw. and the latter an output of 200 mw. The Marviken plant is expected to be operating by 1969—Stockholm.

Mercury

ITALY—In 1963 Italy exported 2.6 metric tons of mercury valued at over \$12 million. Exports in 1962 amounted to 1.2 metric tons worth \$6 million—Rome.

Natural Gas

WEST GERMANY—A test drilling made in June by a consortium of ten oil and drilling companies struck a deposit of natural gas in the North Sea, 34 miles north of the island of Juist. The discovery of gas at 9,600 feet surprised the drillers because they did not expect to hit gas until 14,000 feet—the depth of the Dutch field discovered at Groningen in 1961. The Dutch gas deposits are estimated to be the third largest in the world, with reserves of 450,000 million cubic meters. In July, another hole was drilled by the same consortium to the west of the present find. A second group of companies is said to be preparing to probe the ocean bed nearer Heligoland.

Canadian manufacturers of oil drilling equipment and allied products who would like to establish contact with consortium buyers should write directly to Canadian Trade Commissioners stationed at Hamburg, Duesseldorf and Bad Godesberg—Duesseldorf.

Pharmaceuticals

WEST GERMANY—The output of the West German pharmaceutical industry increased again by 8.6 per cent in 1963, reaching a total of about Can.\$800 million. Exports increased by 11.4 per cent to Can.\$214 million, a new record. Although most of the exports go to overseas countries, sales to European markets showed a particularly favourable development, amounting to Can.\$103 million in 1963 compared with Can.\$88 million in 1962—Bad Godesberg.

Plastic Pipe

SWEDEN—What is believed to be the world's longest joint-free plastic pipe has recently been floated across Mälars Lake near Stockholm to the town of Sigtuna, 25 miles to the north. It will be used to supply drinking water to the town. The 14,000-foot granulated polyethylene pipe was turned out by a special mobile lakeside plant belonging to Svenska Metallverken—Stockholm.

Timber

SOUTH AFRICA—The Lumber Millers Association states that the prospect of introducing wooden houses in South Africa will stimulate further growth of its

industry. They feel development is so rapid that the industry will soon have to find steady export markets. Apparently the strong prejudice against South African timber has now been overcome for most uses and most needs are being met except for high-strength Douglas fir clears. Timber production and processing is now South Africa's second industry and new capital investments in it have reached \$600 million—Cape Town.

Tobacco

HONDURAS—Both acreage and volume of tobacco in Honduras have increased to an estimated 14,100 acres and 7.1 million pounds in 1964, as compared with 10,100 acres and five million pounds in 1963—Guatemala City.

Wool

AUSTRALIA—Export figures for the ten months to April 1964 show that Australian wool exports totalled £411.2 million. Japan's share was £118.4 million or 28.5 per cent. In the same period of 1963, Japan took wool worth £90.6 million out of exports totalling £316.9 million.

Britain was the next biggest buyer with purchases worth £66.4 million for the period ended April 1964. Then came France with £36.5; Italy £35.8; Germany £24.5; Belgium £19.5; United States £17.5; Russia £16.6; Communist China £14—Melbourne.

Foreign Tariffs and Trade Regulations

United States

MARK OF ORIGIN, WOODEN CHAIRS—According to our New York office, the United States Bureau of Customs has ruled that, effective December 1, 1964, when wooden chairs are imported in a knocked-down condition and the wooden parts are finished, the chairs must be legibly and conspicuously marked to indicate the country of origin. The marking need appear on only one of the parts, such as the bottom of the seats. This requirement, however, does not apply when wooden chairs are imported in an unfinished condition and are to be sanded, stained, lacquered, etc., in this country.

Uruguay

CUSTOMS TARIFFS—According to a decree dated August 13, the aforos, that is the values fixed for articles by the Customs authorities on which duties are based, are to be increased by 100 per cent. This will apply to the tariffs on raw materials as well as to the general import tariffs. It will *not* apply to aforos that have been established or altered during the past three years—Montevideo.

EEC Debates Cereal Prices

Decision on whether to align cereal prices within EEC in one stage has been postponed until the end of 1964. Here is an analysis of the plan for fixing basic target prices, of the thinking behind it, and of its possible influence on the Kennedy Round.

JOHN MacNAUGHT,
Commercial Secretary, Brussels.

CONTINUING disagreement over proposals for aligning in one stage the cereal prices of the six member states led the Council of Ministers of the European Economic Community in June to defer a decision until the end of this year. Meeting twice monthly for nearly six months, Ministers debated intensively a single price plan, known as the "Mansholt Plan" after Sicco Mansholt, EEC Commission member responsible for farm questions.

The Commission, which is the executive organ of the Community, decided late in 1963 that the early establishment of single grain prices would be a decisive step in the development of a common policy for agriculture and indeed of the Community itself. Agriculture contributes about 13 per cent of the total production of the Six and employs a quarter of their working population. Progress in solving the basic farm problems of income disparity and imbalance of supply and demand would contribute much to European economic unity.

Price Plan

Although the Mansholt Plan has not been rejected by the Council of Ministers, the postponement of a decision has given rise to uncertainty about the future of the common agricultural policy and the outcome of the Kennedy Round negotiations which depend directly on satisfactory solutions being found for the problems of trade in agricultural produce.

The plan has been modified slightly during the course of discus-

sions but in its bare essentials it called for the Council to fix basic target prices for the whole Community for wheat, rye, barley and corn, starting with the 1964/65 selling season. The basic target prices, which would be reviewed each year, would apply in two principal grain deficit areas—one encompassing the main marketing centres in the northern part of the Common Market (Rotterdam, Amsterdam, Antwerp, Cologne) and the other covering the commercial centres of southern Italy. For non-durum wheat, the most important grain, the target price would be about \$106 per metric ton, or roughly halfway between highest and lowest prices set by member states in 1963/64. These prices would serve as the basis for calculating the threshold prices applicable to imports from third countries at the common external frontier, for working out regional target prices in the various production areas (with account being taken of transport costs), and for determining the intervention prices at which level local market prices are supported.

During the Common Market transition period extending to 1970, the unfavourable effects on the incomes of farmers in certain member states of the one-stage alignment would be compensated by Community financial aid. Starting in 1966, these direct aids would be gradually replaced by Community measures for improving productivity and farm living standards.

Some Plan Considerations

The Six adopted in January 1962 and in December 1963 common rules covering roughly 85 per cent

of the Community's agricultural production. These decisions provided the basic framework for the common organization of farm-produce markets. The basic regulations recognize the key rôle played by the price mechanism in the variable levy system and accordingly call for the gradual alignment of farm prices in the main sectors during the transition period.

