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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

How to Win World Markets I

FOREIGN TRADE

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COVER: A Jamaican housewife visits a distributor's store in Kingston, Jamaica, and gets a briefing on a Canadian refrigerator on display. Choice of the West Indies as a potential market for electrical appliances was made after careful research by the manufacturer. For pointers on how to carry out this research, see leading article.

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COMING—MEXICO EXPANDS ITS PULP AND PAPER INDUSTRY, FEBRUARY 6

How to Win World Markets 1

Selecting Export Markets

This is the first article in a new series on the techniques of export trade slated to appear in *Foreign Trade* throughout 1965, and is designed to help medium and small-size companies embark on export campaigns. Step one, making the decision whether or not to sell abroad and determining which markets to enter first, is covered here.

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

JOHN SMITH, a Canadian manufacturer, has been in business for about fifteen years. He is turning out a good product, it is selling well in Canada, and he would like to extend his plant and step up production. To do this, he needs more customers. He has an idea. Why not look for these customers in foreign countries as well as in Canada? Actually, Mr. Smith is taking the first step towards becoming an effective exporter—because exporting begins with a state of mind. It's not a casual business; a businessman should enter upon an export campaign with energy and determination—and with the intention of making it last. The Canadian who views foreign markets as a place to get rid of occasional surpluses, the in-and-outer, makes no enduring impression. Worse, he damages Canada's reputation as an international trader.

A Canadian businessman usually can't and won't turn into a successful exporter within weeks or perhaps months. It may take much longer. Veteran export managers believe that it takes a minimum of five years to get solidly entrenched in foreign markets. But the time and care taken in choosing the right place or places for an initial export venture can minimize the risks and make ultimate success quicker and more certain.

Exporting begins with a state of mind—a state of mind that must be reflected in top management. In other words, management must have an export complex and must be persuaded that it is wise and will be profitable to diversify the company's markets. It must see that export orders always receive the same attention as domestic orders; that money is set aside for travel and promotion; that its knowledge of foreign markets is kept up to date. It may even consider allocating a certain amount of output to export and then prepare to go out and sell it.

Assessing the Product

Once he has resolved to try his luck in foreign markets, the potential exporter should turn his attention to his product. He should try answering these questions as a start:

- Is there something unique about my product?

- Could it be adapted if necessary to meet differing overseas tastes or needs? (A chain saw company had to provide a special clutch for saws in use in humid North Borneo.)

- Have I, or could I provide, enough production to serve both Canadian and foreign buyers efficiently?

- Would I need to supply service and would this be a problem?

- Would I have to have sales literature or service manuals printed in a foreign language or languages?

- Would the shipping costs be high?

The answers to these will have a direct bearing on the selection of markets and on export strategy. If the product is basically similar to something already made extensively in other countries, chances of selling it abroad are slim. If production delays make it difficult to honour delivery dates, overseas customers will soon drift away. If shipping costs are apt to be high, it is best to investigate nearby markets first. If the product needs servicing, this will affect distribution arrangements overseas. If adapting it might be difficult, avoid the more exotic markets.

Doing Homework

At this point, the exporter needs to look at potential markets—and he can start looking at them right at his desk or at a library table. Market research can begin effectively with some digging for facts—facts on a number of markets to be compared and appraised. Here are some suggestions for starting on this job.

1. Examine the Canadian export statistics put out by the Dominion Bureau of Statistics, particularly the "Exports by Commodities" series. (For information about how to obtain these, see the end of the article.) Find out whether a product similar to yours is being sold abroad and where. A word of warning: don't look at the figures for one year only because they may be misleading; three years will give you a better picture. And look at the full range of the products in your field and not at just one or two.

2. Take a look at the statistics put out by some other countries, such as the United States and Britain. These are not difficult to obtain; the Embassy or one of the Consulates of the country here in Canada or a good library should be able to help. If the researcher finds that the United States is selling a product similar to his in a number of countries, perhaps he can too. The same is true of the British statistics. In the wider field, the United Nations *Yearbook of International Trade Statistics* gives imports and exports by unit value for 132 countries and although the categories may be too broad, the figures may have some value.

3. Talk with some experienced exporters, preferably in fields closely akin to yours but not directly competitive. Many of the larger companies are willing to share their experience with their smaller confrères.

4. Ask the shipping companies in your area to give you some idea of the shipping charges to various markets. Check on other ways of shipping if they seem feasible, such as trucking or air freight—or even parcel post.

5. Make good use of your trade association and/or the Canadian Export Association; you may be able to obtain some market information from other members who have been travelling abroad. Through the association, you may also have a chance to take part in international conferences—an excellent way to make foreign contacts and to get a glimpse of conditions in other countries.

6. Remember that the foreign or international departments of the chartered banks have a good deal of information, printed and otherwise, on foreign countries and will be glad to help you.

7. Examine trade directories from various countries to get a line on prospective customers, or study the yellow pages of foreign telephone books.

Seven Keys to Selection

In general, in selecting markets keep these points in mind:

- **Concentrate on one or two markets to start; don't spread yourself too thin.**
- **Don't overlook the smaller, less obvious and possibly less competitive markets. (One refrigerator manufacturer made sales in Fiji and New Guinea.)**
- **Plan to spend time and money visiting foreign markets. These visits, says a veteran, "break down exporting difficulties into practical problems you can deal with."**
- **Keep within your capacity to service customers; don't go after foreign orders that you can't fill.**
- **Make certain at the start that your export business is going to be profitable.**
- **Find a need and fill it; this ensures success.**
- **Stay away from markets in which import restrictions or exchange controls will restrict your scope.**

Help from the Experts

Some businessmen feel that they cannot advance even this far in plans for exporting without expert help. Help is close at hand—as close as a regional office of the Department of Trade and Commerce (St. John's, Halifax, Montreal, Winnipeg and Vancouver) or the head office in Ottawa; the provincial departments of trade and industry, and various associations.

In the Department of Trade and Commerce in Ottawa, a Commodity Officer familiar with the exporter's field can help him assess his product in terms of export potential and an Area Trade Officer can brief him on conditions in particular regions and on the terms of access to various markets. (That phrase, "terms of access" covers many important things—such as import duties, restrictions on imports or on foreign exchange, preference arrangements, and so on.)

These officials can also get advice for him from other officers of the Department on other problems, such as export or import permits if these are required, shipping services, or the need for the product to comply

90208—2

with health or other regulations. And they can put the businessman in touch with the Canadian Trade Commissioners who serve in 47 different countries and who can provide further information on markets.

Enlisting the Trade Commissioner

The Trade Commissioner can take on the research job where the potential exporter, having completed his initial investigation and made contacts here in Canada, leaves off. But first the exporter must decide which markets, in his judgment, are worth studying further. Then write to the Trade Commissioner in each, enlisting his help in doing some market research. Don't simply write and say: "I make refrigerators. Can I sell them in your territory competitively? How big a market is it?" The letter must include, among other things (and using refrigerators as an example):

(1) Sizes of refrigerators made.

(2) Prices at which they could be offered. (Prices may not be firm at this stage but they should be approximate.)

(3) How much production can be set aside for export.

(4) Description of the product, accompanied by a brochure, small folder, or pictures.

(5) Method of selling favoured—by commission agent, by a distributor who will maintain stocks, direct to large or chain stores, etc.

(6) Type of customers to whom the firm sells in Canada—such as department stores, retail stores, wholesalers, institutions, etc.

The exporter of a food product would do well to send the Trade Commissioner labels from cans, cartons or bottles; the man who is selling a highly technical product should dispatch catalogues or perhaps service manuals. Send actual samples when this is practicable.

How the Trade Commissioner Assesses Sales Prospects

IN reporting on the sales prospects for a Canadian product in a market, Trade Commissioners consider the following points:

Basic Factors

1. Area of a country, distances, terrain, climate, and other geographical factors that may influence the market for the product.

2. Size, distribution and concentration of population.

3. Level of income; distribution of income.

4. Natural resources (limited, potentially wealthy); importance of staple products in earning income.

5. Extent and stage of industrial development; plans for further development.

6. Present economic situation, trade balance, credit standing, availability of foreign exchange.

Access to Market

1. Import restrictions, such as licensing or quotas.

2. Rates of customs duties; whether Canadian goods receive preferential or M.F.N. treatment.

3. Method of calculating value of product for duty purposes.

4. Marking and labelling regulations; need for health certificates for animal, plant and fisheries products, etc.

5. Currency and convertibility; any controls on remittances.

6. Bilateral trade or barter agreements that favour imports from particular sources.

Market Potential

1. Current and potential demand.

2. Domestic production of product or one closely related.

3. Statistics on imports by volume, value and country of origin. Are these increasing or decreasing?

4. Dominant price and quality ranges of imported and domestic product; range with the largest current and potential sales.

5. Prices at the importer, wholesale and retail levels.

6. Control of market by traditional suppliers; acceptability of new products.

Market Requirements

1. System of measurement used—metric, English, etc.

2. Preferred basis of price quotation—c.i.f., f.o.b., etc.

3. Terms of payment considered normal—sight draft, letter of credit. If credit is necessary, the standard terms.

4. Preferences in styling, quality, etc., because of national characteristics or interests which differ widely from the Canadian.

5. Need for special packaging because of climate, shipping conditions, government regulations, or local tastes or prejudices.

Distribution

1. The normal importer of the product—manufacturer, commission agent, merchant, other. Markups or commissions expected in each instance.

2. Normal distribution patterns.

3. Should one firm have the exclusive agency for the whole market or would a number of representatives in various locations be preferable?

4. Do importers normally carry large stocks to supply the trade or are frequent small shipments common?

5. Will the representative expect advertising support?

It is often unwise to assume on the basis of sketchy information that certain markets have no potential; check the point. A Canadian manufacturer of heating equipment discovered to his surprise that he could sell in Jordan because, although the days are hot, the nights are cool. He is also selling in Venezuela, where his equipment is used not to heat houses but to dry coffee beans.

When he has received from the Canadian businessman the information that he needs, the Trade Commissioner can prepare a preliminary market report. This report may cover a number of factors and their importance will vary with the product and with the market being studied. If the exporter wants to sell table lamps, he will need to know the voltage and frequency used, the type of plug employed, and what electrical standards the product will have to meet. If he sells food products, standards of a different sort will concern him and so will labelling regulations. Some of the general information that the Trade Commissioner customarily includes in a preliminary market report is given in the accompanying box feature; it can also serve as a checklist on market information needed.

Making Choices

Once the exporter has obtained this market information from a number of Trade Commissioner posts, he can compare it and make an initial selection of possible markets. Then, using current data on shipping costs, import duties, insurance charges, commission rates usually paid to agents, etc., he can set to work calculating c.i.f. prices for various markets, first in Canadian currency and then, if necessary, in the currency of the various countries, such as sterling or U.S. dollars. This calculation should answer the question: "Can I sell abroad at a profit?" (*Foreign Trade* will carry an article on "Pricing for Export" later in this series.)

The exporter may find, following further correspondence with the Trade Commissioner, that his price is in line with the competition, that the import duty is not too high, and that it should be possible to interest a good agent in his product. But, the Trade Commissioner may add, the product itself will need a bit of redesigning to appeal to French, Mexican or Lebanese buyers, and it will need to be more strongly packed to stand up to rough handling en route. This is the cue to start working on these problems. A Canadian manufacturer of heating equipment found, for example, that for German customers he must put a peephole in the burner casing and have the oil lines chromium-plated. If the drawback is a too high price, the exporter must sharpen his pencil and work on how much this initial price can be shaved.

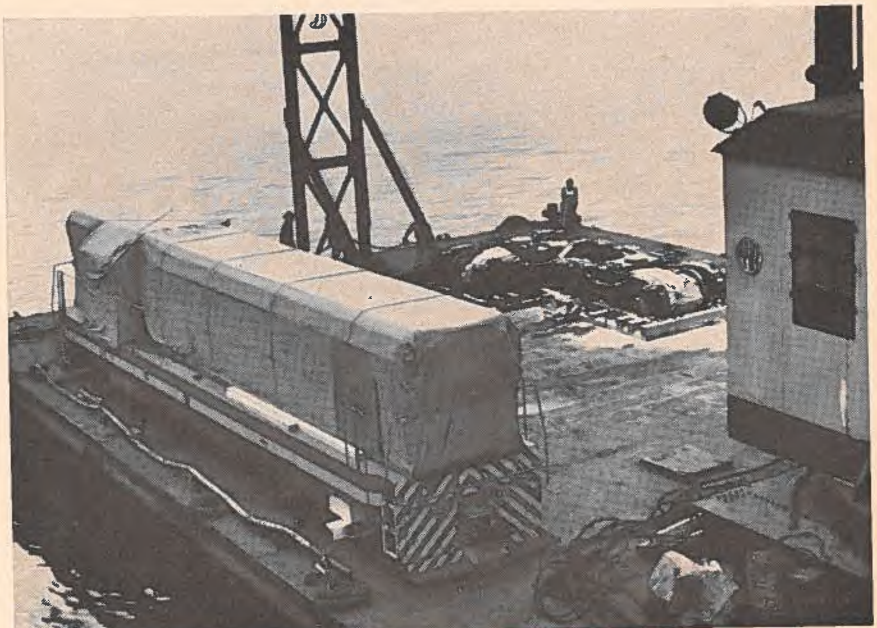
It is a sound idea not to try selling in too many markets to start with. Follow the advice of a Canadian textile manufacturer who says, "Our company has discovered that it is best to begin in a small way, become established in one or two areas, and then spread out." A Trade Commissioner put it more picturesquely: "Don't shoot a number of arrows in various directions on the theory that one of them may find the target. They may all miss."

Sometimes market research has a negative value: it can tell a firm what markets to avoid, or those in which the chances of success are at best marginal. In general, avoid a market if:

- The product is not likely to appeal to consumer tastes there.
- It will need more adaptation than the demand warrants, or more than the manufacturer is willing to undertake.
- Import restrictions and/or high tariffs restrict or practically eliminate the demand.
- Shipping costs will be prohibitive.
- Too much will have to be spent on putting out sales literature or catalogues in another language or languages. (This applies to highly technical products.)

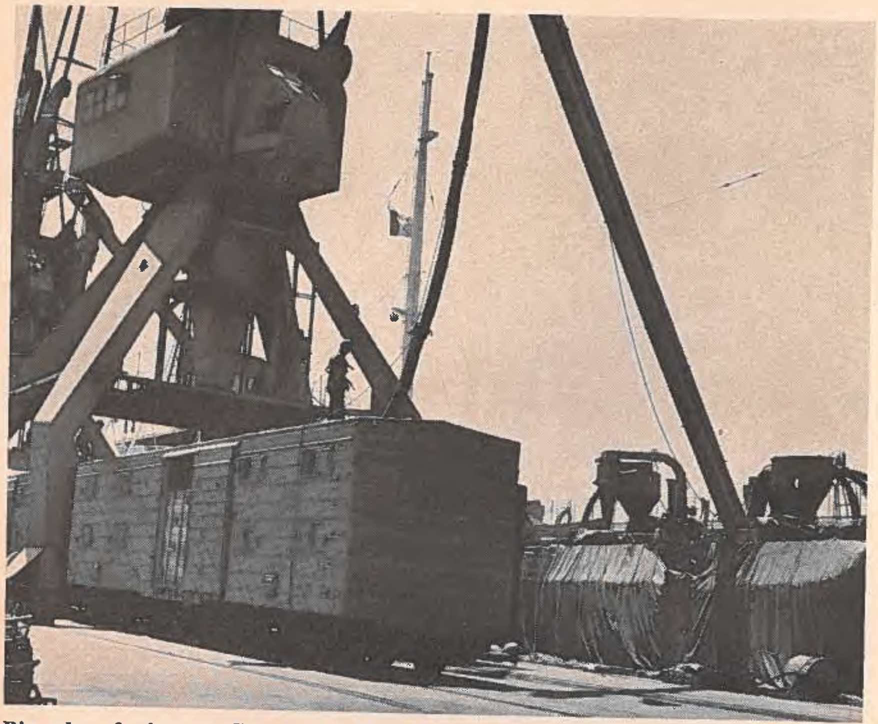
See for Yourself

The Trade Commissioner can and will be the exporter's eyes and ears in a foreign country but he cannot sell his product for him. He can tell him many things about a market but to understand it fully, the exporter must become the "man on the spot". Three or four days spent in Jamaica, for example, give a businessman the feel, the atmosphere, of the Jamaican market that



A diesel locomotive, made by General Motors, sits on the dock at Rio de Janeiro, waiting to be put into service on a Brazilian railroad. Capital equipment has become an important part of Canada's shipments to foreign countries in the last few years.

