

OCTOBER 16. 65

# FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA



Little People - - Big Market



# FOREIGN TRADE

OCTOBER 16, 1965

Vol. 124 No.8

*COVER: West German children are reaping the benefit of their parents' new-found prosperity. The little girl shown on the cover is one of 13 million German children under the age of 15 who will be needing—and getting—new clothes, prepared foods and new toys this year. Although competition is stiff from both domestic and other foreign sources, this lucrative market is still very much open to Canadian suppliers.*

Established in 1904. Published fortnightly by the Department of Trade and Commerce.

The Hon. MITCHELL SHARP, Minister.

J. H. WARREN, Deputy Minister.

O. MARY HILL, Editor.

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

Subscription: \$5.00 a year in Canada  
\$7.00 abroad.

Single copies: 25 cents each.

Please forward all orders to: Queen's Printer,  
Government Printing Bureau, Ottawa.

## Little People—Big Market

2

*German parents are just as willing as their Canadian counterparts to spend money on keeping the snail fry smartly turned out, well fed and comfortable. But Canadians who want to try out this German market need to know how differing social customs and habits affect it—and the best way of making contacts.*

## In England—Look North

8

*Take a look at the photographs that accompany this article—they will give you some idea of the modern look of Britain's industrial North and Midlands. The twenty-five million people who live in this area are potential customers and it may be worth your while to make a special effort to cater to them.*

## Documenting Export Shipments

13

*Some would-be exporters worry unduly about the need for and preparation of the documents that are required in shipping goods abroad. This fifteenth article in our series on the techniques of export trade describes these documents in detail, explains their use, and gives details on documentation for specific areas.*

## The Rep—Your Man in Ohio

20

*In the United States, the choosing of a manufacturers' representative can be the vital decision that a new exporter has to make. Once chosen, it is equally important to build up a good relationship with him. From Cleveland comes this article, the fruit of experience, to help you get and keep your man.*

## Bodies by Atlas, Markets by Athey

26

*The bodies are used on on- and off-highway trucks, trailers and dumpers, and they are made by Atlas, a Montreal firm. Athey is a North Carolina company in the same line of business. How and why Atlas and Athey got together and how they worked out a deal with great advantages for both is explained here.*

## Spain's Achievements in '64

10

## Dukas Is Off and Running

11

## What's Current in Commodities?

23

### Groceries—New England

23

### Paper and Paperboard—West Germany

24

## Greece Expands Tourist Industry

28

## Venezuela Plans Industrial Expansion

32

## Decimal Currency Comes to Australia

36

Businessman's Bookshelf 19

Trade Commissioners on Tour 33

Foreign Exchange Rates 34

Trade Lines 29

Foreign Tariffs and Trade Regulations 31

COMING—SUPERMARKETS IN SUNLAND, OCTOBER 30 ISSUE

# Little People - -

## Big Market

West German parents spend three billion dollars on children under 15 every year—and they're eager to buy the best. Clothing, furniture, cosmetics, baby food—the opportunities are there for the Canadian manufacturer willing to do a good and imaginative promotion job. Here is a market profile that deserves close study.

G. D. VALENTINE,  
*Vice Consul, Duesseldorf.*

THE OLD SAYING "like father, like son" does not apply in West Germany today—at least not when it comes to buying clothing and necessities for babies and children. Today's "kinder" in the Bundesrepublik are wearing clothes of a quality and style that just weren't obtainable when their parents were children 20 to 25 years ago. They are playing with toys that were unheard of, eating prepared foods off plastic plates, sitting in all kinds of contrivances designed for exercise and entertainment. They ride in buggies, bicycles and pedal cars that, in adult terms, compare in dollar outlay to Mercedes, Maseratis and Rolls Royces.

Doting parents are showering attention on their offspring—and the children are not the only beneficiaries. Recent reports confirm that although sales of men's and women's apparel are levelling off, shops selling children's wear had a 46 per cent higher turnover in April 1965 than in April 1964. For the first five months of this year, children's apparel led the clothing field with a 19 per cent higher turnover than last year, when over \$82 million was spent on clothing for the

two million German babies under two years old.

Why are German parents spending so much on their children? Their own lack of luxuries in their childhood is not the only reason. Chiefly it's the result of the rapidly rising standard of living and second, the comparatively low birth rate in West Germany. This low birth rate means that parents (and grandparents) are now spending the money on one child that they formerly spent on four or five. With the spacing of children, it also means that hand-me-downs are not nearly as common in Germany as in North America. Everything has to be brand new if at all possible.

Last year over a million babies were born in Germany, bringing to 13 million the total number of children under the age of 15. It is estimated that the average cost of a baby during its first year, exclusive of food, is \$350, plus \$250 for each of the next 14 years. Adding together the myriad of things needed, from diapers to lederhosen, baby carriages to bicycles, booties to shoes, the total outlay reaches \$3 billion a year.

### **Baby Clothing and Accessories**

Just as in Canada, there is a Children's Allowance Act in West Germany but it does not apply to the

first child, which is always the most expensive. The average parents spend upwards of \$300 on the baby in his first year, not including medical, maternity or food costs. It breaks down as shown opposite.

Naturally these costs can vary in either direction but the outlay, particularly on clothing, tends to rise, as manufacturers offer new and varied designs and styles in the higher price ranges.

The market for stylish baby outerwear is expanding. Most German babies are taken outdoors every day from as early an age as possible and they are dressed as much for show as for warmth. Long hand-knitted leotards, usually in white, dominate the ensemble but with the ever-increasing shortage of domestic labour, German mothers are buying baby clothes rather than knitting them. This also applies to bonnets and sweaters.

Indoor clothing is also being affected by the labour shortage. Cotton undershirts are still the most popular as they are easy to wash and require little or no ironing. Synthetic fibres are making inroads into the more fashionable baby dresses for the same reasons. One-piece sleeping bags are very popular but warm flannel sleepers for one- to two-year-olds, with easy access to the diaper, are only now appearing.