Cereal prices have an important bearing on price formation in other sectors of agriculture and common prices for grain will affect the direction of the Community's entire agricultural policy. Mr. Mansholt contends, however, that the idea of reaching common prices for grain in consecutive annual stages is impractical. He points to the internal political disquiet resulting from the annual negotiations and to the lengthy period of uncertainty that this process imposes on farmers. Common prices now would be expected to introduce a vital element of stability, enabling clear direction to be given to policy application in all sectors, and particularly as it concerns structural changes in all member countries.

Finally, Mr. Mansholt linked his single-price plan to the Kennedy Round negotiations through a completely new method for negotiating on agricultural products proposed by the Community, in which producer prices are a key element.

This is the reasoning behind the plan for a common grain price.

German Difficulties

From the beginning of the Ministerial debate early this year, member states other than Germany seemed generally in favour of the proposals.

Germany, on the other hand, predictably raised a number of objections to early adoption of common prices and sought detailed debate on its wide-ranging implications, particularly for farm incomes. Common prices set at the level proposed by the Commission would mean a reduction of prices for all cereals in Germany. (In Italy and Luxembourg wheat and rye prices would decline but in France, Belgium and the Netherlands all grain prices would rise compared with 1963/64.) Explaining Germany's position to the Bundestag in March, Chancellor Erhard said in part, "Having regard to production and cost conditions, the present German cereal price is not unduly high. For this reason the Federal Government will not agree to any price reduction in the cereal years 1964 or 1965. Nor do I see myself today in a position to specify for subsequent years any particular date when, or conditions under which, the Federal Government could be able to take a different view of this question." During the course of the same debate the Bundestag went even further by passing a resolution recommending that the Government should not agree to fixing a common price before the end of the transition period.

Course of Debate

At subsequent meetings in Brussels, Germany remained intransigent. Taking into account Germany's difficulties, the EEC Commission submitted to the Council of Ministers in May modified proposals which called for an immediate decision on certain so-called political elements, including the level of the common price and the date of application. This would now be at the beginning of the 1966/67 marketing year instead of 1964/65 as originally foreseen. Details of implementation would be dealt with later. Prices for 1964/65, however, were still tied to the over-all plan. If Ministers could agree on a single level for 1966/67, upper and lower limits for 1964/65 would be left about the same as in 1963/64.

Despite the Commission's attempt at conciliation, Ministers remained deadlocked. Germany continued to insist on full examination of all outstanding points while other member states declared themselves ready to take a decision immediately on the political elements of the plan.

At this stage, however, there were indications that Germany's partners were also developing reservations about certain aspects of the plan. France, which has long favoured a reduction in German cereal prices, was encountering inflationary problems and agreement on a common price level higher than current French prices, even for future implementation, would have significant implications for economic stabilization plans. Italy was seriously concerned about the increases it would be called upon to make in feed-grain prices and their effect on consumer prices for animal products.

With the new marketing year approaching on July 1, the Council was being pressed for a decision and at a meeting in mid-June Ministers agreed unanimously to postpone their decision until the end of the year. Further, member states were authorized to set national cereal prices for 1964/65 at levels falling within upper and lower limits corresponding to those in effect in 1963/64.

Commission Reaction

Walter Hallstein, President of the Commission, viewed the Council action with grave concern. In a letter addressed to the Foreign Ministers of the six countries appealing for a reconsideration of the decision, he warned that a delay of six months or more in making a decision on prices "will undermine the work to build up the common agricultural policy of which this decision is a vital part." Further, he said: "It jeopardizes the whole Kennedy Round," adding that, "the Commission is seriously alarmed at such a situation for which the EEC will certainly be held to blame because it has been dilatory in taking or possibly incapable of taking the deci-

sions which it itself foreshadowed and which lie at the root of the policy agreed by the Council."

This is where the matter rests for the time being. Although the Commission continues to stress the urgency of a single price level for negotiating in Geneva, there are no indications that Ministers will resume meaningful debate until after the summer recess at least.

Prices and Kennedy Round

The link between cereal prices and the Kennedy Round derives directly, of course, from the new method for negotiating on agricultural products officially presented by the EEC Commission to the GATT Committee on Agriculture in February 1964. The EEC believes that the traditional tariff approach is now inadequate for agriculture. The Community considers national farm policies of the importing and exporting countries to be decisive in determining trade in agricultural commodities and concludes that the fundamental element common to nearly all countries is the support given to producers. It proposes, therefore, that the "amount of support" in each country for a given product be negotiated and bound. The amount of support is defined as the difference between the world price and the price actually received by the national producers.

This method is the basis of the negotiating mandate issued to the Commission by the Council in December 1963 and it is maintained that the Community can negotiate effectively in Geneva only if common cereal prices have been set. Germany accepts this mandate but asserts that negotiations in Geneva can proceed without common prices at this time, assuring her partners that the eventual settlement in both the agricultural and industrial sectors will not suffer as a result of Germany's present position on cereals.

Clearly, compromises will have to be found. This problem will be at the heart of discussions when the GATT sessions are resumed. ●

Documentation for the Middle East

THE following data are intended as a guide to the kinds and numbers of documents required by each country listed and the basic regulations. The numbers indicated include copies that the legalizing authorities and consular offices require for their files and that the consignee wishes to have for accounting purposes.

When completing shipping documents, exporters should follow explicitly any instructions they receive from their agent or consignee in the importing country and should avoid undue delay in preparing these documents. They should be posted promptly by airmail so that they will be in the importer's hands by the time the shipment arrives at the port of destination.

The documentation requirements for the most part are similar for shipments forwarded by freight, parcel post or air cargo. In general, there are no requirements covering the form of the documents or the language used in them. Consular fees are charged for certification or consular legalizations of documents for Iran,

Lebanon and Turkey. Duty is levied on the basis of the cost or value of the goods, plus freight and insurance to the destination.

Import restrictions are in force in many of the Middle Eastern countries. Canadian exporters would therefore be well advised not to ship their goods until they are assured that the importer has obtained an import licence, if it is needed.

Health and pure food regulations often call for the production of additional documents. Many countries require sanitary or health certificates issued by the agricultural or health authorities in the country of origin for animals, plants and their products, and processed foodstuffs.

Leaflets on *Shipping Documents and Customs Regulations*, giving full details of the requirements (including health and pure food regulations) have been compiled by the Office of Trade Relations and Trade Policy for most of the countries listed in the table below.