90208—2½



Big sales of wheat to Communist China helped to boost Canada's export figures last year. Here the French vessel *Fontenoy* discharges 14,480 tons of Canadian wheat in the port of Tientsin. The wheat was unloaded by modern suction equipment.

he can acquire in no other way. He can talk with prospective agents, visit potential customers, study at firsthand methods of selling.

One export manager says: "You yourself know your business best and what you have to offer. A personal visit is the best way to estimate whether a certain market is a good one for you." (He adds that his firm has never failed to get back in sales the money spent on foreign travel.)

How long the whole process of preliminary market research will take depends upon a number of things. One is the product that you want to sell. It is much easier to assess the demand for nylon stockings than for complicated electronic equipment. A Canadian company in the electronics field recently spent two years studying and evaluating various markets. But once it chose the countries in which to launch an export campaign, contracts came its way quickly. Large firms who require and can pay for a really professional and detailed market research job can employ organizations like the Economist Intelligence Unit or (for Western Europe) Contimart A.G.

Pretesting through Fairs

One excellent way that a firm can pretest a market, particularly in the United States or in Europe, is by exhibiting in one or more trade fairs, either on its own or in a section sponsored by the Department of Trade and Commerce. At a trade fair the exhibitor can study the reaction to his product, stack it up against the products of competing firms, come into contact with prospective customers or with prospective agents, and in general get a "cram course" in that market.

A Montreal manufacturer of top-flight athletic footwear has made most of his contacts and does nearly all of his selling in his main market, the United States, by taking part each winter in the huge National Sporting Goods Show in Chicago. There he meets buyers from the big U.S. department stores and he needs no other outlet. Specialized trade fairs can be equally useful in selling a highly technical product because they provide the exhibitor with a pre-selected group of potential customers who talk his language, technically speaking.

Trade missions, sponsored usually by the Department of Trade and Commerce or by one of the provincial departments of trade, can also be an effective way of finding out about a market quickly and simply.

Small firms, faced with the problem of choosing markets and then learning what one export manager calls the "commercial footwork", may feel that export trade is just too complicated. This is a fallacy; many small-sized Canadian companies are doing plenty of export business. They prove the truth of the observation made by a Vancouver businessman, "The little guys can run under the feet of the big guys." Sometimes smallness is a positive advantage: the small business can make decisions and changes more quickly and this flexibility is an asset in exporting. The succeeding articles in this series will be providing advice on how companies both large and small can gain the expertise that export trade demands.

One Company's Experience

One case history may serve to emphasize and illustrate the points made in this article. It concerns the U.S. market, where tariff questions and valuation are especially important, but it details a method of approach valid in nearly all markets. A Canadian confectionery manufacturer sets out his experience this way:

"We began our serious investigations into the U.S. market in the late spring of 1962, about eight months before our first shipment and about six months before our first export production run.

"The problem was broken down and plans were laid more or less, but not necessarily, in the following order:

1. Decide on what domestic lines to export.

2. Determine United States selling price. Generally speaking, both the prices and weights of export bars were determined by competition in the United States.

3. Estimate gross and net profit on each line, taking into consideration such items as rate of duty, value for duty, elimination of federal sales tax, estimated freight charges to various areas in the United States, plus many other factors.

4. Check possibility of United States registration of Canadian product names if not already done.

5. Check Food and Drug Regulations regarding formulas, product names, etc. This entailed numerous visits to Washington and sending samples of products to Food and Drug Administration, Washington, for analysis and approval.

6. Where necessary, change designs of labels, formulas and possibly product names to meet United States Food and Drug and other regulations.

7. Investigate United States Customs Regulations for the purpose of obtaining a *written* ruling from the Treasury Department—Bureau of Customs, as to tariff classification and basis for valuation of our various products for duty purposes. This required visits to the office of the appraiser, Bureau of Customs, Buffalo, N.Y., and to Washington—as well as much written and telephone correspondence.

8. Study Canadian duty drawback regulations and establish internal procedure for claiming drawback if applicable. Drawback can mean the difference between profit or loss in some lines.

9. Determine policy re geographical distribution—that is, whether on national or regional basis. This required a thorough study of freight rates, type of carriers available, climatic conditions as our product is perishable, as well as some study of state and federal regulations.

10. Determine method of distribution—in our case at the moment, franchised wholesalers. Seek out and appoint distributors."

And the result? To quote, "Our first year's business exceeded expectations and we see no reason . . . why our longer term expectations should not also be fulfilled."

In succeeding articles, *"Foreign Trade"* will discuss many of the problems and procedures mentioned above. ●

For Reference

Bank of Montreal and Department of Trade and Commerce. *Export Markets in Brief, a Guide for Canadian Exporters.* Ottawa, 1963. 99 p.

Price: Free.

Order from: Branches of the Bank of Montreal.

Deschampsneufs, H. *Selling Overseas: the Principles of Export Marketing.* London, Business Publications, 1960. 293 p.

Price: $10.00.

Order from: Ambassador Books Ltd., 370 Alliance Ave., Toronto 9, Ontario.

OECD *Exploration of New Markets by Small and Medium Sized Firms.* Report of the Conference held in Vienna, 2-4 Oct., 1961. Paris, 1962. 86 p.

Price: $1.00.

Order from: Queen's Printer, Ottawa.

OECD *Market Research by Trade Associations;* a Practical Guide for Trade Associations on How to Organise and Undertake Market Research. Paris, 1964. 92 p.

Price: $1.10.

Order from: Queen's Printer, Ottawa.

OECD *Sources of Statistics for Market Research: Europe and North America.* Paris, 1961-1964. 6 volumes.

Volumes cover: 1. Radio Sets ($6.50); 2. Footwear ($11.00); 3. General Statistics ($2.75); 4. Household Appliances ($6.50); 5. Machine Tools ($3.30); 6. Pharmaceuticals ($6.50).

Order from: Queen's Printer, Ottawa.

United States. Small Business Administration. *Export Marketing for Smaller Firms.* Washington, U.S. Govt. Print. Off., 1963. 89 p.

Price: 50 cents.

Order from: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402.

Statistical Publications

Canada. Dominion Bureau of Statistics. *Trade of Canada: Exports by Commodities.* Monthly. (December issue contains statistics for year.)

Price: $7.50 a year, 75 cents a copy.

Order from: Queen's Printer, Ottawa.

Great Britain. Board of Trade. *Accounts Relating to the Trade and Navigation of the United Kingdom.* London, H.M.S.O. Monthly. (December issue contains statistics for year.)

Price: $72.00 a year, $6.00 a copy.

Order from: British Information Offices in Quebec City, Montreal, Ottawa, Toronto, Winnipeg, Edmonton, Vancouver.

Great Britain. Commissioners of Customs and Excise. *Annual Statement of Trade of the United Kingdom.* London, H.M.S.O. Annual in 4 volumes.

Volume 3 (latest covers year 1962) details exports of United Kingdom produce and manufactures.

Price: $26.00 for volume 3.

Order from: British Information Offices in Quebec City, Montreal, Ottawa, Toronto, Winnipeg, Edmonton, Vancouver.

United Nations. Statistical Office. *Commodity Trade Statistics.* (Statistical Papers Series D). New York.

Price: $10.00 a year.

Order from: Queen's Printer, Ottawa.

United Nations. Statistical Office. *Yearbook of International Trade Statistics.* New York. Annual. (Latest edition is 1962, published 1964.)

Price: $10.00 paperbound, 12.50 clothbound.

Order from: Queen's Printer, Ottawa.

United States. Bureau of the Census. *United States Exports of Domestic and Foreign Merchandise by Country of Destination.* (FT 410). Washington, D.C. Govt. Print. Off. Annual and Monthly.

Price: $2.25 for the annual; $10.00 a year for monthly subscription.

Order from: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Fruit and Vegetables: the Common Market Organization

An EEC market system covering fruit and vegetables came into force in August 1962. Prime instrument in it is quality control, with established standards. Imports from third countries such as Canada must conform to these standards or their equivalents.

JOHN MACNAUGHT,
Commercial Secretary, Brussels.

A common market organization covering fruit and vegetables is being established gradually under the provisions of a Regulation adopted by the Council of Ministers of the European Economic Community in 1962. Essentially, the objective is the creation of a single market in which trade will take place under conditions similar to those of a national market.

Customs duties and import restrictions are being eliminated progressively on intra-community trade. Duties are maintained on imports from third countries and are to be brought into line with the common external tariff in accordance with the Rome Treaty. Apart from this, however, imports from third countries are still governed by the regimes applied in each member state.

Fruit and vegetables account for a significant proportion of total agricultural production in the Community ranging from 7 to 25 per cent in the six member states and provide the main source of income in many regions.

Total production has increased steadily during the past ten years. Fruit production reached 13.6 million metric tons in 1962, 14.5 million tons in 1963 and probably equalled the 1963 figure last year. Provisional estimates for 1964 indicate a harvest of apples and pears of 5.1 and 2.5 million metric tons respectively (1963=5.7 and 1.9 million tons). Total production of vegetables has averaged about 19 to 22 million tons per year.

Total Community imports of fresh fruit and vegetables from member states in 1963 were valued at $390 million. Imports from third countries in the same year totalled $467 million. Exports to member states were valued at $378 million, to third countries at $186 million.

Citrus fruit accounted for 60 per cent of the value of imports from third countries, apples for 8.4 per cent, pears just under 2 per cent. Vegetables contributed roughly 23 per cent of total imports for 1963.

The proportion of Community imports of fruit and vegetables originating in member states has remained relatively stable and third countries have been sharing about equally with domestic producers in the gradual growth of import trade. Experience, of course, varies with the product but in a review in 1963 of the operation of the Community market organization the EEC Commission concluded that it had not impeded the growth of imports.

The Market Organization

In view of the special features of this sector of trade—such as seasonal variations in supply, interchangeability and perishability of products—the market system differs appreciably from those developed for cereals, pigmeat, eggs and poultry, beef, dairy products and rice, which have also been adopted by the council. The special features largely explain the absence of the price and marketing policies generally applied under the arrangements in the other sectors. The Community did not consider it feasible to introduce a system of a single measure such as the import levy mechanism applied to other products, notably cereals. When Regulation No. 23 covering fruit and vegetables was adopted, it was felt that in the single-market stage the customs duties set out in the common external tariff, plus certain safeguard measures, would provide normal protection.

Regulation No. 23 applies to practically all fresh fruit and vegetables, with the exception of potatoes. Specifically, products falling under Item 07.01 (excluding subitem 07.01A) and Items 08.02 to 08.09, inclusive, of the common customs tariff are covered. The list includes apples, pears, peaches and plums, onions, carrots and beans.

Quality Control System

The prime instrument adopted for the common organization of the market is a system of quality control. For each product, and in some instance groups of products, common quality standards have been established and these are set out in detail in Annexes to the regulation. To illustrate, for apples and pears the standards apply to the fresh fruit for supply to the consumer, excluding fruit for processing. Quality specifications establish minimum requirements and classifications: Extra, Class I and Class II. There are detailed requirements pertaining to minimum sizes and variations of size, limits of tolerance for substandard fruit in any package, and standards for presentation, packaging and marking of shipments. Because of their precise nature, it is not possible to summarize quality standards for the various categories, but the full schedules may be obtained from the Department in Ottawa.

The standards have applied to trade between member states since the Regulation came into force on August 1, 1962. Responsibility for observing them and for grading rests with the producing and exporting country, although the importing member state may make appropriate checks at the frontier.

Imports from third countries must conform to the common standards or at least to their equivalents. However, these equivalents have not yet been established and pending this decision, a regulation has been adopted which admits produce from certain third countries, such as Canada, if it is at least equivalent in quality to Community Class I. Until the EEC Commission has decided the equivalents between the Community standards and those of the third countries concerned, the following measures will apply:

- Produce must conform to the common quality standards if marked with one of the quality categories adopted by the Community—that is, Extra, I or II.

- Produce not marked with one of the Community indices of quality, or bearing no quality indication at all, will be admitted if it is at least equal in quality to Community Class I.

- Produce not up to Community Class I in quality will be admitted if it is at least equivalent to Community Category II, in which case each container must be clearly marked "II".

In quality control, where a shipment is accompanied by a certificate issued by an official authority in the exporting country describing the characteristics of the product and its quality category, the import control service can presume that at the time of shipment the condition and grade of the product were as described in the certificate, taking into account some possible deterioration in transit. Shipments found not to be up to the standards of the quality required can still be admitted if (a) the non-conforming portion of the shipment is removed; (b) it is reclassified to a lower category import of which is permitted, or (c) if it is destined for other than consumption in the fresh state and such imports are permitted.

Import System—Member States

It is provided that customs tariffs in force between member states be gradually reduced in accordance with the general rules of the Rome Treaty on tariff reductions. All quantitative restrictions and similar devices in respect of intra-community trade have not been completely abolished but a liberalization scheme is determined, subject to the possibility of member states invoking a safeguard clause. Quantitative restrictions and like measures have now been removed within the Community on all products classified as Quality Extra and Quality I.

Import System—Third Countries

Import duties are maintained in member states and are being brought into line with the common external tariff in accordance with provisions of the Treaty. No specific liberalization scheme is provided and imports from third countries are still governed by the import regimes applied in each member state. Certain restrictive measures continue to be applied on a national basis. (See country reports that follow for details.)

As in intra-Community trade, safeguard measures may be applied. If imports take place below a specified reference price, thus causing or threatening serious disruption of markets, member states may, with the approval of the Commission, suspend imports or alternatively impose a countervailing charge. The amount of the charge, uniform for all member states, is to be equal to the difference between the reference price and entry price of the product, not including customs duty.

Reference prices are calculated on the arithmetical average of the lowest national average production prices; the latter correspond to the prices recorded during the three preceding years on the representative markets in the important production areas with the lowest prices. The entry price used in fixing the amount of countervailing duty or for the suspension of imports is based on prices recorded on wholesale markets representative of imports from third countries. The reference prices are set once a year in each product for each variety or group of varieties. To take account of seasonal price differences, reference prices are different for various periods. Reference prices in U.S. dollars for 100 kilograms for selected varieties of apples and pears for January 1965 are: apples—Golden Delicious, Cox's Orange=$17.30; Jonathan, Gravenstein=$11.30; pears—Clapp's Favourite, Williams (Bartlett) and Conference=$16.30.

Supplementary Measures

Clearly, a real common market organization in fruit and vegetables has not yet been attained. Additional measures are required and the EEC Commission recently submitted to the Council of Ministers supplementary proposals for completing the market organization. In addition to detailed proposals for reorganizing the internal structure leading to a common market, the Commission foresees the unification of import systems applying to third countries by January 1, 1966. Essentially, the proposal calls for the complete elimination of all quantitative restrictions and similar measures applicable to imports from third countries. Tariffs would continue to be applied.

At the same time, safeguard measures would be authorized. Provision would be made for continuing the system of reference prices under which imports could be suspended or be made subject to a countervailing charge. For exports from the Community to non-member countries, subsidies would be authorized under certain circumstances.

The proposals must, of course, be considered by the Council of Ministers but substantive discussion has not yet been held. Although it is generally acknowledged that supplementary measures are required in this sector, there are already indications that difficulties lie ahead. National and industry views differ appreciably on some aspects of the proposal and refinements are expected in the coming months. •

Markets in the EEC fo

THE European Common Market holds a great deal of interest for Canadians, not least because of its agricultural policy and the effect upon exports from third countries such as Canada. Substantial success has been achieved in working towards a common external customs tariff, the eventual elimination of quantitative restrictions and similar measures and, of particular interest to Canadian exporters of fruit and vegetables, a set of quality standards which apply to nearly all horticultural products sold in the six countries.

In place of several Western European nations with different customs tariffs and non-tariff restrictions, the Canadian exporter now is coming to regard the Common Market as a single outlet, one which is densely populated and prosperous. It is a challenging market for shippers of farm products because the member countries are themselves large producers of the things Canada wishes to sell. The Canadian apple exporter, for example, knows that the European grower markets apples at approximately the same time as he does, and that the trend towards larger orchards apparent in North America is evident in Europe as well. Experience has shown, however, that there are shortfalls in production in Europe from time to time and that these provide an opportunity for occasional suppliers such as Canada to make sales. A continuing market based upon high quality Canadian products of course is desirable and the hope is that regular business will develop.