## GERMAN PURCHASES FOR CHILD IN FIRST YEAR

### Household Needs

Cradle	\$ 15.00
Mattress	\$ 3.75
Bed	\$ 27.00
Mattress	\$ 11.50
Sheets—3	\$ 4.50
Pillow and cover	\$ 3.05
Eiderdown	\$ 11.25
Eiderdown covers—2	\$ 6.50
Security halter	\$ 5.25
Rubber sheet	\$ 0.79
Mattress cover	\$ 2.70
Receiving blanket	\$ 4.25
Baby carriage	\$ 60.00
Play pen	\$ 10.00
Play pen pad	\$ 3.15
Child's chair	\$ 14.50
Bathtub, plastic	\$ 2.80
Washbowl	\$ 1.25
Towels—2	\$ 6.00
Diaper pail	\$ 2.45
Thermometer	\$ 0.30
Toilet set	\$ 3.35
Face cloths—6	\$ 0.87
Soap—12	\$ 3.30
Cotton 12 packages	\$ 4.50
Oil 6 bottles	\$ 5.62
Cold cream 12 cans	\$ 11.25
Powder 20 cans	\$ 6.00
Pot	\$ 0.85
Bottles 10	\$ 7.75
Nipples 10	\$ 3.50
Bottle covers 4	\$ 1.00
Bottle brush	\$ 0.15
Warm plate	\$ 5.50
Spoons and forks	\$ 1.37
Drinking cup	\$ 0.80

### Clothing

14 shirts, various sizes	\$ 4.65
14 jackets, various sizes	\$ 9.20
24 diapers	\$ 9.30
24 diaper covers	\$ 6.90
6 wrapping blankets	\$ 5.78
6 navel bindings	\$ 1.45
6 rubber pants	\$ 5.25
6 sleeping bags	\$ 8.25
2 pair booties	\$ 2.00
2 outdoor outfits	\$ 12.50
3 undershirts	\$ 1.80
3 underpants	\$ 1.45
3 pullovers	\$ 5.25
4 pair socks	\$ 1.45
2 leotards, good quality	\$ 2.75
2 play suits	\$ 2.10
1 jacket outdoor	\$ 4.25
1 pair shoes	\$ 3.50
2 pair gloves	\$ 1.10
5 bibs	\$ 2.60

## GERMAN SIZES FOR CHILDREN'S CLOTHING

Boys' and Girls' Size	Age	Height in inches	Sizes	Age	Height in inches
00	3 mos.	23½			
0	3-12 mos.	27½	Boys		
1	1	32	38	13	62
2	2	34½	40	14	63½
3	3	38	42	15	65
4	4	40½	Girls		
5	5	44	13	13	62
6	6	47	14	14	62½
7	7	49	15	15	63
8	8	51½			
9	9	54			
10	10	56			
11	11	58			
12	12	61			

## GERMAN TRADE FAIRS FOR CHILDREN'S AND BABY CLOTHING AND ACCESSORIES

Men's and Boys' Fashion Fair August 27-29, 1965 Calagne Clothing	Fashion and Sales Week September 17-20, 1965 Duesseldorf Clothing only	Baby and Children's Fair April 1966 Calagne Everything including clothing	Frankfurt Book Fair October 13-18, 1966 Frankfurt Books, including children's
Baby and Children's Fair October 15-17, 1965 Cologne Everything including clothing	Fashion and Sales Week March 20-23, 1966 Duesseldorf Clothing only	International Toy Fair February 12-17, 1966 Nuremberg Toys only	

Paper diapers are very slowly coming into vogue as time becomes more valuable, and plastic or rubber pants are now as common as in North America. If there were an abundance of labour, even a diaper service would probably appear, but there is none yet in Germany.

### **Baby Furniture**

Baby furniture and allied products are in good demand, particularly new items. The German people are great travellers and they buy quantities of collapsible furniture and accessories which will fit into a Volkswagen and other small cars. The biggest expenditure is for a baby carriage and every possible style of carriage is seen on the streets. Currently popular are carriages with large wheels, particularly for use in the cities, because the height of the carriage keeps the baby out of the traffic fumes. Carriages must be collapsible and easily stowed away in a car. In 1964 over 123,000 carriages worth \$1.5 million were imported (chiefly from Italy). In addition, German production reached 500,000 units. Many families own two carriages, one for winter and a more open stroller used for older babies in spring and summer. Almost as much thought goes into the purchase of a baby carriage as the family automobile.

Other items such as dishes, cups, plastic cutlery, teething rings, bottles and bottle warmers, are found in all colours, shapes, sizes and materials. Beds, high chairs, training seats, car seats, car beds, exercisers and walkers are purchased by every parent, particularly if they are considered an asset to the baby's health and well-being.

### **Baby Foods and Cosmetics**

Consumption of prepared baby food is rising every year and the market is practically controlled by seven major manufacturers, one of whom has nearly 50 per cent of the market. Over 120 million jars were bought in 1964 and producers are forecasting a 12 per cent increase

this year. Most of this food is purchased in specialty food shops and drug stores and only about 20 per cent of the sales are made by grocery or department stores.

Baby powders, cream, lotions, shampoos, soap, etc., are everywhere on the German market and some U.S. manufacturers have established plants here as well. Cosmetics are not as heavily perfumed as in North America and seem to contain more medicinal ingredients than beauty-care additives. One of the leading manufacturers sells a reusable can of powder and offers paper-packaged refills for about 15 cents.

German manufacturers of food and cosmetics keep an accurate record of all babies born and use direct mail to good advantage. Samples of their products and redeemable coupons are sent to every new mother and this is continued for up to one year. Any Canadian manufacturer hoping to capture a substantial share of this market must be prepared to spend a good deal on promotion.

### **Children's Clothing**

Children's clothing is also following the trend towards synthetic materials: almost 50 per cent of the children's summer clothing purchased in 1964 was made from synthetic fabrics and this will increase this year.