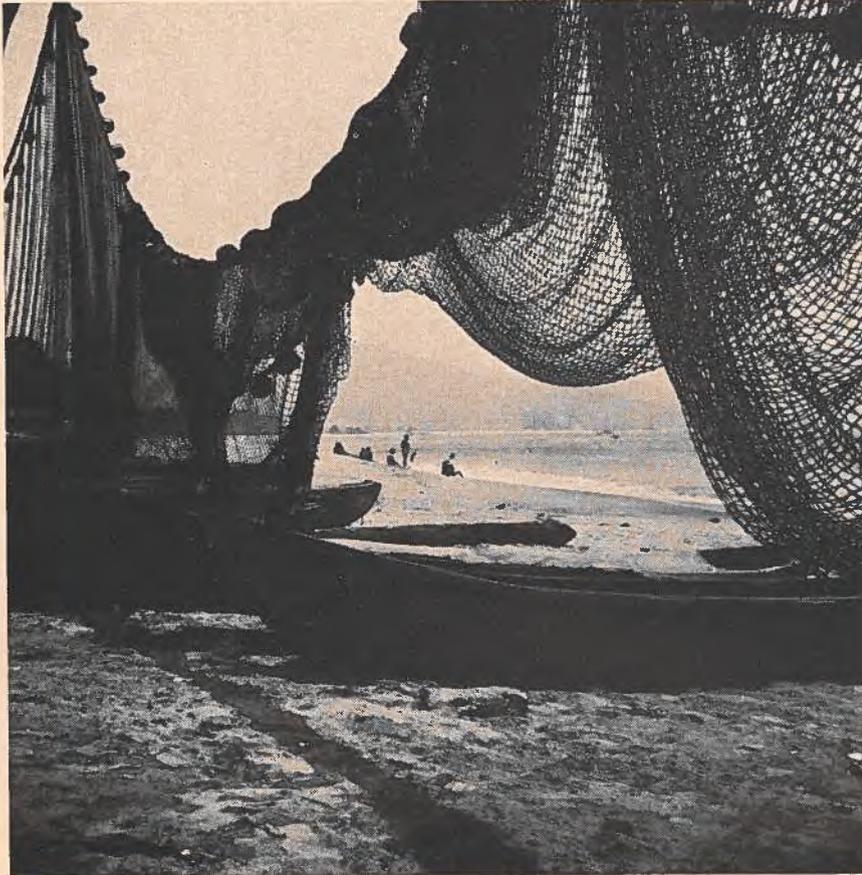
Abbreviations: Com. I.—Commercial Invoice; C.O.—Certificate of Origin; B.L.—Bill of Lading; P/L—Packing List.

Country	Documents Required	No. of Copies	Notes (See end of table)	Country	Documents Required	No. of Copies	Notes (See end of table)
Bahrain	C.O. Com. I. B.L.	3 3 2	1, 3, 7, 11	Syrian Arab Republic	C.O. Com. I. B.L.	4 4 2	1, 2, 3, 6, 9
Ethiopia	C.O. Com. I. B.L.	3 3 2	1, 2, 3, 6, 7, 8, 9	Turkey	C.O./C.I. Com. I. B.L.	4 4 2	1, 2, 7, 9, 10
Iran	C.O. Com. I. B.L.	5 5 2	1, 2, 3, 7, 9	United Arab Republic (Egypt)	C.O. Com. I. B.L.	4 4 2	1, 2, 7, 9
Iraq	Com. I. B.L. P/L	8 3 1	1, 2, 3, 4, 5, 9	Yemen	Com. I. B.L.	3 2	1, 2
Israel	Com. I. B.L.	4 2	1, 3, 4, 9				1. Commercial invoice should be signed and certified as true and correct by the shipper.
Jordan	Com. I. B.L.	4 2	1, 2, 3, 9				2. Commercial invoice should be certified by a Chamber of Commerce or Board of Trade.
Kuwait	C.O. Com. I. B.L. P/L	3 3 2 1	1, 2, 7, 8, 9, 11				3. Each copy of commercial invoice must be signed by the manufacturer or supplier in the country of origin.
Lebanon	C.O. Com. I. B.L.	4 4 2	1, 2, 6, 8, 9				4. No statement of origin is required other than that appearing on the commercial invoice.
Muscat and Oman	Com. I. B.L.	4 2	1, 2, 3				5. Certificate of origin is not generally required. Customs authorities do require certificates for certain types of goods.
Persian Gulf States	Com. I. B.L.	3 2	1, 2, 3, 11				6. Certificate of origin may be combined with commercial invoice.
Qatar	Com. I. B.L.	3 2	1, 2, 3, 11				7. Certificate of origin should be certified by a Chamber of Commerce or Board of Trade.
Saudi Arabia	C.O. Com. I. B.L.	5 5 2	1, 2, 7, 9				8. Packing list should be furnished when details of shipment are not available on the invoice.
Sudan	Com. I. B.L.	3 2	1, 2, 3, 9				9. Special certificates, such as sanitary certificates, are required for certain products.
							10. To correct errors in documentation a letter of correction is required.
							11. Documents should be certified that the goods covered by the invoice do not contain Israeli products.

Note: A number of Arab countries require certificates relating to the boycott of Israel.

Mexico's Fisheries Projects

Could Mean Canadian Sales



J. E. G. GIBSON, *Assistant Commercial Secretary, Mexico City.*

Millions of dollars are being spent on modernizing and expanding Mexico's fishing industry—much of it on new equipment that Canadian manufacturers could supply. The Government's plan for the fisheries industry covers such aspects as fish processing, research, and even the building of ships and ports.

MEXICO is undertaking a major rejuvenation of its fishing industry. The steps that the Government has taken during the past year—and those projected for the future—could create good sales opportunities for Canadian manufacturers of fishing equipment. The industry has been neglected for some years, but substantial investment, mainly in research and new equipment, will be made to strengthen it.

The Industry Today

An estimated 38,483 Mexicans are directly engaged in fishing and of these, 19,917 are grouped in co-operatives. About 100,000 families earn their living from fishing and related activities. This figure includes, as well as the fishermen, the workers engaged in ice-making, in weighing, cleaning, selecting and packing of seafood, and in the fish-meal plants. In addition, there are the employees of the shipbuilding and repair yards. Altogether, more than half a million people benefit either directly or indirectly from the fishing industry.

Co-operatives own 64.5 per cent of the 9,917 fishing boats in operation; only about one third of these are self-propelled. By far the most common type is the shrimp boats, of which 777 work out of the ports

of Mazatlan and Salina Cruz on the Pacific, and 377 fish in the Gulf of Mexico. The shrimp boats are self-propelled, 40 to 65 feet long, with steel or wooden hulls and a maximum net capacity of 50 tons.