A detailed assessment of the Common Market production of selected fruit and vegetables and of the sales opportunities which the area represents for Canadian exporters is given in the following reports from Trade Commissioners in five of the six EEC countries.

In the central market at Hamburg, West Germany, porters wheel loads of imported fruit and vegetables to market stalls. The demand from German consumers for premium quality plant products has been expanding rapidly.

Fresh Fruit and Vegetables

West Germany

Opportunities limited to premium quality products well packaged and energetically promoted. Import of table potatoes prohibited at present but apples, pears, onions and carrots could be sold here.

W. F. HILLHOUSE, *Agricultural Counsellor, Bad Godesberg.*

WEST GERMANY is one of the world's leading importers of fresh fruit and vegetables. In 1963 these imports reached 3.4 million metric tons valued at DM2,250 million. Fruit accounted for the major share, with 2.3 million tons valued at DM1,552 million. That the market for these products is a dynamic one is illustrated by its growth since 1958—almost 30 per cent by volume and 40 per cent by value.

As one might expect under such circumstances, competition is constant and keen. Anyone wishing to obtain and hold a share of this market must be prepared to wage an intelligent, energetic and continuing promotion campaign.

Citrus fruits and other tropical and subtropical products play an important rôle in this trade. So does trade with neighbouring countries. Nevertheless Germany is also an important market for other temperate-zone suppliers and should be of real interest to Canadian producers. The products which seem to offer the best potential for Canadian suppliers include apples, pears, onions, carrots and possibly table potatoes. These are therefore discussed individually in some detail.

Apples—Top Quality Only

Germany is itself a major apple producer, with almost 50 million bearing trees from which comes a crop that in the past six years has averaged almost 1.7 million metric tons (approximately 83 million bushels). However, almost half of this is used by the producers and between one-fifth and one-quarter is sold for processing. During the past six years an average of only 492,700 tons (29 per cent) has been sold fresh for eating. During the same period, Germany has imported an average of more than 400,000 tons of eating apples each calendar year. Apple imports are thus an important factor in the market.

During the past six years, almost 80 per cent of Germany's apple imports have come from its Common Market partners, especially Italy. Imports from the Southern Hemisphere during the same time accounted for 12 per cent of the total but they fluctuated widely from year to year. Canadian participation in this market has been modest and has also fluctuated, partly because of natural competitive forces and partly because of the vagaries of Germany's import licensing system. But the relatively limited domestic production of top quality apples means that restrictions are least likely to be applied to these grades.

Because Canada must compete with other Northern Hemisphere suppliers, and because freight costs are so high, our participation is limited to top qualities—Extra Fancy and Fancy grades. The time to sell seems to be when European stocks are dwindling and before the new Southern Hemisphere crops become available. This is usually the month of February but can be earlier, depending on the European crop. Sales are also possible, of course, before and after this optimum period.

Imported apples are usually sold in Germany by brokers who act on behalf of overseas shippers. The brokers sell to importers, taking a commission of 10 cents per box to cover cabling and other expenses. Possibly 85 per cent of such apples are in turn sold to wholesalers at auctions. For this purpose, two groups of importers have been formed—the Fruchthof Auktionatoren and the Union Hamburger Frucht Auktionatoren—and each group has eight to ten members. German wholesalers prefer to buy at the auctions because they can inspect the goods and also avoid the risk of price fluctuations.

Some apples are also sold to importers on consignment, particularly when crops have been heavy. As might be expected, these sales have not always proved profitable for exporters.

Although most apples still arrive in Germany individually wrapped in tissue paper and packed in wooden or cardboard boxes, according to size and grade, the trend towards Tray-Pack and Cell-Pack is well established. Common Market grade regulations are quite severe and since Canada's market opportunities lie only in the top qualities, exporters should take great care to ensure that the fruit arrives in the best possible condition. Because Canadian apples normally enter the market at the same time as those from the U.S., they must of course be competitive with the American product in every respect.

Pears—Why Not?

Germany is also a substantial producer of pears. From approximately 15 million bearing trees, an average of 471,000 metric tons has been picked during the past six years. However, 54 per cent of the crop has been used by the producers

90208—3

and one-fifth sold for processing. Hence the quantities sold as table pears have averaged only 122,500 tons—or 26 per cent of the crop. Imports during the same period have averaged 133,600 tons and in 1963 reached almost 160,000 tons.

Common Market members are predominant as suppliers, accounting for 82 per cent of the imports during the past six years. Other European countries and Southern Hemisphere producers have been the other major suppliers but the United States has shipped regularly to this market, accounting for close to 1 per cent of total imports. Although Canada has not sold here, at least in recent years, there seems to be no readily apparent reason why we should not do so, at least on a modest scale.

Packaging, marketing and other commercial considerations mentioned for apples apply also in most instances to pears.

Onions—Prices Too High

Although Germany produces some onions, a high percentage of its total requirements is imported. Domestic production averaged less than 20,000 tons per year during the period 1958/63, and imports averaged more than 154,000 tons and are on the increase. In 1963, some 190,000 tons were imported, of which almost half came from Common Market countries. Egypt has been an important supplier, particularly in the spring months. In 1963 it provided 37,000 tons, compared with 49,300 tons in the previous year and a six-year average of over 40,000 tons. Hungary, Poland and Czechoslovakia have also been important suppliers. In recent years Spain's onion exports to Germany have made impressive gains, rising from 540 tons in 1958 to 18,200 tons in 1963 and 19,100 tons in the first nine months of 1964. This progress has undoubtedly been aided by the strong promotion campaign that Spain has waged in this market. Both the United States and Canada made some progress in selling onions in Germany in 1962 and 1963, but they had little success during the first nine months of 1964. Although the quality of Canadian shipments has been satisfactory, offer-prices have recently been as much as 50 per cent out of line with the market.

Onions, normally packed in 20-kilogram sacks, are generally imported direct by importers who have usually sent their own inspectors to the country of shipment. Brokers are seldom used in the fresh onion trade. If business connections are of long standing, importers may dispense with inspection. Most onions are sold at auction to the wholesalers who, because of the risk involved, prefer to buy only after personal inspection. However, some onion growers in the Netherlands have recently started to sell directly to German wholesalers. Their proximity to the market naturally gives them an exceptional advantage for this type of business.

Carrots—Packaging Important

Germany is a substantial producer of carrots; total output averaged 121,000 tons per year during the period 1958/63 and reached 188,000 tons in 1963. Nevertheless, except for the early spring, the country is not self-sufficient and imports during 1958/63 have averaged almost 45,000 tons per year. The Common Market countries are predominant sources, supplying over 84 per cent of imports during the six-year period and over 88 per cent in 1963. However, carrots are also imported from other sources, including the United States and Mediterranean and European countries outside the Common Market.

Carrots are imported in a variety of ways and in quantities ranging from bulk shipments to one-kilogram cellophane packages. Opportunities for Canada appear to be restricted to absolute top quality small carrots tastefully and, if possible, uniquely packaged.

Potatoes—Future Market

Even though licences for the import of potatoes from North America are not being granted at this time, Germany should not be disregarded as a potential future market. Although the area planted to potatoes has been declining steadily, it is still one of the world's largest potato producers. The crop in 1964 dropped to 20.8 million metric tons from 25.8 million the previous year and from the 1958/63 average of 23.8 million. However, almost half the potato crop in Germany is used as livestock feed and large quantities are consumed by farm families, used as seed, or lost through shrinkage and waste. The quantity sold for food constitutes only about one-quarter of the crop.

Nevertheless Germany is also a substantial potato importer. During the past six years, imports of table potatoes have averaged 337,000 tons and exports have averaged only 23,000 tons. Imports have come largely from neighbouring countries of the Common Market, especially the Netherlands and Italy. Poland has been periodically an important supplier of industrial potatoes and Denmark, Spain and some of the North African countries have been regular sources. Germans are accustomed only to yellow-fleshed potatoes—a fact which should be kept in mind whenever this market is opened to Canadian exporters. At the wholesale level, potatoes are customarily handled in 100-kilogram sacks before being repacked in small retail containers. However, imports from overseas come in wooden crates of various sizes.

Germany's trade in seed potatoes remains almost in balance. She imports about 30,000 tons, almost entirely from the Netherlands, and exports a similar quantity—approximately half to the EEC and the remainder to Europe, Africa and South America.

Premium Products Only

Germany is a large and dynamic market for a wide range of fresh fruits and vegetables, a number of which are available for export from Canada. The countries of the Common Market have decided tariff as well as geographical advantages over other suppliers which they exploit fully in supplying a high percentage of German imports. Nevertheless non-EEC and non-European producers appear to have some opportunities in this market. That these opportunities are recognized by other producing countries is proved by the number of countries trying to sell here, the vigour with which they attack the job, and the extent and persistence of the promotion campaigns aimed at the German buyer.

Given Canada's distance from the market and its high general cost structure, Canadian sales efforts should obviously be concentrated on top-quality products. These should be presented uniquely, if possible, and always attractively. Only by reaching the premium market can Canadian suppliers hope to overcome the many natural competitive disadvantages which face them. Fortunately Germany's per capita income is continuing to rise at such a rate that the demand for premium products is expanding rapidly. ●

Belgium and Luxembourg

Limited opportunities for sales here during January-June, when domestic crop has been disposed of. The United States is currently marketing some table potatoes, apples and pears.

H. F. PETTERSON, *Commercial Assistant, Brussels.*

BELGIUM has a dense population, with more than 9¼ million people living in an area of approximately 11,800 square miles. Foreigners who take a look at the markets of Belgium and Luxembourg do not always realize that agriculture plays an important part in their economy and are more likely to be impressed by the widely diversified industry. Yet over 7 per cent of the working population is employed in agriculture and the net agricultural income represents 8 per cent of the total national income. Some 5,900 square miles of this densely populated country are given over to agriculture and horticulture and there are approximately 162,500 farms with an average of only 23 acres each. This limits the market for our fresh fruit and vegetables there.

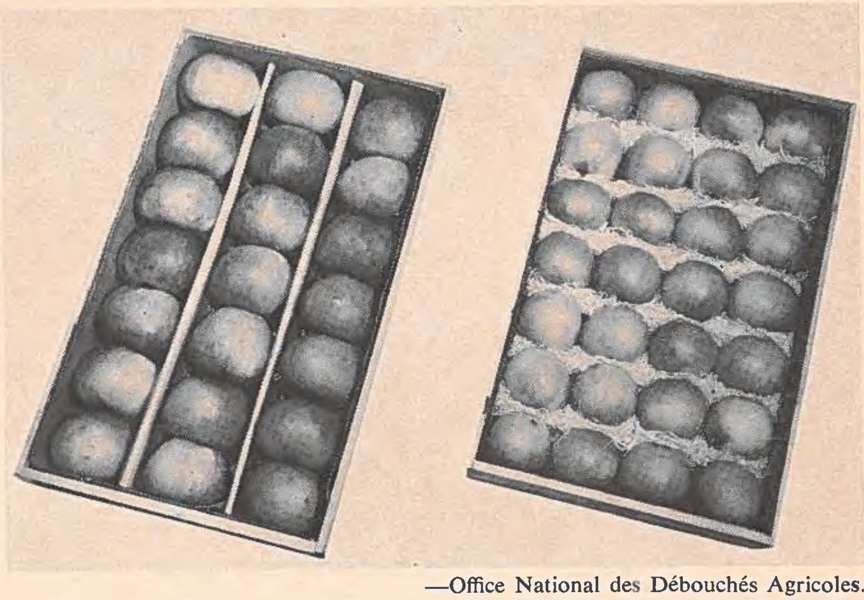
Exports and Imports

In spite of many handicaps, Belgium is a net exporter of vegetables, particularly potatoes, haricot beans, chicory, tomatoes, cauliflower, cabbage-lettuce, leeks and scorzonera. In addition, other vegetables, such as asparagus, are grown in the open air and a large crop of tomatoes is grown under glass. Vegetable production, excluding potatoes, during 1963 totalled an estimated 999,956 metric tons.

For fruit, the picture is rather different because there are considerable imports of tropical and subtropical fruit—bananas, oranges, mandarins, lemons, grapefruit, apricots, and so on. On the other hand, Belgium produced during 1963 some 244,500 metric tons of apples, pears, cherries, prunes, peaches, strawberries, raspberries and grapes —the latter under glass—and was a net exporter of cherries, strawberries and raspberries.

Trade between the Belgo-Luxembourg Economic Union (BLEU) and its Common Market partners accounts for a large percentage of the current exchanges, as Table I shows (see page 14).

It is evident that tariff advantages and, more particularly, rapid intercommunication play a considerable part in this trade. This is most marked for the Netherlands, which has a customs union with BLEU.



—Office National des Débouchés Agricoles.

Belgian wholesalers take apples that are imported in 44- to 55-pound wooden boxes and put them into tray packs like these, with good protection against bruising.

90208—3½

Table I

Market for Selected Fruit and Vegetables, BLEU

	Table Potatoes											
	Early		Other		Carrots		Onions		Apples		Pears	
Domestic Production 1963 (metric tons)	250,000*		1,850,000*		49,950		19,680		120,000		50,000	
Apparent Annual Consumption (metric tons)	250,000*		1,850,000*		57,416		32,134		140,096		54,300	
Imports (metric tons) 1963		7,129		69,517		10,524		14,750		34,580		12,979
	Italy	5,300	France	41,853	Netherlands	9,779	Netherlands	10,381	South Africa	8,963	Netherlands	5,373
	Gibraltar & Malta	509	Netherlands	26,474			Egypt	3,788	Argentina	6,780	France	3,321
	Portugal	426	United States	1,050					Netherlands	5,779	South Africa	1,509
	Morocco	165							Italy	4,650	Argentina	961
	Netherlands	69							Australia	2,042	Italy	758
									New Zealand	1,817	Australia	451
									United States	485	United States	302
Jan.-June 1964		9,578		64,234		6,407		6,587		35,728		5,545
	Italy	3,837	France	40,150	Netherlands	6,239	Netherlands	3,553	South Africa	13,006	South Africa	2,388
	Netherlands	3,175	Netherlands	24,047			Egypt	2,937	Italy	10,767	Netherlands	1,491
	Gibraltar & Malta	716							Netherlands	4,218	Argentina	681
	Morocco	364							Argentina	1,820	Australia	626
									France	1,452	United States	107
Import Prices c.i.f. (U.S. $ per metric ton) Average and by country 1963	Average	$108.30	Average	$ 29.35	Average	$106.65	Average	$ 78.25	Average	$161.40	Average	$169.55
	Italy	104.55	France	28.40	Netherlands	102.80	Netherlands	76.35	South Africa	171.80	Netherlands	154.35
	Gibraltar & Malta	115.35	Netherlands	29.20			Egypt	82.15	Argentina	169.90	France	154.90
	Portugal	128.80	United States	66.85					Netherlands	154.60	South Africa	200.40
	Morocco	138.95							Italy	123.00	Argentina	188.55
	Netherlands	120.50							Australia	208.00	Italy	189.55
									New Zealand	203.20	Australia	222.60
									United States	138.25	United States	184.55
Jan.-June 1964	Average	100.00	Average	25.45	Average	117.15	Average	75.65	Average	142.15	Average	206.80
	Italy	100.95	France	24.50	Netherlands	116.40	Netherlands	52.75	South Africa	148.60	South Africa	214.45
	Netherlands	100.80	Netherlands	26.75			Egypt	101.90	Italy	134.80	Netherlands	165.50
	Gibraltar & Malta	100.80							Netherlands	135.35	Argentina	228.55
	Morocco	109.60							Argentina	158.95	Australia	246.60
									France	126.20	United States	214.40
Packaging Preferred												
At Import	Bags of 50 kgs. (110 lb.)				Bags of 50 kgs. (110 lb.) normally		Normally in bags of 50 kgs. (110 lb.)		In wooden cases or cartons 20 kgs. to 25 kgs. (44 lb. to 55 lb.)		As for apples	
At Retail Distribution	Paper Sacks of 3 kgs. (6½ lb.) and 5 kgs. (11 lb.). These are prepared for the trade by potato dealers.				Bunches or cellophane sacks of approximately ½ kg. and 1 kg. i.e. 1 1/10 lb. or 2 1/5 lb.		Placed in string sacks of varying weights usually 1 kg or 2 kg. (2.2 lb. or 4.4 lb.)		Many large retail outlets prepare 4, 5 or 6 units in a cardboard box which is sold by weight		As for apples	

By Whom Handled at Import	Specialized produce firms or brokers who market direct or sell through wholesale dealers	As for table potatoes, these shipments are handled by produce brokers who act as importers/dealers and sell to the trade through the various vegetable markets throughout the area.	As for table potatoes and carrots	Fruit is handled by specialized brokers/dealers who sell to the wholesale trade or direct, often to large distribution outlets.	As for apples
Remarks	Although domestic production is normally sufficient to meet the demand, there are trade exchanges. Belgium normally imports during the first four or five months of the year and exports normally in the latter part of the year. France and the Netherlands and, to a lesser extent, Italy continue to be the main suppliers. The United States shipped 1,050 metric tons during 1963.	Domestic production (1963) accounted for 87 per cent of the apparent consumption.	Domestic production (1963) accounted for 61 per cent of the apparent consumption. At the moment, imports are temporarily restricted due to domestic production meeting requirements of the market (December 1964)	Domestic production (1963) represented approximately 85 per cent of the apparent consumption. Domestic production is now becoming rationalized with the following as the main varieties: Cox's Orange (35 per cent) Golden Delicious (20 per cent) Jonathan (20 per cent) James Grieve (13 per cent) Golden Delicious is, however, becoming more and more popular and these proportions will change during the next few years.	Domestic production (1963) accounted for approximately 92 per cent of apparent consumption. The variety known as "Conference", because of easy cultivation and storage, is tending to become the most popular domestic species (40 per cent) followed by "Doyenné du Comice", representing about 25 per cent of the domestic crop. Other national varieties include "Durandeau" which is, however, limited to one area of Belgium.