Styles are fast becoming as important in children's wear as they are in women's wear and in April of this year the German Fashion Institute formed a special committee to study children's fashions for fall, winter, spring and summer. If the committee decides to set a definite pattern, the turnover of the clothing industry will increase even more rapidly than at present. Whether the expected results will justify the expenditure for publicity and design remains to be seen, but the growing interest in fashion on the part of the child as well as its parents seems to indicate that children's fashion shows will soon become familiar.

Competition in children's wear is stiff—not only from domestic manufacturers but from all European countries. In addition to facing competition from other countries, Canadian manufacturers must compete with tradition, as native designs and material are still popular all over Germany. Short leather pants or "lederhosen" are not confined to costumes or folklore. Boys from age 3 to 13 still wear them from early spring to late fall and their durability, comfort and low cost make them a favourite with parents and children alike. They are perfect for nearly all occasions and can be worn with a shirt, sweater or jacket. Usually they give way to suits with short or long trousers for Sundays and special events.

The dirndl dress with small apron is still fairly popular for little girls up to age 10. Over that age, skirts with matching sweaters, one-piece dresses or a jumper with blouse are considered fashionable. Capes or cloaks similar to South American ponchos are popular at all ages and some of these have attached hoods for the younger children.

### **Sizes and Labelling**

German mothers tend to purchase children's clothes slightly larger than necessary so that their children can grow into them. They do not want tight-fitting garments, possibly because of the high cost of clothing in general and the rapidity with which children grow out of it. Sizes are similar to those in Canada but they sometimes vary between manufacturers. The sizes small, medium, and large are not popular in Germany; however, ages can be used for girls and boys from one to 12 years. Popular sizes are given on page 3. Weights can also be used for baby clothing but it must be remembered that weights should be shown in kilograms or grams, not pounds.

Although a label is a small part of any garment, it is very important in selling clothing in West Germany. All labels should show the country

of origin and also the words "pure wool", if applicable. Washing instructions are also important and must be in German as well as or instead of English.

Labelling of other items boxed or packaged in any other manner should be in German and this applies to instructions also. Pictures often tell the story if the product is an everyday item, such as a baby's plate or bottle. Assembly instructions for furniture, walkers, carriages, etc., should be in German.

### Factors Influencing Sales

Germany has a climate similar to Canada's, except that the winters are not as cold and there is generally more rain than in most parts of Canada. Canadian manufacturers should therefore be able to sell their usual lines of clothing, perhaps with the exception of heavy parkas in the 10 to 15 year group. Strangely enough, even with the high rainfall, rubber footwear is not common—probably because even the smallest town has paved or cobblestoned streets and muddy suburban roads are almost unknown.

Rubber or plastic rain capes and hats are very popular because they

are light in weight but give adequate protection. Rubber or leather footwear will sell but must be as waterproof as possible, with rubber or composition soles and heels preferred over leather.

School wear is similar to Canadian fashions and consists of skirts and sweaters or one-piece dresses for the girls. Boys' school wear is lederhosen and colours tend to be rather dull, possibly so the clothes won't show the dirt. Knitted jackets in brown, blue and grey are worn with the lederhosen and there is a demand for heavy pullover sweaters for winter wear. These generally are made with crew neck and are checked or patterned. Because German school hours are usually 8:30 a.m. to 12:30 p.m., there is a demand for leisure and sport clothes, including blue jeans, which are not "de rigueur" for schools.

Most influential of the many German customs affecting clothing purchases is the Sunday outing, which dates back for hundreds of years and now usually takes the form of a walk through the main shopping streets or the parks (each city has many of them). Dressed literally in its Sunday best, the entire family

goes on this jaunt regardless of the weather. Although recent affluence has made car owners of many families, they stick to the custom, sometimes driving to their destination and then taking their stroll.

The focal point of each family unit is the children. Prestige factors have developed to such a point that parents feel they must have their "calling cards" smartly dressed. The ensemble includes a stylish baby carriage, for baby too must participate in the Sunday walk.

A second custom, although perhaps not social, is the traditional emphasis on fresh air and recreation. German doctors and parents are almost fanatical on the need for all children to spend a good part of the day outside. This influences the sale of baby carriages but also affects sales of outdoor baby clothing and manufacturers of one-piece, washable pram suits should be able to compete favourably. The longing for the outdoors combined with short school hours mentioned earlier also creates a need for play clothing, such as blue jeans and washable dresses, blouses and skirts.

The demand for and interest in western-style clothing is being influ-



Winter bonnets are being compared at this booth at the Cologne Baby and Children's fair. Note the open order book and the poised pencil. The best and most inexpensive way for Canadians to introduce any product designed for children up to 15 years is at fairs such as this. Remember that you must have prices c.i.f. European ports with you at the trade fair.

enced by American movies and television shows which have invaded the German entertainment world. It is also aided by the annual three day "Karneval" in many parts of Germany just before the Lenten season. At that time everyone dresses up for costume parties, parades and general merriment and the streets of most cities are filled with more 8 to 14-year-old cowboys and cowgirls than Calgary boasts in mid-July. Manufacturers of this type of clothing can find a market here also, provided it is low in cost.

### Buying Seasons

Just as in Canada, Christmas is the biggest season for children's clothing and accessories. It is followed closely by the opening of the school season. Because August is the chief "sale" month in Germany, many parents take advantage of this to outfit their children for school.

Birthdays are also important and the Catholic population of Germany also celebrates "Namenstag", the feast day of the saint after whom the child is named. The gift given on "Namenstag" is not usually as pretentious or expensive as that given on a birthday but in wealthy homes it can be quite substantial.

Orders for fall and winter clothing are usually placed in April and delivery must be made by August. Samples should be shown in March for April ordering. For spring and summer fashions, September is the best month for showing and orders are received in October, with deliveries to be made by January.