The Mexican industry has 67 ice plants with a total capacity of 1,340 tons per day spread over the coastal areas. However, it is said that some of these plants do not have a large enough capacity for the area they are located in and that some others are poorly situated. Therefore some expansion in this field may be expected. In the same areas as the ice plants there are 37 freezing plants engaged principally in freezing shrimp for export markets. In addition, the industry has 33 fish canneries and three drying and salting plants.

Leading contributor to Mexico's total fish catch is the state of Baja California which produces the largest share of canned fish. The city of Ensenada in this state is Mexico's canned fish capital with several modern sardine and tuna plants. The National Fish Commission has made considerable investment here in research and in processing plants; a fishmeal plant, the first of its

TABLE I
MEXICAN COMMERCIAL FISH CATCH
IN 1962

Species	Volume	Change 1961/62
	(metric tons)	
Shrimp	42,380	- 1.9
Oysters	16,698	- 4.0
Tuna	15,175	- 53.9
Sardines	14,873	- 26.1
Seabass	5,755	+ 9.7
Spanish mackerel	4,016	+ 3.2
Skipjack	3,291	+ 33.7
Mackerel	3,202	- 34.9
Abalone	3,038	+ 12.2
Robalo	2,973	+ 16.4
Mullet	2,391	- 8.4
Snapper	2,203	+ 35.5
Porgie	1,548	- 1.3
Clams	1,374	+ 42.3
Weakfish	1,331	+ 28.7
Lobster	1,092	- 1.9
Tarpon	974	- 5.5
Jurel	934	+ 0.9
Albacore	496	+251.8
Others	22,003	+ 22.8
Total volume	173,092	- 9.6
Edible volume	145,747	- 12.6
Industrial products	27,345	+ 11.4

To Modernize Its Fisheries, Mexico Is:

- Establishing marine biological research stations.
- Exploring and charting the coastline.
- Training workers in all aspects of the fishing industry.
- Opening a fishmeal plant at Alvarado late this year.
- Providing loans for the fishing co-operatives to help them increase their fleets and improve their facilities.
- Building a pilot fishing port on the Gulf of Mexico with a five-boat, all-purpose fleet, wharves and channels, processing plants, and research facilities.
- Sponsoring a travelling exhibition of the country's sea resources, the *Salon del Mar*, as part of a program to encourage Mexicans to eat more fish.

kind on the Pacific coast of Mexico, will be completed late this year in Ensenada.

Commercial Fish Catch

Complete figures for the 1963 catch are not available yet, but preliminary figures indicate a rise to nearly 200,000 metric tons. Table I shows the 1962 catch by species and the change over 1961. The total value of the 1962 catch was Can.\$62 million, of which shrimp made up 87 per cent. In all, 115 species of fish are caught in Mexican waters.

Mexican per capita consumption of fish is low; in 1962, the country's 39 million people ate only 40 per cent of the edible catch. The Government is making a determined effort to increase this figure through an education program.

Exports and Imports

With 60 per cent of its production available for export, the fish industry plays an important part in Mexico's foreign trade. In 1963, exports were worth U.S.\$64 million. By far the largest single export was shrimp with U.S.\$57.4 million worth shipped, principally to the United States. Canada's purchases of Mexican shrimp were valued at \$1.3 million. As a matter of interest, shrimp

is Mexico's third largest export. Two other important seafood exports are preserved abalone (U.S.\$3.6 million) and lobster (U.S.\$0.9 million).

Imports of sea products are small—the 1963 total reached only U.S.\$950,000, of which one half was cod, mainly from Norway. Cod is bought by a government buying agency; in 1962-63 it purchased U.S.\$92,400 worth of dried salt cod from Canada, but this was the only fish we sold to Mexico that year. Possibly there are limited opportunities for the sale of Canadian salmon in Mexico and this office would be pleased to hear from interested suppliers.

Annual demand for fishmeal in Mexico totals 30,000 tons, of which nearly 70 per cent is imported. By far the largest share of these imports (80 per cent) comes from Peru. At the end of 1963, Mexico's fishmeal production capacity was estimated at 13,000 tons per year. Two plants are operating at Tampico and Ciudad del Carmen, both on the Gulf of Mexico. Three new plants should be producing by the end of 1964, of which at least one will be on the Pacific coast at Ensenada, Baja California. These plants should virtually wipe out the need for fishmeal imports.

Excellent small vessel repairing yards have been in operation for many years. Recently, a number of them expanded into shipbuilding, particularly fishing vessels. A few of these yards have begun exporting—some with eye-opening results. Mexican-built fishing boats are now operating out of a number of ports in Central America, South America and the Middle East. One builder is in the process of attempting to obtain Lloyd's Certifications for his type of vessel. If he succeeds, his export orders should increase considerably. Another shipyard, in conjunction with a well-known Danish marine engine builder, is gearing for the manufacture of small fishing boats.

It was not possible to obtain a specific breakdown of imports of components for ships, but the available figures given in Table II are interesting.

TABLE II
MEXICO'S IMPORTS OF FITTINGS FOR SHIPS AND BOATS (1963)

	(U.S.\$)
Oars for watercraft	5,415
Sounding lines for watercraft	67,891
Lifebuoys (all types)	79,424
Motors (all types)	2,727,934
Spare parts and components, n.o.p.	908,147
Rowboats or sailboats	34,230
Screw-propelled vessels up to 35 metres in length	109,705
Outboard motorboats	7,175
Incomplete ships, boats or other vessels	63,449

Canada's sales of marine equipment to Mexico in 1963 amounted to only \$480. The largest share of the market (about 90 per cent) was held by the United States.

A number of Mexican shipbuilders have shown interest in equipment from Canada and at least one is now regularly installing some Canadian gear on his boats. Products of particular interest are gear and winch apparatus and electronic navigation and detection equipment.

Research and New Developments

The National Fish Commission, established in 1961 and headed by a former President of Mexico, has

been concentrating on three aspects of the fisheries development program: the establishment of marine biological research stations, the exploration and charting of Mexico's coastline, and the training of workers engaged in the fishing industry. The Commission has spent nearly U.S.\$2 million during the past two and a half years on the projects for which it is responsible. In its 1964 program, the Commission outlined the need for more fishmeal plants, better systems of distribution to the major consuming centres, and an accelerated program to increase the domestic consumption of fish products. One early result of this is the recent announcement that U.S.\$800,000 will be invested in a fishmeal plant at Alvarado, Veracruz, which it is hoped will be in production by December 1964.

Equally important is the work being done by the National Bank of Co-operative Development which was created in 1944 to provide financing for co-operatives (mainly handicrafts), and for small- and medium-sized industries. In 1952, the bank decided to take an interest in the fishing industry and since then has loaned over 69 million pesos (U.S.\$5.5 million) to fishing co-operatives for increasing their fleets and improving their facilities. In addition, the bank itself owns and operates a number of vessels and processing plants.