* Estimated

The various regulations covering the import of certain fruit and vegetables are outlined below.

Trade Regulations

Potatoes—Yellow-flesh potatoes are preferred and varieties must be approved by government testing stations and registered as such for domestic consumption. Only five white-flesh varieties seem to be authorized at the moment. They are:

Arran Banner*	Scotland
Avenir	Netherlands
Katahdin*	United States
King Edward VII	Britain
Susanna	Germany

(Note: *These two varieties are admitted and controlled for re-export only.)

At the moment, the only Canadian variety to appear on the official list is Katahdin. At least one Canadian exporter has submitted samples of another variety and these are currently undergoing the prescribed tests.

Apples and Pears—In principle, imports of apples from non-member countries of the EEC are suspended from July 16 to March 15 and of pears from July 16 to February 15 each crop year. During these suspension periods, EEC partners are authorized to ship into Belgium on the basis of an agreed minimum price. If offers fall below the minimum, imports may be suspended. However, the Netherlands may export throughout the year, provided the prices are not less than the minimum price. Then the Netherlands levies an export duty equal to the difference between the minimum price fixed by BLEU and the price of the Netherlands product, Franco frontier. The Belgian import regime for these products is not rigid and strict adherence to the dates is waived from time to time, depending on domestic production.

Table I gives full information on production, consumption and imports of table potatoes, carrots, onions, apples and pears, and also includes details on packaging, pricing, and methods of import.

TABLE II

BLEU'S TRADE IN FRESH FRUIT AND VEGETABLES WITH COMMON MARKET PARTNERS

(expressed in per cent of total imports and exports of these products)

	Imports		Exports	
	1963	Jan.-June 1964	1963	Jan.-June 1964
	(per cent)			
Table Potatoes				
Early	75	73	66	99
Others	98	100	35	57
Carrots	93	97	52	3
Onions	70	54	74	89
Apples	30	46	98	100
Pears	73	27	94	86

Canadian Opportunities

Canadian exporters should note from Table I that the United States has made some small sales of potatoes, apples and pears in the Belgian market despite the regulations and other difficulties outlined in this report. Canadian competitive offers of these and other products are always desirable and once contact is made with appropriate importers, the way is open to seize every opportunity to break into this market. Any possibilities appear to be for deliveries made in the months of January to June each year. This suggests that exporters should be in touch with potential buyers in the fall, ready to take advantage of any chances to sell during the period when the annual domestic production has been disposed of.

Interested Canadian exporters who desire fuller information on the regulations and market conditions should communicate with the Commercial Counsellor, Canadian Embassy, 35 rue de la Science, Brussels 4, Belgium. ●

Italy

Apples and pears from Canada cannot be imported; some prospect of selling carrots and onions but competition from the EEC countries, which are subject to a lower tariff, is extremely stiff.

J. J. R. GAGNON, *Assistant Commercial Secretary, Rome.*

ITALY is basically an agricultural country and continues to be a big producer and exporter of fresh fruits and vegetables. Among fruits it produces large crops of apples and pears and imports of these from a number of countries, including Canada, are prohibited. Apple and pear production has increased steadily, as the following figures show:

	1962	1963	1964
	(metric tons '000)		
Apples	2,182	2,336	3,360
Pears	875	962	1,070

Production of carrots and onions also continues to be large and, in some years, shows an increase.

	1962	1963	1964
	(metric tons '000)		
Onions	396	428	427
Carrots	144	152	150

Exports of apples, pears, carrots and onions from Italy go largely to EEC members and other Western European countries, where Italy generally enjoys preferential tariff treatment and has the advantage of relatively low transportation costs. Table I gives details of exports and their destination.

Some Imports Made

Table II gives statistics on imports of apples, pears, onions and carrots into Italy in the last three years. As pointed out above, imports of pears and apples from a number of countries, including those on the North American continent, Africa and Australia, are banned by a plant protection law passed in 1957. There are no quantitative restrictions on imports of onions and carrots but competition is stiff. Onions come in almost exclusively from Spain and Egypt but in the last two years these imports have been small. France and the Netherlands are the principal foreign sources of carrots. In 1963, when the carrot crop in Italy was normal, out of the 2,751 metric tons imported 1,304 came from France and 677 from Holland.

TABLE II

IMPORTS INTO ITALY

	1962	1963	Jan.-July 1964
	(metric tons)		
Apples	22	63	7
Pears	238	220	391
Onions	2,278	578	2,936*
Carrots	2,806	2,751	434

*Figure not final.

TABLE I

FRUIT AND VEGETABLE EXPORTS FROM ITALY

	1962	1963	Jan. 1-July 31 1964
	(metric tons)		
Apples			
Total	679,207	405,764	366,507
Of which:			
France	140,319	52,162	58,340
Belgium-Luxembourg	14,376	....	....
Netherlands	14,159	....	....
West Germany	402,968	241,338	160,842
Britain	32,462	22,539	19,093
Sweden	6,030	....	....
Switzerland	14,107	....	....
Austria	33,068	35,051	14,646
Pears			
Total	159,728	153,057	28,651
Of which:			
France	7,810	11,097	6,781
West Germany	102,972	90,351	12,529
Britain	19,904	17,856	....
Austria	10,749	15,633	4,624
Switzerland	....	8,100	1,405
Norway	....	....	224
Onions			
Total	59,166	61,193	29,638
Of which:			
France	16,033	23,183	12,892
West Germany	25,862	23,586	10,409
Switzerland	3,275	....	1,284
Austria	5,211	....	....
United States	3,689	....	1,605
Carrots			
Total	36,180	31,409	22,904
Of which:			
West Germany	19,695	14,077	13,463
Sweden	2,375	....	....
Switzerland	4,634	2,039	2,320
France	....	4,627	3,446
Britain	....	4,640	....

The price ranges for these two vegetables are as follows:

PRICE RANGES, 1964

	Early Nov.	Early Dec.
	(in lire per kilo)	
Rome Market		
Onions	85 to 95	70 to 90
Carrots	80 to 100	80 to 100
Milan Market		
Onions	72 to 84	75 to 84
Carrots	96 to 108	78 to 96

Customs Duties

Italian customs duties on imports of these products from non-EEC countries at present range from 7.90 to 11.40 per cent and vary with the time of year. Onions from EEC countries enter duty-free and carrots are exempt from duty from October 1 to March 31. The rate at other times is 5.40 per cent. Pears from EEC countries pay a duty of 5.40 per cent and apples 4.20 to 5.4 per cent, according to the time of year.

Marketing Techniques

A few large fruit and vegetable wholesalers handle most imports and arrange for distribution through their local representatives, who also look after the domestic product. Onions and carrots are currently imported in small packages ready to be sold, and Italians prefer them in this form. Cleanliness and freshness are musts in competing with local production.

The best time of the year to make offers is the winter season, from early November to the end of March. During the summer, local production is abundant and customs duties are higher, as indicated above. ●

The Netherlands

Current season sees few prospects for Canadian exports, but spot sales of apples and table potatoes sometimes possible. Onions could be sold regularly if our producers can compete with the Egyptians; pears might be shipped if they prove appealing to Dutch tastes.

J. B. McLAREN, *Assistant Commercial Secretary, The Hague.*

THE NETHERLANDS is both a world supplier and a substantial importer of farm products. Despite its small area (13,000 square miles) and its dense population (over 12 million), it has a highly developed agricultural industry which sells dairy products, poultry, eggs, meat and horticultural products to foreign markets in large quantities. Holland buys abroad what it cannot produce economically at home and supplements domestic supplies with imports of some items. The major agricultural products imported include bread and feed grains, citrus fruit, feedstuffs, tropical products and oilseeds. Dutch exports of fresh fruit and vegetables exceed imports by several hundred million guilders. Over 60 per cent of the commercial production of fresh vegetables and about 20 per cent of the fresh fruit is destined for export. Imports are comparatively small, with the exception of fresh citrus fruit. After subtracting citrus fruit from the statistics in Table I, we find that the Netherlands imported 63.8 million guilders (approximately Can. $19.15 million) worth of fresh fruit and vegetables in 1963.

This review is confined to apples, pears, potatoes, onions and carrots—products which may be of interest to Canadian exporters. Because of large domestic production, the Netherlands is a net exporter of all these except apples (see Table I).

Domestic Production, Exports

The great dependence on exports is evident from the proportion of domestic production that is shipped annually to foreign markets: apples 10 to 20 per cent, pears 20 to 40, table potatoes 30, onions 70 to 75, and carrots 35. Between 80 and 90 per cent of Dutch apple exports go to EEC countries, mainly Germany. Exports of apples have declined in recent years—from 69,500 metric tons in 1961 to 29,400 tons in 1963. Sales of pears to destinations abroad totalled 36,300 tons in 1963, well above the 21,700 tons of the year before, but below the 51,900 tons reached in 1961. Here, too, over 80 per cent is shipped to Common Market states. West Germany is the biggest market for Dutch pears, taking 23,700 tons in 1963, or almost double the 12,300 it purchased the year before.

The Netherlands is a leading exporter of table potatoes and a significant competitor for Canada in many markets for both table and seed potatoes. In 1963 the Netherlands sold 236,000 metric tons of table potatoes, mainly to Britain (70,000 tons), Sweden (28,500), West Germany (27,400), and Spain (22,500). Most Dutch onions are grown for export. Some 140,000 tons were shipped to European and overseas countries in 1963. The Common Market took the bulk of this total (68 per cent), and Britain was the chief buyer outside the EEC, taking 31,700 tons of Dutch onions in 1963. More than half of total Dutch carrot exports goes to EEC countries. In 1963 West Germany bought 10,600 tons, Belgium 9,900 and France 1,500. The biggest market in that year was Britain, which bought 16,600 tons. The total volume of Dutch carrots exported in 1963 amounted to 39,000 tons.

Prospects for Canadian Exporters

Apples—Apple imports exceeded exports for the first time in 1962, when a record 52,600 metric tons entered the Netherlands. The upswing in import demand resulted from the small crop in 1962. In that year Canada shipped 1,275 tons and the United States 790. The volume and quality of the Dutch apple crop were below average again in 1963 and imports were substantial, although not as high as in the preceding year. Neither Canada nor the United States sold any apples to the Dutch market in 1963.

Dutch importers buy apples direct or through agents and brokers. Local firms often handle imports for other countries and are actively engaged as transit traders for such markets as West Germany, Switzer-

TABLE I

DOMESTIC PRODUCTION

	1962 Crop	1963 Crop (metric tons)	1964 Crop
Apples	226,000	285,000	375,000*
Pears	92,000	105,000	130,000
Table potatoes (net), including seed potatoes	2,057,000	1,855,000	2,056,000
Onions	177,800	187,600	182,100
Carrots	107,000	111,000	........†

*Estimated.
†No figures available.

TABLE II

TRADE IN FRESH FRUIT AND VEGETABLES

	Imports		Exports	
	1962	1963	1962	1963
	(in million guilders)			
Fresh vegetables*	26.2	22.9	546	594
Fresh fruit	36.4	40.9	72	57
Fresh citrus fruit	133.5	145.1	2†	3†
	196.1	208.9	620	654

*Excluding potatoes.
†Re-exports.

land and Austria. In the past few years, tray packs of 20 to 22 kilos net have become popular. Another type of packing used to an increasing extent is the telescopic carton, strong and light in weight. The trade prefers individual wrappings. It is estimated that over 80 per cent of the apples from overseas suppliers are thus handled. Cell pack cases are used by Argentine exporters but the trend is towards lightweight cartons. "Face and fill" packs are not liked because they provide inadequate protection against bruising. Apples from overseas sources are brought in by ship, not by air freight.

TABLE III

DUTCH APPLE IMPORTS

	1962	1963
	(metric tons)	
Total	**52,600**	**47,900**
Belgium	14,200	8,200
France	10,800	500
West Germany	3,900	8,900
Italy	12,900	11,500
Argentina	6,400	16,400
Australia	1,000	1,100
Canada	1,300	....
United States	800	....

Although most of the apples imported into the Netherlands come from EEC countries, the trade here is always interested in varieties not grown in Europe. Argentina has become an important supplier, because it is able to sell fresh apples when only the stored product is available to consumers in the Northern Hemisphere. Granny Smiths are well known in this market and generally liked. Prices are usually higher than Canadian quotations. Relatively small quantities are brought in from Australia and New Zealand at prices comparable to ours. The Canadian McIntosh has not received the same consumer acceptance here as have Winesaps, Red Delicious and Newtons. Short-term prospects for Canadian shippers are not favourable in view of the large crop harvested in 1964. Apple production in Western Europe as a whole is above previous years and import demand will therefore be limited this season.

What is the outlook for the more distant future? Whether Canada will be able to sell to the Netherlands depends entirely on the supply situation. The decline in exports in recent years has affected Dutch imports of apples and it is difficult to say whether this trend will continue. At any rate, there will always be a demand for apples from overseas sources in the off-season. The best time to cultivate this market is in January-February but it is advisable to be in regular touch with the local trade in the fall of each year in order to be fully informed of market developments. Dutch importers are aware of Canada as a producer and exporter of apples.

Pears—Holland is a small importer of pears but imports have gone up in the last few years—from 1,400 tons in 1961 to 4,500 tons in 1963. Italy is the chief supplier but France and Argentina have been able to increase sales to the Netherlands of late.

TABLE IV

DUTCH IMPORTS OF PEARS

	1962	1963
	(metric tons)	
Total	**4,600**	**4,500**
Belgium	1,100	400
France	400	1,200
Italy	2,100	1,700
Argentina	700	1,000

There is no difference between local apple and pear importers in manner of operation. In most cases the trade handles both commodities. Pears from overseas sources are usually wrapped and then put in polyethylene bags, which are subsequently packed in wooden containers. The average net weight is 40 pounds.

Dutch traders consider pear importing a risky undertaking, partly because of fluctuating price levels and also because of the physical vulnerability of the product, particularly when shipped over great distances. In addition, the Dutch are not great pear lovers compared with consumers in such countries as Belgium, West Germany and France. The main varieties imported from European sources are the French Clapp's Favorite and Williams, the Italian Coscie and the Spanish Lemoneres and Dr. Guyot.

From outside Europe, the Argentine Anjou is imported in fair quantities but this variety is gradually being replaced by the Packham's Triumph. Small volumes of Anjou and Doyenne de Commice are brought in from the United States. Local importers have no experience with Canadian pears. It is not likely that import demand will ever become of great significance, but it would be interesting to determine whether there are Canadian varieties that may suit the taste of consumers in the Netherlands.