### Try Trade Fairs

No matter what the product, as long as it is for children up to 15 years, the best possible and most inexpensive method of introducing it to the German market is by exhibiting at a German trade fair.

These fairs cannot be over-emphasized because all of the largest buyers and sellers in Europe attend them. It is not unusual to witness two middle-aged, cigar-smoking men drinking cognac and discussing

TABLE I  
WEST GERMAN TARIFFS ON CHILDREN'S CLOTHING AND ACCESSORIES

Tariff No.	Description	Tariff	Turnover
			Tax (per cent)
39.07	Articles of plastic excluding toys	17.6	6
60.02	Gloves, mittens and mitts knitted	17.1	8
60.03	Stockings, socks knitted not elastic		
	A. of silk	15.8	6
	other	17.6	6
	synthetic	17.6	6
	other textile	15.8	6
60.04	Undergarments, knitted or crocheted not elastic		
	A. of wool		
	women's	15.3	6
	other including children's	16.8	6
	B. of cotton		
	men's and women's	15.3	6
	other including children's	16.8	6
	C. of other textiles	16.8	6
60.05	Outer garments knitted or crocheted not elastic		
	A. of wool, cotton, flax or ramie	15.3	6
	other	16.8	6
	B. other knitted or crocheted articles	16	6
60.06	Knitted or crocheted articles elastic or rubberized		
	A. knitted or crocheted fabric in the piece	14	6
	B. other		
	I. containing rubber threads in length and width	12	6
	II. other	16	6
61.01	Men's and boys' outer garments	16	6
61.02	Women's and girls' and infants' outer garments		
	A. infants'	16.8	6
	B. other		
	I. blouses embroidered or similar work	14	6
	other	16	6
61.03	Men's and boys' undergarments	16	6
61.04	Women's, girls' and infants' undergarments	16.8	6
61.06	Shawls, scarves, mufflers, mantillas, veils, etc.		
	A. with decorative effects such as lace embroidery	15.7	6
	B. other		
	I. of silk		
	(a) of value between DM 11.50 and DM 14.50 per square metre	15.7	6
	exceeding DM 14.50 per sq. m.	14.9	6
	(b) other	18	6
	II. man-made fibres	18	6
	III. other textile materials	16.8	6
61.07	Ties, bow ties, and cravats	16.8	6
61.10	Gloves, mittens, stockings, socks not knitted or crocheted	16.8	6
87.13	Baby carriages	11.6	6
94.01	Chairs and other seats		
	Upholstered or covered		
	of wood	15	6
	of reed, bamboo, etc.	13.5	6
	other	11.9	6
	other	13.5	6
94.03	Other furniture		
	of bentwood	15	6
	of bamboo reed, etc.	11.9	6
	plastic	15	6
94.04	Articles of bedding with springs or rubber, including eiderdowns, quilts, mattresses, cushions, pillows	17.6	6
97.01	Wheeled toys ridden by children including doll carriages	14.1	6
97.02	Dolls		
	of plastic or rubber	18	6
	other	16.8	6
	parts and accessories	17	6
97.03	Other toys		
	A. toy aeroplanes, motor-driven mechanical toys	16.4	6
	B. toy musical instruments	15.6	6
	C. other		
	I. of plastic	19.2	6
	of rubber	17.6	6
	other	15.6	6

TABLE II

## TRADE JOURNALS SPECIALIZING IN CHILDREN'S NEEDS

- Baby, Subteen & Junior*  
Verlagshaus Meisenbach K.G.  
86 Bamberg  
Hainstrasse 18
- Kinderausstattung*  
Verlag Bockau & Freese  
463 Bochum  
Rottstrasse 1—3
- Wir Babys*  
C. Busch—du Fallois Sohn  
415 Krefeld  
Rheinstrasse 76
- Fz-Fachzeitschrift für Baby- und Kinderbedarf*  
Verlag Emil Patzschke  
8632 Neustadt bei Coburg
- Fachzeitschrift für Kinderausstattung*  
Verlag F.H. Kleffmann  
463 Bochum  
Postfach 1350
- Baby*  
Verlag Meisenbach K.G.  
86 Bamberg  
Hainstrasse 18

the merits of plastic versus rubber pants at a fair. Not only do fairs enable the manufacturer to make contact with buyers from all European countries but they also give him an opportunity to survey the competition. Exhibitors should come prepared with prices as well as samples, and these prices should be c.i.f. European ports. They should also be figured in all of the major European currencies because Canadian dollars are often confused with U.S. dollars and this puts the Canadian manufacturer at an immediate  $8\frac{1}{2}$  per cent disadvantage.

There is one trade fair devoted entirely to babies' and children's needs, which is held twice a year to cover the main buying seasons. In addition, there are two fashion fairs for women's and children's clothing and one fashion fair for men's and boys' clothing. There is also an annual fair devoted only to toys. The dates for all important fairs are given on page 3.

Apart from attendance at a trade fair, a personal visit to Germany is essential. Bring as many samples as possible as well as prices c.i.f. European ports and coloured photographs of the lines not included in the collection of samples. It is relatively easy to obtain appointments with department store buyers of children's items, but unless you have samples, prices and all detailed information, buyers will not want to be bothered.

Timing of a visit is also important because clothing is usually ordered six to eight months in advance of a season. There are no import restrictions on any items but tariffs on clothing are fairly high, as they are in most countries. (See Table I.) Deliveries must be prompt because of the seasonal aspects and Canadian manufacturers might investigate the possibility of shipment by air freight. Some Canadian manufacturers already selling in this market have found that air shipments enable them to save in the long run because the clothing does not re-

quire ironing and damage from sea water, handling, etc., is also less.

Other items such as furniture and accessories are bought at any time of the year, but many orders are placed at the fairs. A visit to West Germany immediately following a fair might prove useless; immediately before a fair would be better. Even then, however, orders may not be forthcoming until the buyers have had a chance to compare the prices of similar goods offered on the various stands.