At present this organization is engaged in its largest project—one that should bring numerous long-run benefits to the Mexican fishing industry. A pilot fishing port is being constructed at Alvarado, Veracruz, on the Gulf of Mexico. Although the financing for this project is mainly (85 per cent) from the Netherlands, the project is under the auspices and control of the National Bank of Co-operative Development. The total investment is expected to be U.S.\$8 million. The pilot port will consist of a fleet of five all-purpose fishing boats (from Holland), wharves and channels, drying and smoking facilities, and a

fishmeal plant. This pilot port will serve as a buying centre (at guaranteed prices) for the fishermen, and as a distribution centre for the processed fish to the principal local markets (mainly Mexico City). In addition, the research facilities that are to be installed will help to improve quality control and sanitary conditions.

The financing arrangement with the Netherlands did not include any compulsory purchasing arrangements, but it is estimated that about U.S.\$2.5 million is being used for purchases in Holland, including U.S.\$1.25 million for the five fishing vessels. Although as much equipment as possible is being obtained in Mexico, a substantial amount will be imported.

The Alvarado scheme, it is hoped, will be in operation by the end of this year. If the pilot scheme is successful it is likely that further ports will be constructed in two or three other locations on the Pacific Coast and the Gulf of Mexico. This should present some good opportunities for Canadian suppliers.

The Future

The "Salon del Mar", a large exhibition of Mexico's sea resources, is currently travelling around the country as a part of the Government's program to increase the interest in and consumption of sea products. The Secretary of Industry and Commerce of Mexico recently stated that it is his "firm conviction that the Mexican fishing industry is destined to occupy one of the first positions in the exploration of our natural resources".

Substantial investment in and purchases of equipment will be necessary to achieve this. Canada is respected here for its technological developments in the fishing industry. The Commercial Division of this Embassy believes that there are good sales opportunities for Canadian suppliers and would like to hear from all interested companies. ●

GENERAL NOTES

Australia

JAPAN LEADING CUSTOMER—Japan has now displaced Britain as the biggest buyer of Australia's exports, according to figures recently released by the Federal Statistician for Australia. The figures show that in the first seven months of the financial year which ended January 31, 1964, exports to Japan totalled £146,152,000 compared with exports to Britain valued at £143,475,000. Exports to Japan in January totalled £23,599,000 and to Britain £19,363,000. It is the first time Britain's purchases from Australia have been exceeded by those of another country. Australia's exports to all countries for the seven months were worth £805.5 million compared with £600.9 million in the corresponding period of the last financial year—Melbourne.

Britain

INCREASING INDUSTRY IN NORTHWEST—The Lancashire and Merseyside Industrial Development Association states that large areas of factory space have been taken in the northwest during the past few months. Over 110 factories with a total floor space of 5½ million square feet are involved. Throughout the region mills and other factories have been purchased or leased for a wide variety of new uses—Liverpool.

Finland

COMPANY TAXATION—The Finnish Employers' Organization has suggested to the Nordic Council that a study be made of a proposal to harmonize company taxation in the four Scandinavian countries.

The organization pointed out that there are differences in the taxation systems of the four countries with the highest rates, both direct and indirect, usually found in Finland. The imposition of a turnover tax there on fuel, machinery, and equipment as well as factory buildings means that some portion of the price of a product is made up of a double tax.

It was suggested that the Government review its company taxation policy to enable Finnish firms to compete effectively in world markets where competition is increasingly keen—Stockholm.

Malta

WATER DISTILLATION/POWER PLANT—A water distillation/power plant, partly financed by a World Bank loan, is well under way; the first contract was awarded in July 1963. The power station is scheduled to start operation by October 1965 and is expected to produce 25,000 mw. (thus doubling the

present electricity supply) and one million gallons of water a day—Rome.

Mauritius

IBRD LOAN—The Mauritius Government has obtained a loan of U.S.\$7 million from the International Bank for Reconstruction and Development. The loan is guaranteed by the British Government and is for a term of 20 years with interest at 5 per cent. The money will be used mainly to help finance the construction of a 12,000 kw. diesel power station at Fort William, and to improve transmission and distribution systems—Johannesburg.

Northern Ireland

RETAIL SALES—Statistics prepared by the Ministry of Commerce show that the total value of retail sales in Northern Ireland in May was 5 per cent higher than a year earlier, compared with 2 per cent in April and 8 per cent for the first quarter as a whole. Food shops showed an increase of 5 per cent over a year earlier, clothing and footwear shops 4 per cent and household goods 3 per cent compared with the previous year—Belfast.

Scotland

HOUSES TO BE BUILT—Preliminary plans for doubling the size of its Lanarkshire factory have been announced by the Weir Housing Corporation, Coatbridge, a subsidiary of G. & J. Weir Holdings Limited, Glasgow. At the same time, Coatbridge Town Council announced its intention to place contracts totalling £3 million with the company for the building of more than 1,100 houses in the town over the next 2½ years. When the extension is completed, the factory will cover a total area of 200,000 square feet. The houses to be built for Coatbridge under the contracts will all be traditional, ranging in size from two to five apartments and in height between two and five storeys. Four hundred are to be erected at Sykesides and the remainder in three phases at Old Monkland—Glasgow.

Spain

PRODUCTION OF ELECTRIC POWER—Production of electric power in Spain during 1963 is reported to have totalled 25,750 million kwh., compared with 22,905 million in 1962, a 12.4 per cent increase. Of the 1963 total, 21,330 million kwh. was hydro-electric power (a 32.7 per cent increase) and 4,420 million thermal power (35.3 per cent down from 1962).

Electric power consumption in Spain last year reached 24,970 million kwh. (a 10 per cent increase); the remaining 780 million kwh. was exported—Madrid.

United States

BUILDING SUPPLIES—Sears, Roebuck & Company has announced the formation of a builder division to supply furnishings, ranging from chimneys to major

appliances for the home-construction industry. Its first job is to provide furnishings for an \$8 million home development near Chicago. It plans eventually to sell paint to contractors and later a complete plumbing package. For the past two years Sears has been supplying furnishings, appliances, heating and air conditioning, carpeting, interior decorating, etc., to 250 builders in the Chicago area. The company expects to gross \$1 million on this operation in 1964—Chicago.

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, Canadian Manufacturers Association; Windsor (Ontario), Greater Windsor Industrial Commission; St. John's, Halifax, Montreal, Ottawa, Winnipeg and Vancouver, Department of Trade and Commerce; Fredericton, Department of Industry.

Chile—J. R. Midwinter, Commercial Secretary in Santiago, who has been posted to the Office of Trade Relations and Trade Policy in Ottawa.