Table Potatoes—The Netherlands is a regular, but generally small, buyer of table potatoes from abroad. Home production is more than sufficient to cover requirements and the quality of Dutch potatoes is usually good. Potatoes are normally only imported in the spring, when therc is a demand for early potatoes brought in from the Mediterranean, mainly Egypt.

TABLE V

DUTCH IMPORTS OF POTATOES FOR CONSUMPTION

	1962	
	Early	Table
	(metric tons)	
Total	**33,100**	**10,000**
Belgium	1,800	3,300
Italy	2,300	900
Malta	1,200	....
Morocco	200	....
Egypt	22,000	1,100
United States	1,500	900

	1963	
	(metric tons)	
	Early	Table
Total	**6,000**	**9,200**
Belgium	1,300	7,400
Italy	500	100
Malta	2,100	....
Morocco	100	....
Egypt	1,200	400
United States	....	....

Exceptionally high imports in 1962 resulted from a general shortage in Europe in the first half of that year. Although the trade here was interested, Canada could not sell any potatoes in the Netherlands at the time because of the rigid Dutch plant-disease control. The United States sold a small quantity in 1962 but is not a regular supplier. The figures in Table V for 1963 reflect a more or less normal situation.

Dutch potato importers usually buy direct from exporters in the supplying countries. Here again, the local trade is an important link in supplying other European countries. If mature, potatoes are shipped in crates of 25 kilos net. Unless home production should fall substantially, the Netherlands will never become an important market for potatoes from abroad, though the demand for early potatoes will continue. White flesh potatoes are better received in the Netherlands than they were not so long ago (the Mediterranean early potatoes are white-fleshed) and this should no longer provide a stumbling block in trying to sell to the Dutch market. The main obstacle will continue to be the rigid plant-disease control on potatoes for import into Holland.

Onions—Netherlands imports of onions generally are small but may fluctuate widely, depending on domestic production and foreign demand. Imports have fallen in the last few years as a result of increased local production. The chief source of supply is Egypt; Morocco irregularly ranks second.

TABLE VI

DUTCH ONION IMPORTS

	1962	1963
	(metric tons)	
Total	**15,800**	**6,600**
Belgium	1,100	300
Egypt	11,600	4,600
United States	200	500
Morocco	1,100	....
Spain	200	100

As in potatoes, the Dutch import onions when stocks are low in the home market and they have direct contacts with exporters abroad. Egypt and the Netherlands are the world's leading onion exporters. The seasons in the two countries overlap: Dutch exports start in August-September, ending in April-May, at a time when Egypt begins to ship. Egyptian onions are packed in 25-kilo jute bales or paper bales (red nets). Unlike potatoes, the import of onions into the Netherlands is not hampered by rigid plant-disease regulations. Egypt more or less occupies a monopoly position in the spring and summer. As there is a demand for foreign onions at that time of the year, there are possibilities for Canadian exporters to sell here. The quality of Canadian onions is known to be good—in fact, better than that of the U.S. or Dutch onions. If Canadian producers are able to supply onions in the spring and summer and compete with Egypt, business should be possible. Dutch production in 1964 was slightly below that in 1963 and the anticipated increase in exports of Dutch onions may well result in a temporary shortage at the end of the 1964-1965 crop year.

Carrots—Dutch imports of carrots are negligible. Carrots are available in this country throughout the year, as they are grown both in the open air and in greenhouses. Imports totalled 283 metric tons in 1963, almost wholly supplied by Belgium. The figure for 1962, at 470 tons, was slightly higher and the main supplier then was Poland, which shipped 270 tons. Opportunities for Canadian shippers are limited.

Import Demand Not Strong

Although the Netherlands is an important producer of fresh fruits and vegetables, some items may find a market here. Spot sales of apples and potatoes may be effected from time to time. Canadian pears could be sold to the Netherlands, but the Dutch trade must first become acquainted with what Canada can offer in this field. A regular export of Canadian onions to this market may be possible. Generally speaking, however, the 1964-1965 crop year does not appear to offer opportunities to Canadian exporters of the products under review. In spite of this, it is necessary to maintain contacts with the Dutch trade as a valuable source of information and as potential buyers either for the Dutch market or for transit.

India's Tea Growers Have Troubles

TEA plays an important part in the Indian economy, contributing 16 per cent of total foreign exchange earnings—and India has an acute shortage of foreign exchange. For this reason, the problems the industry faces today are being studied seriously and the Government has appointed a committee to examine them. One of the main concerns of this committee will be the tea industry's financial position and the possibility of providing assistance through the Tea Board and banking institutions. A recent survey by the Reserve Bank of India revealed that it was impossible for the industry to earn a reasonable return on its investments because of the rise in the cost of labour and supplies and the bewildering series of taxes imposed by different authorities. Land laws which restrict expansion of the tea estates are another limiting factor.

One of the long-term problems that the tea producers face is the development of quality, which is essential if they are to keep up with their foreign competitors. Another is replanting, a costly procedure because it takes at least seven years after planting to obtain a crop. The industry has suggested a tax holiday for the producer to the extent that he derives income from a newly-planted area. However, only 13,000 hectares have been replanted, although estimates eight years ago called for 88,000 hectares.

In spite of these problems, the tea industry remains a relatively bright spot in any survey of Indian agriculture. Production is the second highest in the world (Japan is first), basic conditions are propitious, and the difficulties can be overcome. The trade is encouraged by the fact that the European Economic Community has drastically reduced the customs tariff on tea. They are also hopeful that consumption in Canada and the United States will increase, especially as instant tea becomes more popular.

Under the Fourth Five Year Plan, the production target for tea has been set at 455 million kilograms, an increase of some 25 per cent over the record 364 million kilograms expected for 1964.

—W. G. BRETT,
Trade Commissioner, Bombay.

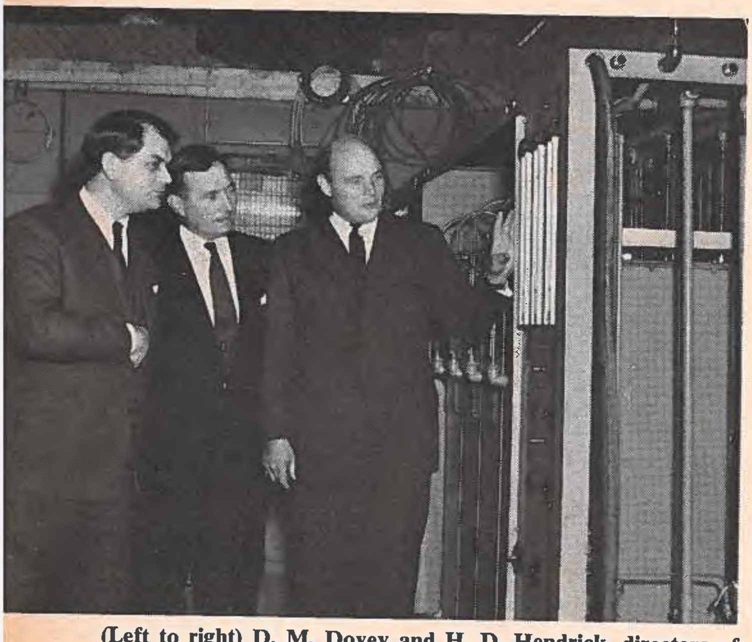
Enterprising Exporters

Electrolyser Finds Exhibit Pays

THE Electrolyser Corporation of Canada, Toronto, is joining forces with EFCO Ltd., a well-known British firm of metal treatment engineers. The two companies are setting up in Weybridge, England, a joint venture to be known as Efco-Stuart Electrolyser Co. Ltd. It will manufacture electrolytic hydrogen plant, using silicon rectifiers and high-capacity Stuart cells designed by the Canadian firm and known around the world for their simplicity of construction, dependability, compactness, and low power and maintenance requirements. Critical components will be supplied directly from the Toronto plant.

This new development grew out of a contact made at the International Engineering Exhibition in London in May 1963, when Electrolyser took space in the Canadian section. Efco-Stuart Electrolyser Co. Ltd. will market the equipment it turns out in Britain, Continental Europe, Turkey, and on the continent of Africa, adding to the list of 15 countries in North and South America and the Far East that are already Electrolyser customers.

In selling hydrogen plant, it is essential to combine first class engineering knowhow with excellent after-sales service and close contact with the market. Efco-Stuart will be able to put this combination at the service of exporters over a wide area.



(Left to right) D. M. Dovey and H. D. Hendrick, directors of the new company, Efco-Stuart Electrolyser Co. Ltd., Weybridge, England, discuss the merits of the Stuart cell with A. K. Stuart, president, Electrolyser Corporation of Canada.

Northern Serves CBS

DOWN in New York, the new Columbia Broadcasting System Broadcast Centre—said to be one of the most modern and efficient anywhere—contains important equipment made by the Northern Electric Company. It's a television studio switching facility and the contract for it was worth a million dollars to the Canadian company, which has been actively cultivating export markets for only the last two years. Since its success with CBS, Northern Electric has won orders for several smaller installations in the United States, to a total value of over $500,000. It is now looking towards European markets.

"Biggest Ever" Prefab Sales

LYON in the south of France is the new home of the largest prefabricated house ever to be shipped from Canada. Built by an Ottawa firm, Allied Building Supplies, the ranch-type, split-level home is valued at approximately $40,000. The total shipment consisted of 44 bundles taking up 5,200 cubic feet.

Although the firm has been exporting prefabs to the United States and Germany and has negotiations under way for distribution in other European countries, this was the first ready-made house to leave Canada for France.

The company's assault on the European market began when Robert Campeau, president of Campeau Construction Company Ltd. and a member of the board of Allied Building Supplies, went to Munich, West Germany, during 1961-62 to appoint an agent and to supervise the erection of a pilot project. This test run showed that Canadian materials were competitive with those from Europe, and the feasibility of exporting was confirmed. Requests for information on the company's line of houses were received from North, South and West Africa, the Middle East, Central Europe, Britain and India.

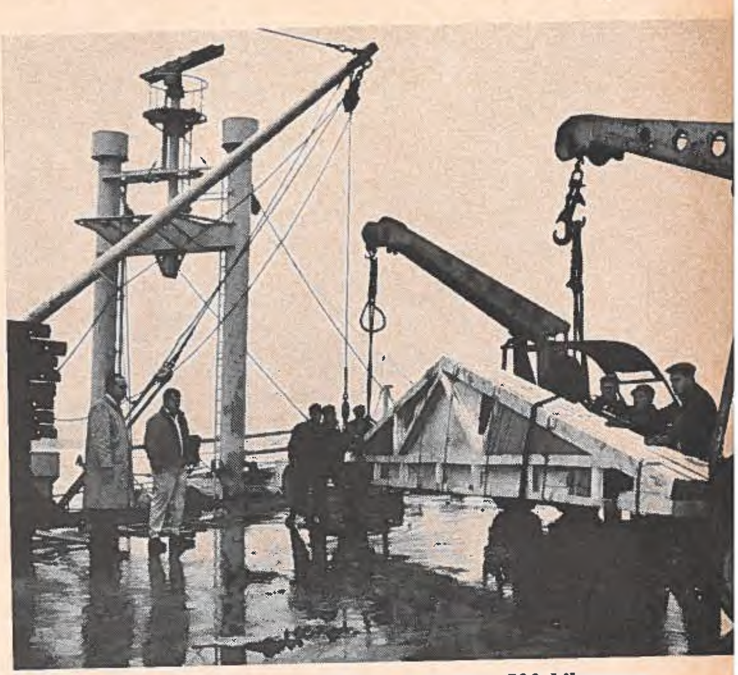
Among the visitors to the project was a French electrical engineer with an export-import background. He was interested in starting an agency for the Allied houses. Discussions with Mr. Campeau led the engineer to visit Canada and the sale was finally arranged with the help of officers of the Department of Trade and Commerce. A technician was sent over from France for three months to learn the erection techniques, and he was joined in France later by a skilled employee from Allied who accompanied the house.

An official of the company, John Slegr, told *Foreign Trade* that in his opinion Canadians could not compete in the French housing market on the basis of an inexpensive, one-family dwelling. Prestige is an important factor and to be successful an import must be different from the standard domestic designs. For this reason, he said, a typically Canadian unit was chosen.

Very few modifications to the design were necessary. However, one of the more interesting changes was the enlargement of the dining area. The reason for this, said Mr. Slegr, was that the French are more interested in entertaining at home than North Americans are and large dinner parties (by Canadian standards) are not at all uncommon. Another modification involved separating toilets from washstands and bathtubs; this was done to conform to the French building code. Mr. Segr stated that the changes needed were minor and, in fact, all plumbing fixtures were Canadian-made. French manufacturers supplied electrical wiring and a hot-air furnace.

The house, when assembled, will consist of a living room, dining room, five bedrooms, kitchen, library, playroom, children's study, sun deck, three bathrooms, a laundry room and a tool shed.

Company officials are most interested in this new market in France. If sales develop as expected, the organization may soon be involved in some of the largest housing projects in Western Europe, they said.



This bundle of roof trusses weighing more than 500 kilograms are 12 cubic metres in size with a span of 9 metres. They are part of the first prefab house to go to France from Canada, shipped to Lyon from Montreal, where this photo was taken.

Knowhow in Cement

A CANADIAN company set up in June 1963 has won the consulting engineering contract for a $55 million cement plant, with a capacity of seven million barrels a year, to be built at Dundee, Michigan, for the Dundee Cement Company. Holderbank Technical Services Ltd., of Clarkson, the successful tenderers, say that the plant will have the largest cement kiln ever built—one that would barely fit comfortably into a St. Lawrence Seaway lock.

Holderbank, which specializes in cement plants and was formerly attached to the St. Lawrence Cement Co., has also done a number of feasibility studies abroad, including one for a cement plant in Arequipa, Peru, and another in the Philippines.

TV plus CGE

WHEN the West Indies wants television transmitting equipment, it looks to Canada and Canadian General Electric. A sweeping statement? Here are the facts: In 1962, CGE sold to Trinidad and Tobago a new TV station complex, and in the following year won a $200,000 contract for complete transmitting equipment for a new television broadcasting system in Jamaica. This represented the company's largest single export order for TV equipment and it was won against tough competition from European firms.

That's not the end of the story. Last year Barbados joined the list of customers, when the Caribbean Broadcast Corporation went shopping for a complete television transmitting system for the island, including transmitter, studio-to-transmitter link, antenna and tower, and associated equipment. Cost: about $100,000.

Canadians Active in Pakistan's Planning

RESULTS of a three-year forest inventory survey carried out as a Colombo Plan project by Forestal Forestry and Engineering International Ltd. of Vancouver were recently handed over to the Government of Pakistan in Karachi. Canadian engineering services worth about $650,000 were involved in the survey, which covered 1,000 square miles of undeveloped forest land in the Chittagong region of East Pakistan.

This company is now engaged in an integrated type of "land use and land capability" survey covering 3,300 additional square miles in the same area. It will compile comprehensive data for use in planning the long-term social and economic development of the region.

How to Travel in Communist China

Personal prospecting of this big potential market is possible if the businessman follows the correct procedure. First comes contact by letter with the appropriate State Trading Corporation, and then . . . This article details the various steps to be taken.

R. K. THOMSON, *Senior Trade Commissioner, Hong Kong.*

MORE AND MORE Canadian businessmen are visiting Communist China to place orders for Chinese goods, sell Canadian products, or attend trade fairs at Canton and Shanghai. In addition, the Chinese authorities are permitting the entry into China of a number of travellers, including in recent months some Canadians travelling either singly or as members of chartered groups or delegations. This report is designed to aid and advise those contemplating a visit to China.

Communist China possesses many attractions for the visitor. For the businessman, it represents one of the largest potential markets in the world and itself produces an interesting variety of products for export. Its ancient heritage of culture and art can be absorbed in such fascinating places as the Forbidden City in Peking and the Great Wall of China and the Ming Tombs nearby, Soochow, the Venice of the East, or Hangchow with its beautiful lakes and gardens. Businessmen can and do combine sightseeing with business on their journeys into China.

This is the 'Bund" at Shanghai—still Communist China's largest city and an important commercial and industrial centre. A full-scale business itinerary in China would undoubtedly include Shanghai, Canton, Peking, Tientsin, and other centres.