Before any selling visit is made to Germany, give the Trade Commissioners in Germany prior notice so that they can arrange to clear samples through Customs, arrange accommodation, reserve sample rooms and make appointments. A month's notice is preferable to ensure the success of the trip.

#### Maintaining Sales

Once the products have aroused interest among the buyers, it would be helpful to obtain an agent who will continue to call upon the department stores and specialty shops.

There are many agents in Germany willing to take on a new line of clothing and they are best obtained by advertising in one or more of the trade journals and newspapers which specialize in clothing and children's needs. (See Table II.) Commission rates on clothing range from 8 to 10 per cent; the latter is most common when a new range is introduced.

In selling clothing direct to retailers and department stores, manufacturers must abide by the German trade terms, which are usually  $3\frac{1}{2}$  per cent in 10 days, 2 per cent in 30 days and 60 days net. Most German retailers take full advantage of any credit terms offered and few pay within 10 days, with the possible exception of department stores. Letters of credit are not accepted under normal circumstances.

There are about 240 specialty stores in Germany handling all children's and babies' needs from clothing to baby carriages. They usually buy direct from the manufacturer but will buy imported goods from agents because they do not want to bother with importing direct. Many agents will want an exclusive representation for all of West Germany for a line of clothing and a majority are able to cover the country properly. It is difficult to obtain two or three agents and give them a specific territory for clothing items.

For other items, it is sometimes possible to obtain two or perhaps three wholesalers who can give adequate coverage to department stores in north, south and central Germany and to specialty stores and other outlets in the same areas. Agents can also handle these lines but few good agents are able to carry sufficient stocks of a product.

This market is certainly worth investigating. Like any market, it is not easy to enter but once in, it can bring rewards. For those manufacturers who want to get their feet wet, the Trade Commissioners in Hamburg, Bad Godesberg and Duesseldorf are waiting to assist in any way they can. Why not give it a try? ●

# In England, Look North



Planning a British itinerary? Don't confine it to London, but visit Liverpool, Manchester and Birmingham too. They serve a prosperous area—and one that offers a sightseeing bonus.

D. S. ARMOUR, *Assistant Trade Commissioner, Liverpool.*

TWENTY-FIVE MILLION PEOPLE with money to spend represent a market that the Canadian exporter can't afford to overlook—and one that is worth cultivating personally.

Developing sales opportunities for products in the London region is usually relatively simple. Few places in the world offer so many of them—to be explored by telephone, tube and taxi. But this should not lead the Canadian exporter to forget about the rest of Britain—and especially the 25 million who live in the North and the Midlands of England. They can become worthwhile customers.

Planning a business trip to this area doesn't present any problem. If you wish to study this market

for the first time, you should write to W. R. Van, Canadian Government Trade Commissioner, Martin's Bank Building, Water Street, Liverpool. Give him a complete outline of your products and c.i.f. prices in pounds sterling, and enclose brochures or pamphlets. Send him samples well in advance of your visit.

### **Ship or Aircraft?**

The next step is to reserve your air or sea passage and your hotel accommodation, well before your planned departure. Both Air Canada and BOAC offer regular service between Canada and cities in Britain. During the summer months, there is at least one nonstop flight per day between Toronto and

London and Montreal and London. Alternatively, you can fly from Montreal direct to Manchester via Prestwick. From London, there are regular flights of an hour or less to Manchester, Liverpool and Birmingham. By rail, these three cities are less than four hours from London.

If time is available, there is excellent passenger ship service between Montreal and Liverpool, stopping at both Quebec City and Scotland. The CPR's *Empress of Canada* and *Empress of England* and the Cunard Line's *Carinthia* provide a weekly service from April right through to October. These excellent seven-day crossings mean a restful break between business trips.

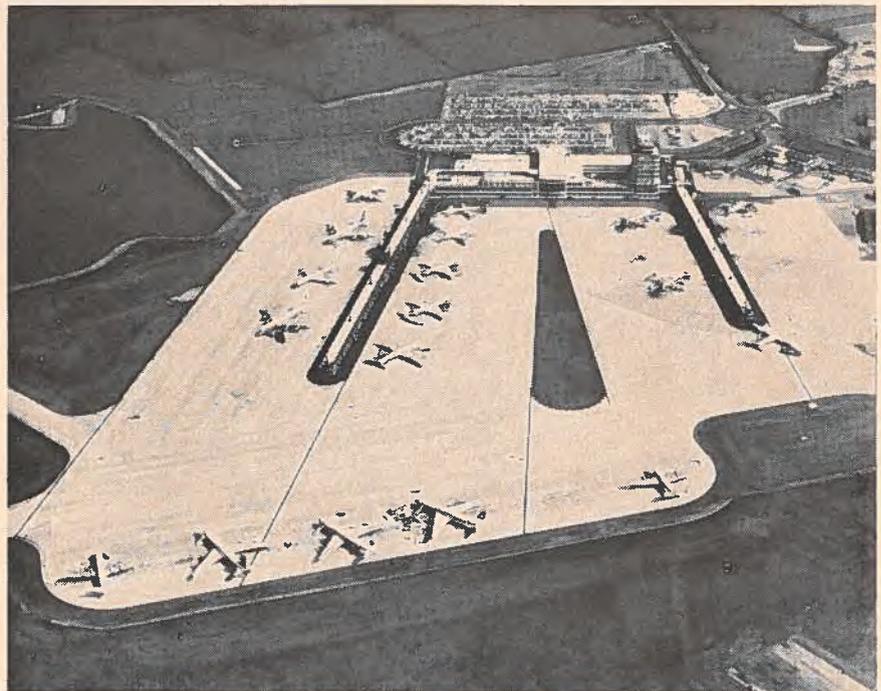
### **Where to Stay**

Outside the London region, there are not as many good hotels as in the major cities of North America. However, the ultra-modern Albany Hotel in Birmingham is probably one of the finest commercial hotels



**ABOVE**—Turning basins, berths and warehouses stretch as far as the eye can see—and yet the Birkenhead docks make up only a small section of Liverpool's total dock facilities. A weekly passenger ship service from Montreal April-October will get you there, rested and ready for doing business.