Quebec City—October 5 Toronto—October 13-16
Montreal—October 6-9

Italy—R. Brookes, Commercial Assistant in Rome.

Toronto—October 5-9 London—October 15
Welland—October 13 Sarnia—October 16
Hamilton—October 14

Malaysia—E. H. Maguire, Trade Commissioner in Singapore, who will be returning to his post.

Montreal—October 13-16 Toronto—October 19-23

Peru—K. G. Ramsay, Commercial Secretary in Lima, who will be returning to his post.

Quebec—October 5 Saskatoon—October 30
Montreal—October 6-16 Edmonton—November 2
Toronto—October-19-23 Calgary—November 3
Hamilton—October 26-27 Vancouver—November 4-12
Winnipeg—October 28 Victoria—November 13
Regina—October 29

Temporary Duty in Ottawa

E. H. Maguire, Trade Commissioner, Singapore, October 1-9. Contact Commonwealth Division, phone: 99-2-2421.

B. C. Steers, Commercial Secretary, Tel Aviv, October 1-15. Contact Asia and Middle East Division, phone: 99-2-5642.

In Territory

Bermuda—W. G. Huxtable, Consul and Trade Commissioner in New York, will visit Bermuda October 16-21.

Communist China—R. K. Thomson, Senior Trade Commissioner in Hong Kong, and P. M. Roberts, Trade Commissioner, will visit Shanghai, Peking and Wuhan, October 8-28.

Costa Rica—H. E. Lemieux, Commercial Counsellor in Guatemala City, will visit San Jose November 4-6.

El Salvador—J. H. Nelson, Commercial Secretary in Guatemala City, will visit San Salvador November 23-27.

Honduras—J. H. Nelson, Commercial Secretary in Guatemala City, will visit San Pedro Sula and Tegucigalpa November 16-20.

Libya—W. J. Jenkins, Commercial Secretary in Rome, Italy, will visit Benghazi and Tripoli November 8-18.

Malta—J. H. Stone, Commercial Counsellor in Rome, Italy, will visit Malta October 17-24.

Mozambique—C. R. Gallow, Trade Commissioner in Johannesburg, South Africa, will visit Lourenco Marques October 5 to 9.

Nicaragua—H. E. Lemieux, Commercial Counsellor in Guatemala City, will visit Managua November 1-3.

Panama—H. E. Lemieux, Commercial Counsellor in Guatemala City, will visit Panama City November 8-13.

Poland—K. Nyenhuis, Commercial Counsellor in Copenhagen, Denmark, will visit Poland October 18-24.

Portugal—P. A. Theberge, Assistant Commercial Secretary in Lisbon, will visit Oporto October 19-26.

South Africa—H. W. Richardson, Trade Commissioner in Cape Town, will visit Port Elizabeth and East London October 1-9.

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

Geographical Listing for Exporters

Need Information on Foreign Markets?

You can get it from the Trade Commissioner posts around the world, or from the Office of Trade Relations and Trade Policy in Ottawa. This breakdown tells you which TC post and which OTRTP Division is responsible for the country in which you are interested.

Country	TC Post	OTRTP Division	Country	TC Post	OTRTP Division
Aden	Cairo	Commonwealth	British Solomon Islands	Sydney	Commonwealth
Afghanistan	Karachi	Asia and Middle East	Brunei	Singapore	Commonwealth
Alaska	Vancouver	United States	Bulgaria	Vienna	Europe
Albania	Vienna	Europe	Burma	Singapore	Asia and Middle East
Algeria	Paris	Europe	Cambodia	Hong Kong	Asia and Middle East
Angola	Lisbon	Europe	Cameroun	Yaounde	Europe
Argentina	Buenos Aires	Latin America	Canary Islands	Madrid	Europe
Aruba	(see Netherlands Antilles)	(see Netherlands Antilles)	Cape Verde Islands	Lisbon	Europe
Australia	Sydney, Melbourne and Canberra	Commonwealth	Cayman Islands	Kingston	Commonwealth
Austria	Vienna	Europe	Central African Republic	Yaounde	Europe
Azores	Lisbon	Europe	Ceylon	Colombo	Commonwealth
Bahamas	Kingston	Commonwealth	Chad	Yaounde	Europe
Balearic Islands	Madrid	Europe	Chile	Santiago	Latin America
Barbados	Port-of-Spain	Commonwealth	China, Communist	Hong Kong	Asia and Middle East
Basutoland	Johannesburg	Commonwealth	China, Republic of (Taiwan)	Manila	Asia and Middle East
Bechuanaland	Johannesburg	Commonwealth	Christmas Island (Indian Ocean)	Sydney	Commonwealth
Belgium	Brussels	Europe	Cocos-Keeling Islands	Sydney	Commonwealth
Bermuda	New York	Commonwealth	Colombia	Bogota	Latin America
Bhutan	New Delhi	Asia and Middle East	Congo (Brazzaville)	Yaounde	Europe
Bolivia	Lima	Latin America	Congo (Leopoldville)	Yaounde	Europe
Bonaire	(see Netherlands Antilles)	(see Netherlands Antilles)	Cook Islands	Wellington	Commonwealth
Brazil	Rio de Janeiro and Sao Paulo	Latin America	Costa Rica	Guatemala City	Latin America
Britain	London Liverpool Glasgow Belfast	Commonwealth	Cuba	Havana	Latin America
British Guiana	Port-of-Spain	Commonwealth	Curacao	(see Netherlands Antilles)	(see Netherlands Antilles)
British Honduras	Kingston	Commonwealth	Cyprus	Tel Aviv	Commonwealth
			Czechoslovakia	Vienna	Europe
			Dahomey	Lagos	Europe
			Denmark	Copenhagen	Europe