Why, Where, When

Canadian manufacturers and exporters might well consider establishing personal connections with the State Trading Corporations in China although for the present the shortage of foreign exchange does not provide opportunity for sales of any but a narrow range of essential products. On the other hand, Canadian importers who have visited China recently are impressed with the wide variety of Chinese products of all types, both manufactured goods and raw materials, offered for sale.

Communist China is a vast country and foreigners are excluded from much of it. But they can visit such major centres of population, administration and industry as Peking, Shanghai, Canton, Nanking, Wuhan and Tientsin and such beauty spots as Soochow, Wusih and Hangchow. The climate varies widely. Canton in the south has a semi-tropical climate but Peking in the north has a climate roughly comparable to that of southern Alberta. Peking and Canton can be extremely hot in the summer and Peking extremely cold in the winter. From the point of view of weather, the best months for travelling in any part of China are September-November and April-June.

Crossing the Border

Although China is connected by rail with Moscow and Europe and by air with the U.S.S.R., Pakistan, Burma and Cambodia, the usual route and entry point, particularly for Canadian visitors, is through the British Crown Colony of Hong Kong. Canadians entering China via Hong Kong are able to travel directly and quickly to Hong Kong from Canada by Canadian Pacific Airlines, which has a service three times a week across the Pacific via Tokyo. There are many other airlines with connections to Hong Kong via Europe or the United States or other parts of Asia.

At Hong Kong, a rail journey of approximately one hour brings the traveller to the Chinese border. With a short walk across a bridge (porters are available to carry all baggage) the border is crossed and a train waits to convey the traveller to Canton, a further three hours away. A delay of approximately two hours is usual at the border for the completion of customs and other formalities.

Travellers' Aid

From Canton, there are daily trains to Peking (47 hours) or Shanghai (19 hours). Daily flights in pressurized Viscount turbo-prop aircraft are available to Peking (4½ hours) and in older Soviet-built aircraft to Shanghai twice a week (seven hours). There are sleeping compartments on trains and restaurant cars serve both Chinese and Western-style food. Travellers should not, however, expect equipment and food to reach North American or good European standards, although they are adequate. The China International Travel Service, a state enterprise, provides good service in the booking of accommodation and passages. Interpreters invariably meet the traveller at all destinations and provide assistance and an escort to and from hotels, stations and airports, and on sightseeing expeditions or on business appointments. It is simple to hire cars and taxis at most centres.

Hotels in most of the cities provide comfortable and clean accommodation and good food and service. Again, the standards are not up to the best in Canada or Europe, but most travellers will be agreeably surprised. For those who like Chinese cuisine, most hotels serve good food and restaurants in major centres such as Peking and Canton provide a wide variety of Chinese fare of the highest calibre. Western-style food can be ordered in most hotels but the range is limited and many travellers prefer to "eat Chinese" during their sojourn in China. There is no tipping; tips offered are always politely but firmly refused.

Arrangements Take Time

It is important for the foreign visitor to China to realize that arrangements to travel to that country

On a rural commune near Soochow, workers busily cultivate between the rows of a rice paddy. People of all professions—including writers, dancers, and professors—must spend at least one month a year doing chores of this type, often on a commune.

take time and are not invariably successful. For the Canadian businessman it is important to correspond well in advance (at least two months) with the Chinese State Trading Corporation with which he expects to do business, either import or export. A list of these corporations appeared in *Foreign Trade* of April 18, 1964, page 23. If the State Trading Corporation concerned wishes to see the businessman, they will extend to him by letter or cable an unmistakable invitation. With this invitation, he can secure an entry visa by personal application at any Communist Chinese Embassy abroad or, on arrival in Hong Kong, through the China Travel Service (H.K.) Ltd., Queen's Road Central. This organization is associated with the China International Travel Service referred to earlier in this article.

Visas cannot be issued in Hong Kong because there is no Chinese Government representative in the Colony and it is necessary to complete visa application forms and submit these with passports to the China Travel Service (H.K.) Ltd. Four passport photos are required and for convenience the traveller should carry them with him. Canadians entering China through Hong Kong must therefore expect to spend three days or more in this Colony while visa formalities are being arranged. The China Travel Service sends the passport and application forms to Canton where the visa is issued (usually on a separate piece of paper) and returned to Hong Kong. This procedure takes two or three days and can seldom be avoided.

Covering the Ground

For the Canadian businessman, an introductory trip to Communist China might be restricted to a visit to the Canton Fair (the Chinese Export Commodities Fair) which is held at Canton, the largest city in South China, each spring and fall —usually from October 15 to November 15 and from April 15 to May 15. Canton is close to Hong Kong and travel between the two centres is possible only by rail. The Fair takes place in a large exhibition building where the export products of each State Trading Corporation are grouped together and officials of these organizations are on hand to talk business, both import and export.

If a Canadian business visitor wishes only to visit the Canton Fair, then he should write either to one of the State Trading Corporations in Peking or to the China Resources Company, Bank of China Building, Hong Kong, which is the Hong Kong representative of the Chinese State Trading Corporations. Visas for visiting the Canton Fair are issued more freely than for extended trips in China but it is occasionally possible to proceed onward to Peking or other major centres from Canton without prior correspondence with the Chinese Trading Corporations in those centres.

Canadians other than businessmen who wish to visit China may apply for a visa at the Communist Chinese Embassy in London, England, or at any other Communist Chinese Mission abroad. A better procedure would be to apply to a travel agent in Canada, who would then make arrangements on the visitor's behalf with the China International Travel Service in Peking. It is now possible to arrange an entirely prepaid "package deal" trip into China in this way. In these circumstances, your travel agent is responsible for ensuring that an entry visa is given to you in Hong Kong after your arrival but again visa procedures, which are arranged with the China Travel Service (H.K.) Ltd., take at least three days.

The Chinese health officials at the border will require a valid certificate of vaccination against small pox and cholera. At the border, as well as at hotels and banks in Chinese cities, currency exchange facilities are available. Travellers' cheques are also accepted and converted. Another way of carrying funds is to obtain a circular letter of credit from the Bank of China in Hong Kong en route to China and any unused balance may be reconverted at the end of the trip.

What It Costs

The all-inclusive tours available through the China International Service in Peking must be prepaid at least seven days in advance of arrival in China. The tours, which might include from one to several cities, have a fixed cost per day and do not include transportation between cities. All other expenses are covered, such as rooms, meals, private cars or buses for sightseeing, assistance on arrival and departure, and English-speaking guides.

There are a number of these package tours in several categories. The most expensive, at approximately the equivalent of Can.$59 per day per person (Can.$45 each for two or more) provides de luxe accommodation in hotel suites, a private car for sightseeing, an interpreter-guide, and special cuisine. Other types of tours are less expensive depending on the type of accommodation, food and local transportation provided. Rates per person are lower for two persons and for groups. For example, for a group of ten or more, with two people sharing a hotel room and sightseeing by motor coach, the daily inclusive rate is approximately the equivalent of Can.$22.50 per day. For students, teachers and certain types of delegations, the rate is as low as approximately Can.$16 per day.

Travel authorities in China estimate that there is sufficient hotel accommodation at any time of the year for visitors, except for about two weeks at the beginning of May and the beginning of October, when a large number of foreigners come to China to celebrate the country's two most important holidays, May 1 and October 1.

For Other Travellers

Visa application forms for entry into China by other than bona fide businessmen may be obtained from the China International Travel Service in Peking, either directly by the interested traveller or on his behalf by his travel agent in Canada. These can then be completed and returned to Peking or obtained from the China Travel Service (H.K.) Ltd. in Hong Kong and completed in the Colony on arrival. (Bring at least four passport photographs if you wish to complete visa application forms in Hong Kong.) Travel authorities advise that under normal circumstances approval for a visa takes approximately two weeks after the application has reached Peking.

Canadian businessmen and other travellers en route to China may wish to spend a few days in Hong Kong, which has much of scenic interest to offer, plus a steadily expanding market for Canadian products.

In conclusion, a journey to Communist China can be interesting and rewarding, but visa formalities, as indicated above, are somewhat complex. Every Canadian expecting to visit China should ensure through the China International Travel Service or one of the State Trading Corporations that his visa has been authorized and will be available in Hong Kong or at another centre on his arrival. ●

GENERAL NOTES

Italy

1965 BUDGET—The Council of Italian Ministers approved late last September the first budget based on the calendar year, covering the twelve months beginning January 1, 1965. This budget calls for expenditures of 7,276 billion lire against expected revenue of 6,620 billion lire, or a deficit of 657 billion lire. This deficit is a reduction from the expected 1964 figure, despite provisions for heavy capital investment by the Government to support the development of depressed areas, progress in the educational system, and aid to shipbuilding, scientific research and hospital building—Rome.

Mexico

GOVERNMENT PURCHASES—Imports by the public sector (government agencies) during the past six years have amounted to about U.S.$1.8 billion. Nearly one third of this consists of foreign purchases by Petroleos Mexicanos, the government oil monopoly that has been engaged in a vast program of refinery installations and petrochemical plant construction. The railways have been the second largest foreign buyer with a total of U.S.$220 million, of which one third consisted of equipment from Canada.

The Federal Electricity Commission, pursuing its program of doubling Mexico's electrical capacity in six years, spent over $200 million abroad. Also important were newsprint and rotogravure imports which amounted to U.S.$82 million, and here again Canadian suppliers played a substantial role—Mexico City.

Mozambique

COMMERCIAL TRAVELLERS' LICENCES—Commercial travellers who intend to take orders for their firms in Mozambique should call at the office of the Secretario de Fazenda do Primeiro Bairro in Lourenco Marques or Beira and pay the sum of 618 escudos (Can.$23.40) as a professional tax. A commercial traveller is not required to pay this professional tax if his company has an appointed agent in Mozambique who accompanies him on his visits.

Samples must be declared to the customs officials upon entering the province. No duty is payable on samples but the customs authorities may demand a deposit, the extent of which depends upon the value of the samples. This deposit will be refunded upon departure provided all the samples are taken out of the country—Johannesburg.

South West Africa

DROUGHT—Almost half of South West Africa is drought-stricken. The first area to be declared so was on the southern border in October 1963. The most recent declarations (last September) covered areas in the extreme north of the territory. Valuable cattle-raising land in the north and karakul farming land in the south is affected. By November karakul farmers in the south were facing the possibility of having to forfeit the early lambing season at the beginning of this year, which might reduce the number of pelts available for export—Cape Town.

Sweden

FOREIGN TRADE—During the first nine months of 1964, Sweden had a foreign trade deficit of $203.7 million, compared with $174.6 million for the same period of 1963. Exports totalled $2,827.8 million (1963 $2,467.5 million), and imports $3,031.5 million (1963 $2,642.1 million).

Large increases were reported in imports of automobiles at $182.8 million ($154.8 million in 1963), iron and steel $134.7 million ($105.2 million), foodstuffs $320 million ($280.7 million), and chemicals $77.3 million ($63 million).

On the export side, forestry products rose 20 per cent over 1963—wood products $220 million (1963 $173 million), pulp $340 million ($291.9 million), and paper and board $293 million ($257 million). Iron and steel recorded a 25 per cent increase in value —from $157.2 million to $198.2 million. Exports of electrical machinery rose by 33 per cent from $126 million to $168 million—Stockholm.

FOREIGN TARIFFS AND TRADE REGULATIONS

Brazil

NEW BRAZILIAN NEWSPRINT BILL—The Brazilian Government has given final approval to a Bill exempting import of equipment and accessories for newsprint mills from all import duties and taxes for five years. The benefits of this law are only extended to Brazilians or to companies whose total social capital is exclusively Brazilian.

Highlights of the new Bill are:

1. Import duty and tax exemption for a period of five years on imported equipment for the installation or expansion of newsprint mills.

2. The Ministry of Finance will authorize the exemptions and will indicate what equipment and accessories may be imported, their quantity, quality, value and country of origin.

3. The exemptions will not be extended to imported equipment when similar equipment is manufactured in Brazil.

4. When duty-free equipment imported under the benefits of this law has received financing from the country of origin, the financing agreement must be registered at the Brazilian Superintendency of Currency and Credits (SUMOC) to assure preferential treatment on foreign exchange for later foreign payments on the financed equipment.

European Free Trade Association

EFTA TARIFFS REDUCED—Rates of duty applying to industrial goods shipped among the EFTA countries (Austria, Britain, Denmark, Finland, Norway, Portugal, Sweden, and Switzerland) were reduced by a further 10 per cent effective January 1, 1965, in accordance with the accelerated time-table agreed upon by these countries in 1963. The EFTA tariffs on industrial products are now therefore 30 per cent of their original base level, and industrial goods imported from one EFTA country into another are subject to only 30 per cent of the tariff that applies to imports from non-EFTA countries, including Canada. All these duties are to be abolished by the end of 1966 for trade among EFTA members, three years ahead of the original schedule laid down in the EFTA Convention.

Norway, however, has been permitted to retain the original EFTA time-table for a number of commodities, including some textiles and readymade clothing, certain types of footwear, refrigerators, and washing machines. For these goods, the reduction to 40 per cent of the base level (currently 50 per cent) will go into effect on January 1, 1966.

Finland also has been permitted a slower pace of tariff reductions and will abolish Customs duties on EFTA shipments by the end of 1967. Portugal, in view of a less developed economy, was allowed to adopt a somewhat longer schedule and will abolish all duties on industrial goods by 1980.

India

EXCHANGE ALLOCATIONS CUT—The Indian Government, faced with a critical shortage of foreign exchange because of defence expenditures and emergency food purchases, has decided to make a 10 per cent cut in exchange allocations for the October, 1964, to March, 1965, period. The cut backs are to be made with reference to India's development priorities. The licensing allocations for this period have not yet been announced by the Government.

Kuwait

IMPORT LICENCES REQUIRED—The Kuwait *Official Gazette* of November 29 announced that, effective November 26, 1964, all imports into Kuwait, with the exceptions listed below, require an import licence issued by the Ministry of Trade. Exempt from this provision are: imports under irrevocable letters of credit opened by a bank in Kuwait prior to November 29; imports of fresh vegetables, fruit and live animals for slaughter and consumption, unless otherwise prohibited; imports by the Government and its entities; imports by the diplomatic corps and by international missions.

Until November 26 most imports were admitted into Kuwait freely without an import licence. The exceptions include alcoholic drinks, guns and ammunition, opium, poisonous drugs, certain printed matter, false coins, weights and stamps, the import of which is prohibited.

The full official text of this amendment is expected shortly in the Department. Inquiries should be addressed to the Asia and Middle East Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

Norway

ADVERTISING PAMPHLETS—Advertising pamphlets printed in a language other than Norwegian may be brought into Norway without payment of the general turnover tax provided the importer states in writing that the pamphlets are to be used for advertising purposes in a foreign country, according to a decree issued by the Norwegian Ministry of Finance. Advertising and propaganda material published in the Norwegian language remains subject to the 12 per cent turnover tax.

South Africa

SCHEDULE OF IMPORT DUTIES—As of January 1, 1965, the Brussels Tariff Nomenclature is to come into effect in South Africa, replacing the previous tariff schedule. However, as far as can be ascertained tariff rates have not changed. South African authorities now require all imports to enter under the new forms of nomenclature and the corresponding item numbers.

Canadian exporters may obtain further details about particular products from the Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

IMPORT LICENCES, 1965—The Minister of Economic Affairs has announced details of the 1965 South African import licences. The list of items for which no import licence is required has been expanded to include many articles formerly in "Paragraph Two"—those which had already been licensed liberally for the past two years. The bulk of the former "Group A" consumer goods has also been transferred to the free list, together with certain items of office equipment. Imports of the remaining items of general merchandise and of raw materials and capital goods and equipment are still subject to quotas, and a variety of goods remain subject to specific import licences. South African authorities continue to expect manufacturers and merchants to obtain their requirements of goods from local sources whenever it is possible to do so.

The first issue of quotas for 1965 is substantially the same as in 1964. Thus, importers of general merchandise have been allocated 30 per cent of their assessment basis. Importers of raw material, and capital goods and equipment may still obtain their requirements according to their current rate of consumption. Motor vehicles may be imported on the basis of existing formulas. Farm tractors and implements have been allocated a share equal to 75 per cent of total permits issued for such items in the first nine months of 1963. As in 1964, the initial quota to merchants for textile piece-goods is 60 per cent of the total issued in 1963. Rice has been given an initial share of 30 per cent of total 1963 issues. Quotas on timber and fertilizers have not yet been announced.