**LEFT**—The Bull Ring shopping complex, said to be the largest shopping centre in the world, is a major part of Birmingham's Civic Centre redevelopment project. Included in these connecting buildings are 141 retail shops, plus markets, department stores, offices, a car garage, bus station and restaurants.



**RIGHT**—Aircraft of all sizes are shown near the two loading piers at Manchester's International Airport. Passenger and freight traffic is rising by over 12½ per cent each year, but the airport can cope; it can handle three million passengers a year. It processed almost 19,000 tons of freight in 1963.

of its type in the world. In Liverpool, the Adelphi Hotel, although Victorian in character, provides comfortable and pleasant accommodation. The Piccadilly in Manchester is a large hotel opened only recently. Reservations at all these hotels should be made well in advance, either through this office, a travel agent, or directly.

#### **Don't Come in Summer**

What time of year is best for a visit here? From a business stand-

point, any time of year is satisfactory, except July and August. English firms do not tend to spread employee vacations throughout the year to the same extent as in Canada. Consequently, there could be some difficulty in doing business during the summer months.

From the standpoint of weather, June is generally the best month in England, but from April through to November temperatures are usually reasonable although they can range from a low of 45 degrees to a high

of 70. A rainproof spring topcoat is a must. During the winter months, the temperature usually varies between 30 and 50 degrees. However, because of the dampness and often strong winds, you would be well advised to bring a winter-weight coat.

#### **What Documents?**

The only personal documentation the visitor needs is a valid passport and a vaccination certificate. (The latter is, of course,

necessary for re-entry into Canada.) The import of samples into Britain can be tricky. The duty and the purchase tax payable, if any, depend on many factors. Before we can give definite information on this, we must have the following facts. Do you intend to take the samples out of Britain after use? What are the types and value of the articles? How long will these be in Britain? For advice on this subject, we can recommend the following services:

The Canadian Manufacturers' Association.  
Commonwealth Division of the Office of Trade Relations of the Department.

Any reputable forwarding agent.

The Canadian Export Association.

Any of the Trade Commissioner offices in Britain.

### In Off Hours

The tourist attractions of England are well known to most Canadians. However, many Canadian visitors often do not realize that the North and Midlands contain many extremely interesting tourist attractions. North Wales is less than an hour's drive from the centre of Liverpool. This region of high rolling hills with homes that show the old Welsh architecture is a must. Visiting a typical Welsh pub for dinner is an experience never forgotten. Eighty miles north of Liverpool and Manchester lies the Lake District—for scenic beauty, one of the most attractive regions of Britain. These features and many others will make what should be a successful business trip also a pleasant holiday.

Naturally, the question arises is it worth coming here? What Canadian products can be sold in Britain? The list is too long to print—approximately a billion dollars' worth of goods move from Canada to Britain each year. Granted, a good percentage consists of raw materials such as wheat, timber, nickel, iron ore, and newsprint. But a large volume is made up of manufactured goods. A good criterion of these products is that what sells in

Canada usually can be sold in Britain—depending, of course, on whether the product is competitive in price and quality.

Britain is a good market—so don't service only part of it. Covering London only is like selling in

New York, Chicago and Los Angeles and feeling that you are well covered for the whole United States. In England, look north and prospect the major marketing areas of Birmingham, Manchester and Liverpool. ●

## Spain's Achievements in '64

RESULTS achieved during the first year of Spain's Four Year Development Plan indicate that the Spanish economy is apparently moving in the right direction. The gross national product showed a real growth of 7.1 per cent last year though the Plan target called for only 6 per cent. Industrial production went up 11.6 per cent, with electric power (14.4 per cent), steel (14 per cent), and chemicals (13 per cent) the outstanding performers. Some 443,000 T.V. sets were turned out (a 40 per cent rise), 427,600 refrigerators (up 75 per cent), and 117,900 automobiles (up 48 per cent).

Per capita income increased to \$492. Wages and salaries went up by 17.7 per cent and production costs increased beyond the point where they could be absorbed by a rise in productivity of 6.5 per cent. The trend towards industry and away from agriculture continued; the rural working population decreased by 250,000 though it still represents 33.4 per cent of the labour force. Some 304,600 new jobs were created in industry. The share of labour's earnings in the national income, some 49 per cent in 1961, reached 55.1 per cent in 1964. Income from capital and profits from business, on the other hand, fell to 35.6 per cent in 1964 from 40 per cent in 1961. This indicates the creation of a new social structure in Spain, one of the aims of the Plan.

One of the darker spots in the picture is the threat of inflation. This threat increased significantly last year because of the great imbalance between the growth of production and of demand. The large expansion in consumption is difficult to check in a society which is only beginning to experience a material well-being hitherto unknown. Now rising prices and a general increase of 12.7 per cent in the cost of living is threatening this progress. The anti-inflationary measures taken by the Government last year have so far had limited success.

The chief drawback to Spain's economic development, according to experts, is agriculture, where too much attention is being given to long-term measures, such as irrigation, and not enough to

urgent measures to reduce hardship to farmers and create an efficient marketing system for farm produce. Indicative of the difficult state of agriculture is the constant exodus from the land to the cities mentioned earlier and the decline in agricultural production in 1964 by 9.7 per cent.

During 1964 the process of trade liberalization was continued with the publication of the 9th list of liberalized items, an increase in quantities covered by global quotas, and a general across-the-board tariff reduction of 5 per cent. This may be the reason for Spain's growing trade deficit with imports, at \$2,081 million, well ahead of exports, \$988 million. It was only thanks to tourist trade earnings, which increased by 40 per cent to \$852 million, and remittances from Spaniards living abroad, which increased by 20 per cent to \$237 million, that the balance of payments showed a surplus of \$326 million at the end of 1964. Economists are pressing for an expansion of exports and the local press is devoting many articles to the importance of the Government's taking the necessary measures to promote them.