Country	TC Post	OTRTP Division	Country	TC Post	OTRTP Division
Dominican Republic	Santo Domingo	Latin America	Israel	Tel Aviv	Asia and Middle East
Ecuador	Bogota	Latin America	Italy	Rome	Europe
Egypt	(see United Arab Republic)	(see United Arab Republic)	Ivory Coast, Republic of	Accra	Europe
El Salvador	Guatemala City	Latin America	Jamaica	Kingston	Commonwealth
England	London and Liverpool	Commonwealth	Japan	Tokyo	Asia and Middle East
Ethiopia	Cairo	Asia and Middle East	Jordan	Beirut	Asia and Middle East
Falkland Islands	Montevideo	Commonwealth	Kenya	Salisbury	Commonwealth
Fiji	Wellington	Commonwealth	Korea	Tokyo	Asia and Middle East
Finland	Stockholm	Europe	Laos	Hong Kong	Asia and Middle East
France	Paris	Europe	Lebanon	Beirut	Asia and Middle East
French Guiana	Port-of-Spain	Europe	Leeward Islands	Port-of-Spain	Commonwealth
French Oceania	Wellington	Europe	Liberia	Accra	Asia and Middle East
French Somaliland	Cairo	Europe	Libya	Rome	Asia and Middle East
Gabon	Yaounde	Europe	Liechtenstein	Berne	Europe
Gambia	Lagos	Commonwealth	Luxemburg	Brussels	Europe
Germany	Bonn, Duesseldorf, Hamburg	Europe	Macao	Hong Kong	Europe
Ghana	Accra	Commonwealth	Madeira	Lisbon	Europe
Gibraltar	Madrid	Commonwealth	Malagasy Republic	Johannesburg	Europe
Gilbert and Ellice Islands	Wellington	Commonwealth	Malawi	Salisbury	Commonwealth
Greece	Athens	Europe	Malaysia	Singapore	Commonwealth
Greenland	Copenhagen	Europe	Mali, Republic of	Accra	Europe
Guadeloupe	Port-of-Spain	Europe	Malta	Rome	Commonwealth
Guatemala	Guatemala City	Latin America	Martinique	Port-of-Spain	Europe
Guinea, Republic of	Accra	Europe	Mauretania, Republic of	Accra	Europe
Haiti	Port au Prince	Latin America	Mauritius	Johannesburg	Commonwealth
Hawaii	San Francisco	United States	Mexico	Mexico City	Latin America
Honduras	Guatemala City	Latin America	Morocco	Paris	Europe
Honduras, British	Kingston	Commonwealth	Mozambique (Portuguese East Africa)	Johannesburg	Europe
Hong Kong	Hong Kong	Commonwealth	Nepal	New Delhi	Asia and Middle East
Hungary	Vienna	Europe	Netherlands	The Hague	Europe
Iceland	Oslo	Europe	Netherlands Antilles	Caracas	Europe
India	New Delhi and Bombay	Commonwealth	Netherlands Guiana	(see Surinam)	(see Surinam)
Indonesia	Djakarta	Asia and Middle East	New Caledonia	Sydney	Europe
Iran	Tehran	Asia and Middle East	New Guinea (North-east) and Papua	Sydney	Commonwealth
Iraq	Beirut	Asia and Middle East	New Hebrides	Sydney	Europe
Ireland, Northern	Belfast	Commonwealth	New Zealand	Wellington	Commonwealth
Ireland, Republic of	Dublin	Commonwealth			

Country	TC Post	OTRTP Division	Country	TC Post	OTRTP Division
Nicaragua	Guatemala City	Latin America	Spanish Sahara	Madrid	Europe
Niger, Republic of	Lagos	Europe	Sudan	Cairo	Asia and Middle East
Nigeria	Lagos	Commonwealth	Surinam (Netherlands Guiana)	Port-of-Spain	Europe
Northern Rhodesia	Salisbury	Commonwealth	Swaziland	Johannesburg	Commonwealth
Norway	Oslo	Europe	Sweden	Stockholm	Europe
Okinawa	Tokyo	Asia and Middle East	Switzerland	Berne	Europe
Pakistan	Karachi	Commonwealth	Syria	Beirut	Asia and Middle East
Panama and Canal Zone	Guatemala City	Latin America	Tahiti	Wellington	Europe
Paraguay	Buenos Aires	Latin America	Taiwan	Manila	Asia and Middle East
Persian Gulf Area	Beirut	Asia and Middle East	Thailand	Singapore	Asia and Middle East
Peru	Lima	Latin America	Togo	Accra	Europe
Philippines	Manila	Asia and Middle East	Tonga	Wellington	Commonwealth
Poland	Copenhagen	Europe	Trinidad and Tobago	Port-of-Spain	Commonwealth
Portugal	Lisbon	Europe	Tunisia	Berne	Europe
Portuguese Guinea	Lisbon	Europe	Turkey	Athens	Asia and Middle East
Portuguese West Africa	(see Angola)	(see Angola)	Turks and Caicos Islands	Kingston	Commonwealth
Puerto Rico	Santo Domingo	United States	Uganda	Salisbury	Commonwealth
Reunion	Johannesburg	Europe	United Arab Republic	Cairo	Asia and Middle East
Rio de Oro	(see Spanish Sahara)	(see Spanish Sahara)	United Kingdom	(see Britain)	(see Britain)
Rio Muni	Madrid	Europe	United States	Washington Boston Chicago Cleveland Detroit Los Angeles New Orleans New York Philadelphia San Francisco Seattle	United States
Rumania	Vienna	Europe	Upper Volta, Republic of	Accra	Europe
St. Helena	Cape Town	Commonwealth	U.S.S.R.	Moscow	Europe
St. Pierre and Miquelon	Paris	Europe	Uruguay	Montevideo	Latin America
Sabah	(see Malaysia)	(see Malaysia)	Venezuela	Caracas	Latin America
Sarawak	(see Malaysia)	(see Malaysia)	Vietnam	Hong Kong	Asia and Middle East
Saudi Arabia	Beirut	Asia and Middle East	Virgin Islands (U.S.)	Santo Domingo	United States
Scotland	Glasgow	Commonwealth	Wales	London	Commonwealth
Senegal, Republic of	Lagos	Europe	Western Samoa	Wellington	Commonwealth
Seychelles Islands	Salisbury	Commonwealth	Windward Islands	Port-of-Spain	Commonwealth
Sierra Leone	Lagos	Commonwealth	Yemen	Cairo	Asia and Middle East
Sikkim	New Delhi	Asia and Middle East	Yugoslavia	Vienna	Europe
Singapore	(see Malaysia)	(see Malaysia)	Zanzibar	Salisbury	Commonwealth
Somalia	Cairo	Asia and Middle East			
South Africa, Republic of	Johannesburg and Cape Town	Commonwealth			
South West Africa	Cape Town	Commonwealth			
Southern Rhodesia	Salisbury	Commonwealth			
Spain	Madrid	Europe			