Venezuela

MOST IMPORT SUBSIDIES WITHDRAWN—When a single exchange rate of 4.50 bolivars to the U.S. dollar for all imports was introduced last year, Venezuela abolished the privileged "Control List of Essential Imports", which contained some 200 items. However, an exchange subsidy of 1.15 bolivars per U.S. dollar was granted on imports of 27 of these items, upon application to the Banco Central.

As of January 2, 1965, the exchange subsidy will be granted only for imports of unmilled wheat and spelt (including rye) and imports of powdered milk.

Products of interest to Canadians that are no longer entitled to the subsidy are: synthetic rubber, wood pulp, tinplate, seeds (including seed potatoes), vitamins, antibiotics, vaccines, insulin, insecticides, fungicides and agricultural machinery.

Trade Commissioners on Tour

In Territory

British Honduras—L. D. Burke, Commercial Secretary in Kingston, Jamaica, will visit Belize February 14-20.

Caribbean—L. D. R. Dyke, Commercial Secretary in Port-of-Spain, Trinidad, will visit Surinam and British Guiana January 25-February 5.

Chile—Z. W. Burianyk, Assistant Commercial Secretary in Santiago, will visit Antofagasta, Chuquicamata, Arica and Iquique February 8-18.

El Salvador—J. H. Nelson, Commercial Secretary in Guatemala City, will visit San Salvador February 1-5.

Honduras—J. H. Nelson, Commercial Secretary in Guatemala City, will visit San Pedro Sula and Tegucigalpa January 25-29.

Pakistan—R. D. P. Lee, Assistant Commercial Secretary in Karachi, will visit East Pakistan February 21-27.

United States—A. W. Evans, Consul and Senior Trade Commissioner in Cleveland, will visit the following cities in his territory: Springfield and Columbus January 26-28, Toledo February 2-4, Canton and Akron February 9-11, Youngstown and Warren March 2-4, Mansfield and Marion March 9-11, Lima and Findley March 16-18.

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

Puerto Rico Promotes Industry

Policy of fostering industry through tax and other concessions has raised per capita income from some $120 to $800 in 25 years. Light industry once predominated; heavy industry is now being attracted. Drought cut down yields of sugar and tobacco this year.

K. F. NOBLE, *Commercial Counsellor and Consul, Santo Domingo.*

PUERTO RICO is described as an "Associated Free State" which is part of the United States, governed by federal law, but does not elect either Senators or Representatives and is therefore exempt from federal taxation on the principle of "no taxation without representation". Some 2.5 million people pay taxes directly to the Commonwealth of Puerto Rico, which provides them with police protection, public education, public health programs, etc. Federal grants-in-aid are available to the "Associated Free State" government on the same basis as to the mainland states. Both Commonwealth and municipal governments are relieved from responsibility for financing and construction of electricity, water, and sewage disposal services and the building and maintenance of major roads, harbours and airports.

Once called "poorhouse of the Caribbean" the Commonwealth has progressed in 25 years from an over-populated island with depleted agricultural resources to an increasingly diversified and successful industrial economy. Illiteracy has declined from 32 to less than 10 per cent, the death rate has dropped from 18 to 6 per thousand, and the per capita annual income has risen from approximately $120 to approximately $800.

The conversion of the economy to an industrial one was first contemplated in 1942 with the establishment by the Government of the Industrial Development Company of Puerto Rico (PRIDCO). PRIDCO's approach to the problem was government building, ownership, and operation of plants. This was abandoned in 1950, with only 13 plants in operation, in favour of the Economic Development Administration known as FOMENTO which evolved a policy of encouraging and granting defined concessions to industrialists to help them to help themselves. These concessions included tax exemptions of various types, special regulations on the depreciation of fixed assets, and long and short term loans.

Because the island of Puerto Rico is an integral part of the United States monetary, postal, defence and other systems, investors from the U.S. do not face problems of exchange control, material supply, or communications, but enjoy exemption from U.S. corporate and defined taxes. Personal domicile in Puerto Rico provides exemption from federal taxation.

By January 1, 1964, the number of promoted and assisted plants located in the Commonwealth exceeded 1,000. Initially Fomento-sponsored plants were minor subsidiaries of U.S. companies specializing in labour-intensive manufacturing operations in such fields as wearing apparel, textiles and toys. These were followed by more complicated types of manufacturing, such as metal products, simple electrical appliances, durable consumer goods, etc. More recently, capital-intensive heavy industries have been attracted: an oil refinery, plastic producers and other manufacturers turning out materials for further processing. Latterly new plants beginning operations have been in the fields of specialized electronic equipment, electric measuring devices, and other technically advanced products.

Some statistics for the years 1950 to 1962 will make this change clearer. In 1950 the Fomento complex of encouraged plants increased from 34 to 80 units, with an output valued at $80 million. The distribution by industries was as follows: foodstuffs and tobacco 53 per cent, textiles and wearing apparel 20 per cent, furniture, glassware and leatherware 16 per cent, and other manufactures 11 per cent. In the year ended December 1962, the 818 Fomento plants manufactured goods valued at $370 million and divided as follows: foodstuffs and tobacco 26 per cent, textiles and wearing apparel 22 per cent, furniture, glassware and leatherware 18 per cent, all other manufactures 35 per cent. It is this final figure that reflects the growing diversification of Fomento enterprises.

Today, Fomento promoted or assisted plants directly or indirectly provide work for 145,000 persons with an annual payroll of over $500 million. Better than 90 per cent of the investment of $900 million has come from private sources, with the Commonwealth Government providing less than 10 per cent. During the fiscal year 1963, Fomento plants exported products worth $520 million; this represented 65 per cent of the island's external trade.

New Industries in 1963

During the calendar year 1963, 263 new mainland and foreign industries were established through Fomento. Among them were:

1. Puerto Rico Chemical Company Ltd.—capital investment $3.8 million; annual payroll $245,000.

2. Union Carbide Caribe Inc.—$22 million plant extension; employment for an additional 141 workers.

3. Interavia Inc.—$153,000 plant, 37 employees with an annual payroll of $175,000.

4. Ford Motor Products Ltd.—capital investment $8 million, annual payroll of $1.2 million.

5. Sunbeam Inc.—manufacturer of small appliances, plant to make electric toothbrushes; 81 employees, an annual payroll of $230,000.

6. Fintec International Inc.—a $4 million sheet glass factory with 258 employees and an annual payroll of $567,000.

7. Trigo Mastermix—$500,000 in machinery to produce feed for cattle, poultry and other livestock; 50 workers with an annual payroll of $110,000.

8. The Caribe Feed Mills—$600,000 in equipment and plant; will employ 79 workers.

9. The Co-operative Cafeteros de Puerto Rico—$350,000 spent on plant producing instant coffee; will pay 40 employees $96,000 a year.

10. Nestlé Products Inc.—a $750,000 plant.

In the field of larger investment, Philips Petroleum and Texaco Caribbean have combined to invest $85 million in an oil refinery with an associated petrochemical plant. Philips participation in the petrochemical project will be $50 to $60 million and Texaco's $25 million. The plant is to start operation within 18 months.

Danrick Steel Company Inc. has received a tax exemption based on a $5.5 million steel mill for the production of reinforcing bars. The project will employ 160 workers with an annual payroll of $720,000.

During the year ended June 30, 1964, production in most Puerto Rican industrial plants continued to rise. The output of tobacco products increased by 25.6 per cent to $46.1 million, of clothing and textiles by 18.5 per cent to $64 million, of chemical products 12.6 per cent to $186.9 million, and of machinery, electrical equipment and parts 22.8 per cent to $45 million. Employment rose by 6.8 per cent and the labour force numbered 743,000. Total spending on construction reached $284.5 million, with government spending accounting for $103.2 million of this. A decline in public spending on roads and schools was more than compensated for by larger expenditures on industrial plants and commercial building.

The opening of new luxury tourist hotels brought the total number of hotel rooms up to 5,008. Registration in "Hotels de Turismo" rose over 30 per cent to 328,819.

Among other important economic indicators were the following: total banking deposits up 17.4 per cent to $1,010 million; power consumption up 12 per cent to 837.1 million kwh.; sugar cane crushing, down 0.6 per cent to 9.8 million tons.

Agricultural Outlook

The lack of rain during 1964 had a severe impact on output of all agricultural products.

• **Sugar—**Puerto Rico's sugar quota for the calendar year 1964 was 1.27 million short tons but this will not be met because a combination of early season strikes and delays in signing labour contracts kept several mills out of production until late in January. Rainfall has been scanty during the growing season and the cane is light; the drought has also affected both new plantings and the regrowth of cutover cane fields. It is possible that this year's crop will be below that of 1964.

• **Tobacco—**The Puerto Rican tobacco quota for 1964 is 340,000 cwt. but the drought has affected production. The original crop-year production estimate was 355,000 cwt. but the latest indications are that the gross cut will fall below 15,000 short tons and provision has already been made for the import of supplies from other countries for use in the domestic industry. Puerto Rico is increasing its share of the United States cigar market. By the end of 1963 its exports represented 8 per cent of the total consumption in the United States as against 3 per cent in the previous year. The percentage is again higher this season but the current figure is unavailable. The General Cigar Company is adding a second plant at a cost of $4 million.

• **Coffee—**After two successive good years in both 1961-62 and 1962-63, the crop was a big one, but in the present year a curtailment is forecast, with a probable pick of 15,000 short tons. The government-guaranteed price of coffee is U.S. $58.50 per quintal.

• **Rum—**During the calendar year 1963, twelve million proof gallons of rum were produced and 4½ million proof gallons exported, netting the Commonwealth Government $35 million. For the 3.6 million proof gallons going to the United States, the Federal Government collected and returned to Puerto Rico a further $37 million in excise taxes. It is expected that the U.S. tax return will continue to mount and may reach $50 million during the 1964-65 fiscal year.

TABLE I

CANADIAN EXPORTS TO PUERTO RICO

	1963	1962
	(Can.$'000)	
Lumber	4,241	3,653
Fish, mainly cod	3,315	2,888
Newsprint paper	1,857	1,212
Cattle, purebred, dairy	553	189
Malt	445	591
Potatoes	404	548
Copper and alloy tubes and pipes	510	408
Automobiles, passenger	156	282
Oats	139	145
Whisky	97	63

Canada's trade with Puerto Rico showed a balance in our favour of $14.6 million in 1963 as against $12.7 million in 1962. The principal exports are given in Table I.

Canada's imports from Puerto Rico totalled $2.24 million in 1963 compared with $2.4 million in 1962. The leading commodities were rum ($553,000), molasses ($392,000) and electrical apparatus ($203,000). ●

Foreign Commercial Representatives in Canada

ARGENTINA

Ottawa—Economic Counsellor, Argentine Embassy, 211 Stewart Street.

AUSTRALIA

Ottawa—Commercial Counsellor, Australian High Commission, 90 Sparks Street.

Montreal—Australian Government Trade Commissioner, Canadian Imperial Bank of Commerce Bldg., 1155 Dorchester Boulevard West.

Vancouver—Australian Government Trade Commissioner, Suite 608, Burrard Bldg.

AUSTRIA

Ottawa—Embassy of Austria, Suite 202, 85 Range Road.

Calgary—Consulate of Austria, 700 Lancaster Bldg., 300 8th Avenue S. W.

Halifax—Consulate of Austria, 6 Young Avenue.

Montreal—Austrian Trade Delegate, Suite 2275, 630 Dorchester Boulevard West.

Toronto—Austrian Trade Delegate, Suite 616, 62 Richmond Street West.

Vancouver—Consulate of Austria, 525 Seymour Street.

Winnipeg—Consulate of Austria, 54 Harrow Street.

BAHAMAS

Toronto—Trade Commissioner of the Bahamas, Room 707, Victory Bldg., 80 Richmond Street West.

BELGIUM

Ottawa—First Secretary, Belgian Embassy, 168 Laurier Avenue East.

Montreal—Consul General of Belgium, 913 Royal Bank of Canada Bldg.

Toronto—Consul General of Belgium, Room 1901, 8 King Street East.

Vancouver—Consul General of Belgium, Room 1432, Marine Bldg.

BOLIVIA

Montreal—Consul, Consulate General of Bolivia, Suite 827, 305 Dorchester Boulevard West.

BRAZIL

Ottawa—Brazilian Embassy, 305 Stewart Street.

Montreal—Brazilian Government Trade Bureau, Suite 960, 615 Dorchester Boulevard West.

BRITAIN

Ottawa—The Senior British Trade Commissioner in Canada and Economic Adviser to the High Commissioner, British High Commission Bldg., 80 Elgin Street.

Edmonton—The British Trade Commissioner in Alberta, Suite 600, Bank of Montreal Bldg., 101st and Jasper Avenue.

Halifax—The British Trade Commissioner in the Atlantic Provinces, 5425 Spring Garden Road.

Montreal—The Principal British Trade Commissioner in the Province of Quebec, 635 Dorchester Boulevard West.

Regina—The Assistant British Trade Commissioner in Saskatchewan, Room 207, Derrick Bldg., 2431 11th Avenue.

Toronto—The Principal British Trade Commissioner in Ontario, 200 University Avenue.

Vancouver—The Principal British Trade Commissioner in British Columbia, Bank of Nova Scotia Bldg., 602 West Hastings Street.

Winnipeg—The British Trade Commissioner in Manitoba and Saskatchewan, 402 Monarch Lift Bldg., 333 Broadway Avenue.

BURMA

Ottawa—Embassy of the Union of Burma, Royal Trust Bldg., 116 Albert Street.

CEYLON

Ottawa—First Secretary, Ceylon High Commission, 448 Daly Avenue.

CHILE

Ottawa—Embassy of Chile, 56 Sparks Street.

Montreal—Consulate of Chile, Suite 1100, 200 St. James Street.

Vancouver—Consul of Chile, 1575 West Sixth Avenue.

CHINA

Ottawa—Counsellor, Embassy of the Republic of China, 201 Wurtemberg Street.

Vancouver—Consul General of China, 510 Hastings Street West.

COLOMBIA

Ottawa—First Secretary and Consul, Embassy of Colombia, Suite 11, Roxborough Apts.

Montreal—Consul General of Colombia, 1500 Stanley Street.

Toronto—Consul of Colombia, 67 Yonge Street.

Vancouver—Vice-Consul of Colombia, 2705 West 22nd Avenue.

COSTA RICA

Montreal—Consul General of Costa Rica, 4753 Lacombe Avenue.

CUBA

Montreal—Cuban Trade Commissioner, 12th Floor., 3737 Cremazie Boulevard West.

CZECHOSLOVAKIA

Montreal—Commercial Section, Czechoslovak Consulate General, 640 Cathcart Street.

DENMARK

Ottawa—Royal Danish Embassy, 446 Daly Avenue.
Montreal—Royal Danish Consulate General, Suite 1525, 1245 Sherbrooke Street West.
Toronto—Royal Danish Consulate, Holland Life Insurance Bldg., 1130 Bay Street.

DOMINICAN REPUBLIC

Montreal—Consul General of the Dominican Republic, 3437 Wilson Avenue.

EASTERN CARIBBEAN (Barbadas, Leeward and Windward Islands, and British Handuras)

Montreal—Acting Commissioner, Eastern Caribbean Commission, Suite 351, 2100 Drummond Street.

ECUADOR

Montreal—Consul General of Ecuador, Room 708, 1410 Stanley Street.
Vancouver—Consul of Ecuador, Apt. 1, 1480 Arbustus Street.

EL SALVADOR

Montreal—Consul General, Room 215, 300 St. Sacrement Street.

FINLAND

Ottawa—Attaché, Embassy of Finland, 85 Range Road.

FRANCE

Ottawa—Commercial Counsellor to the French Embassy, 10 John Street.
Montreal—Commercial Counsellor of France, 2060 Mackay Street.
Toronto—Commercial Counsellor of France, 185 Bay Street.
Vancouver—French Trade Commissioner, Suite 1216, 736 Granville Street.

GERMANY

Ottawa—Commercial Counsellor, Embassy of the Federal Republic of Germany, 1 Waverley Street.
Edmonton—Consulate of the Federal Republic of Germany, 11618 100th Avenue.
Montreal—Consulate General of the Federal Republic of Germany, 1501 McGregor Street.
Toronto—Consulate General of the Federal Republic of Germany, 77 Admiral Road.
Vancouver—Consulate of the Federal Republic of Germany, National Trust Bldg., 325 Howe Street.
Winnipeg—Consulate of the Federal Republic of Germany, 424 Wellington Crescent.