In its recent report on Spain, the OECD summed up the situation by saying that "Spain has decidedly entered a period of rapid economic growth," but also pointing out the inflationary factors. The report goes on to say: "Important pressures on prices appeared in the course of last year and during the early months of 1965. Unless these are shortly eradicated they will risk jeopardizing the success of the Development Plan, now in its second year of implementation, and could lead to a return to the inflationary conditions prevailing in Spain in the 1950's."

There is no reason to suppose that the high index of economic development being enjoyed by Spain should not continue. As the OECD report explains, the large gold and currency reserves should give the economy a good degree of flexibility, provided that the aims of the Development Plan are not lost to view and that maximum productivity continues to be a guiding objective.

—L. A. CAMPEAU, *Commercial Counsellor, Madrid.*

Ruth Dukas shows two buyers a gaily decorated evening gown in her Toronto showroom. Miss Dukas, however, is not interested in simply sticking close to home; she has recently returned from a selling trip which included specialty shops in both faraway Los Angeles and in hard-to-sell New York.



## Dukas Is Off and Running

“DON’T EXPECT INSTANT SUCCESS. Exporting is time-consuming and expensive. The main thing is to find out who are your best contacts. You must know the stores that you can sell to in your price category so you don’t waste your time. Get as much publicity as you can and be able to quote prices. You must be knowledgeable.” Ruth Dukas, fashion designer speaking. A bright, incisive redhead who has combined a winning way with *haute couture* evening wear and a Bay Street attitude to business to build up in one year a sizable export trade to the United States.

*Foreign Trade* asked Miss Dukas why she had started looking for export markets in the first place.

“We have a high-fashion product. It’s stylish, it’s competitive, it’s different. Our look is not American, not European—it’s our look. Price-wise we feel we can compete because we are going after a class of stores and specialty shops that is the best. To these people, cost is no object as long as the garment is beautiful and different.

“Canada has only so many stores that will buy our product and these are getting fewer. I’m a creative person and what I did last year isn’t good enough for this year. Now, as we upgrade our product we become more exclusive; the cheaper stores dwindle away because they can’t use our goods. The popula-

tion here is too small for our type of merchandise and we have to go elsewhere for our buyers. These buyers—who travel to Rome, London and Paris for their fashions—have told us that our dresses, as far as value and styling go, outshine the others.”

Miss Dukas was also forced to face the sometimes hard facts of international trade trends.

“We feel that eventually the trade barriers between Canada and the United States will be lowered. In two to five years our competitors below the border may be bringing their dresses into Canada at lower rates of duty, and we’re going to have a tough time of it. Anticipating this, we decided to see what the market was like down there and if our clothes were acceptable”.

At some expense, Ruth Dukas joined with two other garment manufacturers to hire a salesman in the Philadelphia area to take the lines out on a trial basis. He was no stranger to the market as he had already been doing business in the U.S. for a Toronto sportswear firm. “We didn’t expect orders; it wasn’t that. We just wanted to see what the reaction would be. Well, the reaction was tremendous. The buyers felt that we had a different look, a different approach—and they liked it.”

Orders flowed in.

"Then we thought that it might be a good idea to hold a private showing in Philadelphia about this time last year. The three of us joined with four other garment manufacturers to form AMEGO—the Apparel Manufacturers' Export Group of Ontario. We asked Canadian Government officials in Philadelphia to set up a series of appointments for us and although they did their best, we learned that we can't expect the Government to do our selling for us. We have to go out and sell ourselves, meet the buyers face to face. Nobody can do this for us. The prestige of having the Canadian Government behind you helps, of course, but it's certainly not the whole trick. Where the Government can—and does—help is in promotion; it can pave the way for us.

"Getting into the United States market is a real hardship for the small manufacturer—and I am a small manufacturer. It is necessary to spend a lot of time, money and effort on it, and perhaps the most damaging aspect is the time spent away from the business in Toronto. None the less, the market is there. We have sold to the top department stores and specialty shops in America and we are constantly expanding."

Success, said Miss Dukas, often comes from the most unusual situations. She spoke of an experience in Boston when the buyers who were asked to a showing were, because of a misunderstanding, responsible for teen-age clothes. It made no matter. These buyers called their merchandise manager who, in turn, brought the appropriate buyer back from a purchasing trip in Ireland and sent her to Toronto to see the Dukas line. She took back to Boston two dresses which were displayed in the store's windows and attracted much comment. This same store holds an annual international display in its 26 show windows; this year for the first time there will be a Canadian window and Ruth Dukas can take a great deal of the credit for the increased interest in Canadian goods.

Selling and promotion, however, are not the only hurdles. "We have had to learn many technicalities about such things as shipping: which ways are faster and which are cheaper, the best methods of packaging, brokerage, and so on. We ship to Philadelphia by direct transport; to Boston it's transported to Buffalo and from there on the customer takes over the shipping arrangements. We quote, by the way, f.o.b. U.S. port of entry."

Miss Dukas has some rather incisive views about Canada's garment trade with the United States. "We have so many things that we could sell down there—and it's just not being done. I don't think that people here recognize the potential, yet it's so close to home.

"Why aren't people taking advantage of it? I think it is because we are afraid: we think, 'How is a Canadian product going to sell?' I know that we are all self-conscious about who we are; we seem to think that Americans are smarter and better than we are. It's

not so. I don't find any difference between a buyer in Boston or Philadelphia and one in Montreal, Vancouver or Quebec City."

Service is a real stepping-stone to success in this fast-moving, competitive business, "If you're going to sell in the United States—if you are sincere in your selling—then whatever you do, if you've promised them delivery on a certain date, you'd better deliver. If you don't, you're finished."