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 .929422.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 21	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2195	4.56	
Argentina	Peso	Free	.007519	133.00	
Australia	Pound		2.3958	4.174	
Austria	Schilling		.04169	23.99	
Bahamas	Pound		2.9947	.3339	
Belgium and Luxembourg	Franc		.02166	46.17	
Bermuda	Pound		2.9947	.3339	
Bolivia	Peso		.09068	11.03	
Brazil	Cruzeiro	Official Free	.0006810	1,468.43	
Britain	Pound		2.9947	.3339	
British Guiana	Dollar		.6239	1.60	
British Honduras	Dollar		.7487	1.34	
Burma	Kyat		.2259	4.43	
Ceylon	Rupee		.2246	4.45	
Chile	Escudo	Bank rate	.4577	2.18	
		Free	.3336	3.00	
Colombia	Peso	Free	.1078	9.28	
		Certificate	.1195	8.37	
Congo, Republic of	Franc		.007173	139.41	(1)
Costa Rica	Colon		.1624	6.16	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1494	6.69	
Denmark	Krone		.1554	6.44	
Dominican Republic	Peso		1.07594	.9294	
Ecuador	Sucre	Official	.05977	16.73	
		Free	.05810	17.21	
El Salvador	Colon		.4304	2.32	
Fiji	Pound		2.6979	.3707	
Finland	Markka		.3362	2.97	
France, Monaco, etc.	Franc		.2195	4.56	(2)
Franco-African Republics, etc.	Franc		.004390	227.79	(3)
French Pacific	Franc		.01207	82.85	(4)
Germany	D Mark		.2707	3.69	
Ghana	Pound		2.9947	.3339	
Greece	Drachma		.03586	27.89	
Guatemala	Quetzal		1.07594	.9294	
Haiti	Gourde		.2152	4.65	
Honduras	Lempira		.5380	1.86	
Hong Kong	Dollar	Free	.1867	5.3562	*Sept. 4
		Official	.1872	5.34	

‡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 Sept. 21	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02502	39.97	(1)
India	Rupee		.2246	4.45	
Indonesia	Rupiah		.004304	232.34	(1)
Iran	Rial		.01420	70.42	
Iraq	Dinar		3.0126	.3319	
Ireland	Pound		2.9947	.3339	
Israel	Pound		.3586	2.79	
Italy	Lira		.001722	580.72	
Japan	Yen		.002989	334.56	
Lebanon	Pound	Free	.3502	2.86	
Malaysia	Dollar		.3515	2.84	
Mexico	Peso		.08608	11.62	
Morocco	Dirham		.2152	4.65	
Netherlands	Florin		.2984	3.35	
Netherlands Antilles	Florin		.5705	1.75	
New Zealand	Pound		2.9742	.3362	
Nicaragua	Cordoba		.1537	6.51	
Nigeria	Pound		2.9947	.3339	
Norway	Krone		.1502	6.66	
Pakistan	Rupee		.2246	4.45	
Panama	Balboa		1.07594	.9294	
Paraguay	Guarani	Free	.009683	103.27	
Peru	Sol	Free	.04011	24.93	
Philippines	Peso	Free	.2762	3.62	
Portugal & Colonies	Escudo		.03742	26.72	(5)
South Africa	Rand		1.4974	.6678	
Spain and Dependencies	Peseta		.01793	55.77	
Sweden	Krona		.2095	4.77	
Switzerland	Franc		.2491	4.01	
Syria	Pound	Free	.2817	3.55	
Thailand	Baht	Free	.05097	19.62	(1)
Tunisia	Dinar		2.6038	.3841	
Turkey	Lira		.1195	8.37	(1)
United Arab Republic	Pound	Official	2.4747	.4041	
United States	Dollar		1.0759375	.929422	
Uruguay	Peso	Free	.04913	20.35	
Venezuela	Bolivar	Official Free	.2396	4.17	
West Indies	Dollar		.6239	1.60	(6)
	Pound		2.9947	.3339	(7)
Yugoslavia	Dinar	Official	.001435	696.86	

Notes

1. Additional rates are in effect.
2. Franc is also used in French Guiana, Guadeloupe and Martinique.
3. 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.
4. New Caledonia, New Hebrides, French Polynesia.
5. Portugal: approximately same rate for Portuguese territories in Africa.
6. Barbados, Trinidad and Tobago, Leeward and Windward Islands.
7. Jamaica.

Munich: Rich Industrial and Consumer Market

Bustling Stachus Square in the centre of Munich is always clogged with traffic. Note how old buildings restored to their original form now stand side by side with new ones in this city of over a million.



MUNICH is an important industrial centre and one of the fastest growing cities in the Federal Republic. Its population of 1.1 million is the third largest in Germany (after Berlin and Hamburg). The city was badly damaged during the war but today few ruins remain; old buildings restored to their original form stand beside ultra-modern structures. The stores have an abundance of locally-produced and imported goods because Munich is not only the intellectual and political capital of Bavaria but also its shopping centre.

The buying power of the Muenchener has increased by 400 per cent in the last ten years, compared with a twofold increase for the whole of Germany. Consumption per capita is now \$1,000 a year (still low by North American standards but high for Europe), compared with about \$815 for all West Germany in 1961. This high purchasing power holds promise for the Canadian exporter who may consider selling his product here.

The rapid increase in consumption in Munich results from the same factors that have been responsible for the economic upswing throughout West Germany in the last decade, plus some advantages peculiar to the Munich area.

First, the city has gone through a period of intensive industrialization. No doubt the North Sea coast, the Ruhr Valley and the Frankfurt-Mannheim area are the three main industrial areas in West Germany, but Munich's industry is a lot more centralized, tightly packed together within the larger city. This industrial concentration supplies not only the large region of Germany that lies within the Province of Bavaria but also overseas markets. Recently more than 15 per cent of local production was exported, with a value of close to \$300 million.

Metal, chemical and electrical firms make up 65 per cent of Munich's industries; there are close to 1,000 firms with more than 10 employees, giving work to 180,000. Their production has increased by about 15 per cent a year, compared with an average of 10 per cent for the rest of the country. The fastest growing appear to be the electrical (Siemens alone employs 37,000), the metalworking (BMW, MAN and Krauss Maffei), and the textile industries.

Another reason for Munich's prosperity is manpower. In a full-employment economy, it seems that Munich has been able to find enough labour to keep up with its industrial expansion, although

there is certainly no surplus. For the 4,500 unemployed (mostly unskilled) there are 15,000 to 20,000 job openings, mainly in metalworking, textiles and construction. Nevertheless, Munich's employment figure rose by 6 per cent in 1961, compared with an increase of less than 3 per cent for the Federal Republic. Of the 30,000 new citizens that the city acquires each year, only one out of ten is newborn. The other nine are newcomers, about one out of five from outside the Federal Republic, mostly from behind the Iron Curtain, Italy and Greece. (Incidentally, over 5,000 Americans live in Munich.) Industry has been attracting more women and today they make up over 40 per cent of the working force.

The combination of heavy industrialization, a large and growing population, and high spending power make Munich an interesting and worthwhile market—not only for industrial primary materials but also for consumer goods. Canadian businessmen who are interested in the German market will find it profitable to include Munich on their itinerary.

—CLAUDE RENAUD, *Assistant Commercial Secretary, Bad Godesberg.*

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