GHANA

Ottawa—First Secretary, Office of the High Commissioner for Ghana, Suite 606, The Fuller Bldg., 75 Albert Street.

GREECE

Ottawa—Royal Greek Embassy, Suite 110, Chateau Laurier.

GUATEMALA

Montreal—Consul General of Guatemala, 4375 Coolbrook Avenue.

HAITI

Ottawa—Consul General, Embassy of Haiti, Apt. 111, 150 Driveway.
Halifax—Honorary Consul of Haiti, 6070 Quinpool Road.
Montreal—Consul General of Haiti, Apt. 312, 3015 Sherbrooke Street West.

HONDURAS

Montreal—Consul General, Consulate General of the Republic of Honduras, Suite 101, 1225 St. Mark Street.

INDIA

Ottawa—Second Secretary (Commercial), Office of the High Commissioner for India, 200 MacLaren Street.
Vancouver—Trade Commissioner for India, Suite 804, Standard Bldg., 510 West Hastings Street.

INDONESIA

Ottawa—Economic Affairs, Indonesian Embassy, Box 233, Terminal A.

IRAN

Ottawa—Imperial Embassy of Iran, Apt. 502, Sandringham Apartments.

IRAQ

Washington—First Secretary (Commercial), Embassy of the Republic of Iraq, 1801 P. Street, N.W.

IRELAND

Montreal—Irish Trade Representative (Irish Export Board), 2100 Drummond Street.

ISRAEL

Montreal—Consul and Trade Commissioner of Israel, 1555 McGregor Avenue.
Toronto—Consul of Israel for Economic Affairs, Suite 814, 159 Bay Street.

ITALY

Ottawa—Commercial Counsellor and Senior Trade Commissioner, Embassy of Italy, 172 MacLaren Street.
Montreal—Consul and Trade Commissioner, 1595 McGregor Avenue.
Toronto—Italian Trade Commissioner, Suite 510, 100 University Avenue.
Vancouver—Italian Trade Commissioner, 640 Hastings Street West.

JAMAICA

Ottawa—Counsellor, Office of the High Commissioner for Jamaica, 90 Sparks Street.

JAPAN

Ottawa—Counsellor (Commercial), Embassy of Japan, 75 Albert Street.
Montreal—Consulate General of Japan, Suite 2505, 1155 Dorchester Boulevard West.
Toronto—Consulate of Japan, Imperial Life Tower, 4th Floor, 44 Victoria Street.
Vancouver—Consulate General of Japan, Room 1211, 409 Granville Street.
Winnipeg—Consulate of Japan, 301 Tribune Bldg.

LEBANON

Ottawa—Embassy of Lebanon, 401 Albert Street West.

LUXEMBOURG

Montreal—Consul General of the Grand-Duchy of Luxembourg, 4832 Western Avenue.

MEXICO

Ottawa—Embassy of Mexico, Room 706, 88 Metcalfe Street.
Montreal—Consulate General of Mexico, Suite 1730, 1245 Sherbrooke Street West.
Quebec—Consulate of Mexico ad honorem, 2040 Terrasse Stuart, Sillery.
Toronto—Consulate of Mexico, Room 309, 20 Carlton Street.
Vancouver—Consulate of Mexico, Room 607, Burrard Bldg., 1030 W. Georgia Street.
Winnipeg—Consulate of Mexico ad honorem, 906-908 Confederation Bldg.

MONACO

Montreal—Consul of Monaco, Suite 700, 60 St. James Street West.

NETHERLANDS

Ottawa—Commercial Counsellor, Embassy of the Netherlands, 12 Marlborough Avenue.
Edmonton—Netherlands Consulate, Merit Bldg., 10008 106th Street.
Montreal—Netherlands Consulate General, Room 1736, Place Ville Marie.
Toronto—Netherlands Consulate General, 159 Bay Street.
Vancouver—Netherlands Consulate General, 475 Howe Street.

NEW ZEALAND

Montreal—New Zealand Government Trade Commissioner, Room 708, Prudential Assurance Bldg., 635 Dorchester Street West.
Vancouver—New Zealand Government Trade Commissioner, Suite 615, United Kingdom Bldg., 409 Granville Street.

NICARAGUA

Montreal—Consul General, Consulate General of Nicaragua, 3601 Decarie Boulevard.

NORWAY

Ottawa—Secretary, Royal Norwegian Embassy, Suite 700, 140 Wellington Street.
Montreal—Consul General of Norway, Royal Norwegian Consulate General, 2007 Imperial Bank of Commerce Bldg., 1155 Dorchester Boulevard West.
Vancouver—Consul General of Norway, Royal Norwegian Consulate General, 837 West Hastings Street.

PAKISTAN

Montreal—Trade Commissioner for Pakistan, Suite 606, 1230 McGregor Street.

PANAMA

Montreal—Consul General, Consulate General of Panama, 3553 Girouard Avenue.

PERU

Ottawa—The Ambassador, Embassy of Peru, 539 Island Park Drive.

PHILIPPINES

Vancouver—Philippine Consulate General, 525 Seymour Street.

POLAND

Ottawa—Commercial Counsellor to the Polish Embassy, Apt. 58, 255 Stewart Street.
Montreal—Commercial Section, Polish Consulate General, 1500 Stanley Street, Suite 525.

PORTUGAL

Ottawa—Embassy of Portugal, 285 Harmer Avenue.
Halifax—Consulate of Portugal, 428 Barrington Street.
Montreal—Consulate of Portugal, 4920 Western Avenue.
North Sydney—Consulate of Portugal, P.O. Box 769.
Quebec—Consulate of Portugal, 155 Laurier Avenue.
St. John's—Consulate of Portugal, King's Bridge Court, Apartment 2E.
Toronto—Consulate of Portugal, Suite 712, 159 Bay Street.
Vancouver—Consulate of Portugal, 7th Floor, 736 Granville Street.

REPUBLIC OF SOUTH AFRICA

Montreal—South African Trade Commissioner, 3725 Royal Bank Bldg., Place Ville Marie.

SAN MARINO

Montreal—Consul General of San Marino, 27 McNider Avenue.

SPAIN

Ottawa—Commercial Counsellor to the Spanish Embassy, 162 Daly Avenue.

SWEDEN

Ottawa—Royal Embassy of Sweden, Suite 604, 140 Wellington Street.
Montreal—Royal Consulate General of Sweden, Suite 800, 1155 Dorchester Boulevard West.
Toronto—Trade Commissioner for Sweden, 1057 Bay Street.
Vancouver—Trade Commissioner for Sweden, Dominion Bank Bldg., Suite 1105, 207 West Hastings Street.

SWITZERLAND

Ottawa—Counsellor of Embassy, Swiss Embassy, 5 Marlborough Avenue.
Montreal—Consul General of Switzerland, 1572 McGregor Street.
Toronto—Consul General of Switzerland, 100 University Avenue.
Vancouver—Consul of Switzerland, 402 West Pender Street.
Winnipeg—Consul of Switzerland, Tribune Bldg., 257 Smith Street.

THAILAND

Toronto—Consul of Thailand, Suite 405, 112 King Street West.
Vancouver—Consul of Thailand, 1495 Marpole Street.

TRINIDAD AND TOBAGO

Montreal—Trade Commissioner, Suite 200, 1210 Sherbrooke Street West.

TURKEY

Ottawa—Commercial Counsellor, Turkish Embassy, 197 Wurtemburg Street.

UNION OF SOVIET SOCIALIST REPUBLICS

Ottawa—Commercial Counsellor, Embassy of the U.S.S.R., 24 Blackburn Avenue.

UNITED ARAB REPUBLIC

Ottawa—Commercial Secretary, Commercial Office, 454 Laurier Avenue East, (P.O. Box 7065).

UNITED STATES

Ottawa—Commercial Attaché, Embassy of the United States, 100 Wellington Street.
Calgary—Consul General of the United States, 805 8th Avenue S.W.
Halifax—Consul General of the United States, Bank of Nova Scotia Bldg.
Montreal—Consul General of the United States, 1558 McGregor Avenue.
Quebec—Consul General of the United States, 1 Ste. Genevieve Avenue.
Saint John—Consul of the United States, 206 Union Street.
St. John's—Consul General of the United States, King's Bridge Road.
Toronto—Consul General of the United States, 360 University Avenue.
Vancouver—Consul General of the United States, Burrard Bldg., 1030 W. Georgia Street.
Windsor—Consul of the United States, Canada Trust Bldg.
Winnipeg—Consul General of the United States, 6 Donald Street.

URUGUAY

Uruguay—Chargé d'Affaires a.i., Apt. 59, Roxborough Apts.

VENEZUELA

Montreal—Consul General of Venezuela, Room 270, 1980 Sherbrooke Street West.
Vancouver—Consul of Venezuela, 525 Seymour Street.

YUGOSLAVIA

Ottawa—Embassy of the Federal People's Republic of Yugoslavia, 17 Blackburn Avenue.
Montreal—Trade Representative for Yugoslavia, Interprogress Company Ltd., 445 Jean Talon Street West.
Toronto—Consul General of the FPR of Yugoslavia, 377 Spadina Road.

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 .9308.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 11	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2193	4.56	
Argentina	Peso	Free	.007115	140.55	
Australia	Pound		2.3988	.4169	
Austria	Schilling		.04161	24.03	
Bahamas	Pound		2.9985	.3335	
Belgium and Luxemburg	Franc		.02165	46.19	
Bermuda	Pound		2.9985	.3335	
Bolivia	Peso		.09025	11.08	
Brazil	Cruzeiro	Official Free	.0005847	1,710.27	
Britain	Pound		2.9985	.3335	
British Guiana	Dollar		.6247	1.60	
British Honduras	Dollar		.7496	1.33	
Burma	Kyat		.2256	4.43	
Ceylon	Rupee		.2249	4.45	
Chile	Escudo	Bank rate	.3763	2.66	
		Free	.3160	3.16	
Colombia	Peso	Free	.08296	12.05	
		Certificate	.1194	8.38	
Congo, Republic of	Franc		.007163	139.61	(1)
Costa Rica	Colon		.1622	6.17	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1492	6.70	
Denmark	Krone		.1554	6.44	
Dominican Republic	Peso		1.07438	.9308	
Ecuador	Sucre	Official	.05969	16.75	
		Free	.05700	17.54	
El Salvador	Colon		.4298	2.33	
Fiji	Pound		2.7013	.3702	
Finland	Markka		.3357	2.98	
France-Monaco, etc.	Franc		.2193	4.56	(2)
Franco-African Republics, etc.	Franc		.004386	228.00	(3)
French Pacific	Franc		.01206	82.92	(4)
Germany	D Mark		.2702	3.70	
Ghana	Pound		2.9985	.3335	
Greece	Drachma		.03581	27.93	
Guatemala	Quetzal		1.07438	.9308	
Haiti	Gourde		.2149	4.65	
Honduras	Lempira		.5372	1.86	
Hong Kong	Dollar	Free	.1864	5.36	*Jan. 2
		Official	.1874	5.34	

*Latest available date.

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

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 11	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02499	40.02	(1)
India	Rupee		.2249	4.45	
Indonesia	Rupiah		.004298	232.67	(1)
Iran	Rial		.01418	70.52	
Iraq	Dinar		3.0083	.3324	
Ireland	Pound		2.9985	.3335	
Israel	Pound		.3581	2.79	
Italy	Lira		.001720	581.40	
Japan	Yen		.002985	335.01	
Lebanon	Pound	Free	.3477	2.88	
Malaysia	Dollar		.3510	2.85	
Mexico	Peso		.08595	11.63	
Morocco	Dirham		.2149	4.65	
Netherlands	Florin		.2990	3.34	
Netherlands Antilles	Florin		.5697	1.76	
New Zealand	Pound		2.9780	.3358	
Nicaragua	Cordoba		.1535	6.51	
Nigeria	Pound		2.9985	.3335	
Norway	Krone		.1502	6.66	
Pakistan	Rupee		.2249	4.45	
Panama	Balboa		1.07438	.9308	
Paraguay	Guarani	Free	.008488	117.81	
Peru	Sol	Free	.04004	24.98	
Philippines	Peso	Free	.2759	3.62	
Portugal & Colonies	Escudo		.03737	26.76	(5)
Sierra Leone	Leones		1.5041	.6648	
South Africa	Rand		1.4993	.6670	
Spain and Dependencies	Peseta		.01795	55.71	
Sweden	Krona		.2092	4.78	
Switzerland	Franc		.2489	4.02	
Syria	Pound	Free	.2813	3.55	
Thailand	Baht	Free	.05157	19.39	(1)
Tunisia	Dinar		2.0574	.4861	
Turkey	Lira		.1194	8.38	(1)
United Arab Republic	Pound	Official	2.4711	.4047	
United States	Dollar		1.07438	.9308	
Uruguay	Peso	Free	.04367	22.90	
Venezuela	Bolivar	Official Free	.2392	4.18	
West Indies	Dollar		.6247	1.60	(6)
	Pound		2.9985	.3335	(7)
Yugoslavia	Dinar	Official	.001432	698.32	

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.

Proposal Writing for NASA

TWO points about doing business with NASA were emphasized at the Boston Conference on the Peaceful Uses of Space. The first and obvious one was the need for a really good solution to the NASA problem of obtaining proposals and putting them to work. The second and less obvious was the need for good marketing of these ideas to NASA and this includes proposal writing. Generally firms attempting to gain acceptance of their ideas and products have not given enough attention to promoting them.

Proposal writing, in view of its importance, has been receiving an increasing amount of attention. Some insight into the problems of proposal writing and some suggestions of real value to the company interested in submitting proposals for NASA business were provided in a paper presented by Eugene Kozik of the Burroughs Corporation to the Eighth Conference on Military Electronics in Washington. He examined a selection of solicited proposals received by a cross-section of customers, including NASA, defence agencies, and industrial organizations. Although there is further work to be done in this area, the results of the Kozik investigation are revealing.

These results have been classified by proposal areas: systems programs, sub-systems, and equipment. Certain factors in each class were found to be essential in winning bids, but the importance of these factors varied from class to class. Management was usually the most significant factor in systems, technical knowledge in sub-systems, and cost in equipment. The results were ranked by proposal categories as follows:

Systems Programs	Sub-systems	Equipment
1. Management	1. Technical	1. Cost
2. Technical	2. Customer	2. Technical
3. Customer	3. Management	3. Customer
4. Cost	4. Cost	4. Management

Some other important conclusions can be drawn from Mr. Kozik's analysis. These include the following:

- The level and ability of management participating in a proposal becomes a determining factor in quality.
- The technical response has its base in available talent, development work, proper use of talent, and proposal philosophy.
- Directly related experience relative to a bid decision is a paramount consideration; a unique approach can win if used properly.
- Customer intelligence and orientation must be given the proper perspective in proposal efforts.
- All wins and losses should be analyzed.
- The appropriateness of proposed formats and resumés should be kept in mind.
- The proposal team organization and proposal manager should be carefully scrutinized.

The preceding comments are essentially indicators for management in considering a proposal. The decision to bid or not to bid is also very important. In many instances, it may simply not be worth bidding; certain factors may make the risk of losing so great that a bid is not worth the expense. It was stressed, in fact, that knowledge of customers has great significance in avoiding a situation where the customer is oriented or favourably conditioned towards a competitive idea. Although this situation can be counteracted by tactics such as price competition, it is essential to know that it exists.

Points for Canadians

All this has certain implications for the Canadian businessman contemplating submitting proposals to NASA. Among these are:

1. He should concentrate on bidding within the area of his greatest skill and knowledge.

2. He should establish a continuing relationship with the potential customer.

3. When a decision is made to submit a proposal, it should be treated as the critical factor.

Management in this field would do well to read the entire paper, entitled "Proposal Writing: a Primary Means of Acquiring Business", by E. Kozik and R. Stahl published in the September issue of the *Proceedings of the I.E.E.E.* (Institute of Electrical and Electronic Engineers.)

Opportunities for doing business with NASA are good, and a Canadian firm with really novel ideas and demonstrated ability can be assured of a competitive position in this worthwhile marketing field.

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

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