"I have had one experience with a large department store in Philadelphia: I can't get to the buyer because he dealt with a manufacturer in Montreal who got a first order and sent down beautiful clothes. The repeat order was a huge one but delivery was terribly late and when the merchandise finally came through, it wasn't anything like the original—terrible stuff. Now this man will have absolutely nothing to do with Canadians. He will go to California, which is thousands of miles farther away, before he will touch anybody north of the border."

The road to success has been a long, uphill one for Ruth Dukas. And even though she is now becoming recognized as a dress designer to be reckoned with, she has no intention of easing off or looking back. September 13 saw her off to California for a week's show in Los Angeles. From there, she went to New York. Two weeks before the East Coast show, she herself went to Gotham to publicize her venture. (Her appointments, incidentally, were set up by the Canadian Consul and Trade Commissioner there.)

"We're off to the races. We're off and running." Ruth Dukas speaking. A Canadian designer who has found a market as well as the key to open its doors. A Canadian designer who is running hard—but certainly not scared.

—F. A. COCKRAM,  
*Foreign Trade.*

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### Mexico's Plans for Agriculture

The Mexican Government has ordered that major efforts be made to increase agricultural production through diversification and that additional technical assistance be made available to local farmers.

An important factor in this improvement program will be the supply of graduates from the National Agricultural School of Chapingo, State of Mexico. These graduates will be sent to new agricultural schools in state and regional universities to teach agricultural techniques and veterinary medicine.

The "Chapingo Plan" represents a U.S.\$12 million investment supplied through government appropriation and funds from international agencies such as the IDB, the UN, AID, and both the Rockefeller and Ford Foundations—Mexico, D.F.



## How to Win World Markets 15

What documents must accompany an export shipment when it leaves Canada? What is their purpose? Do they vary with the destination and the commodity? Why must they be prepared with great care? This article answers these and other related questions.

AN EXPORT SHIPMENT when it leaves Canada must be accompanied by certain documents in order to fulfil the Customs requirements of the importing country. The authorities of the importing country may require documents of a specified kind, processed in a particular way, for a variety of reasons.

Other documents that the exporter may have to provide are:

Packing list

Health certificate

Import licence

### **Consular Invoice**

This is the most exacting document an exporter is likely to encounter and it must be prepared meticulously. It is most generally needed in Latin America but a few other countries also require it. The consular invoice is a form calling for a detailed description of the goods, with spaces for showing marks, numbers, weights (usually in the metric system), value and origin of the goods, and a declaration about the accuracy of the contents of the invoice. The forms can usually be obtained only from the Consul of the importing country and must be submitted to him for legalization (hence the name). In some instances, commercial stationers stock these forms for sale to exporters. The consular invoice is frequently in the language of the importing country and must be completed in that language. It must contain no errors, either in typing or data. Erasures or strikeouts in typing, pen-and-ink changes or additions are not allowed. In some countries the goods must be described in terms of the tariff of the importing country and the number of the tariff item shown; the agent will furnish the required description and it must be used exactly as given. Errors or changes, even if unintentional, often lead to a fine. The responsibility for paying the fine rests with the importer but if the fault is with the exporter, the

# Documenting Export Shipments

*Office of Trade Relations*

The main use of Customs documents is to provide a complete and specific description of the goods so that they can be correctly assessed for duty purposes. The documents may also be necessary for the administration of exchange control regulations and quantitative restrictions in force in the importing country, and for statistical purposes. Careful attention to every detail in completing them means that the goods can be cleared through Customs with the least possible delay and fines and other adverse consequences avoided.

The documents most frequently required in export trade include the following:

Consular invoice

Commercial invoice

Certificate of origin

Certificate of value

Ocean bill of lading

importer will invariably deduct the amount of the fine from the remittance or request the exporter to allow for it.

### **Commercial Invoice**

The commercial invoice is usually supplied on the exporter's own form but the content must comply with the requirements of the importing country. In some countries, particularly those of the Commonwealth, the commercial invoice must be prepared on a special form prescribed by the Customs authorities of the importing countries. Such forms—sometimes referred to as customs invoices—can usually be obtained from commercial stationers. Countries which require a consular invoice also require a commercial invoice, which serves to support and confirm the information given in the consular invoice. In other countries, it serves the same purpose as the consular invoice—that is, giving the importer the necessary information to clear the goods through the Customs.

### **Certificate of Origin**

The main purpose of this document is to establish the right of the goods to preferential duties to which the importer may be entitled. They are thus required for Canadian goods in many parts of the Commonwealth. In the few instances where a certificate of origin is required in other than Commonwealth countries, consular legalization is usually demanded and in some, certification by a Chamber of Commerce or other similar organization.

### **Certificate of Value**

Values shown in an invoice frequently have to be confirmed by a certificate of value signed by the exporter and stating that the invoice contains a true and full statement of the price paid for the goods and that there is no other understanding between the exporter and the buyer about the purchase price. A declaration of this kind is usually included

in consular invoices and frequently added to commercial invoices. Forms of invoice prescribed for shipment to most countries of the Commonwealth incorporate a certificate of value. Sometimes the value of the goods must be certified by a Chamber of Commerce or similar organization.

### **Ocean Bill of Lading**

The customs regulations of most countries specify the number of copies, either negotiable or non-negotiable, of the ocean bill of lading that must be supplied for customs purposes.

A bill of lading may either be a straight or an order bill. A straight bill of lading is made out to a specifically named consignee and is a non-negotiable document by which the steamship company acknowledges receipt of freight and contracts to move it. With these bills of lading it is possible for the consignee holding the arrival notice to obtain possession of the goods without the surrender of the original bill of lading.

An order bill of lading may be made out either to order of the foreign consignee or his bank, or to order of the shipper, his bank or another especially designated party; the title to the goods is given by possession of the bill bearing the shipper's endorsement. Often the endorsement is in blank, thus vesting the title in the bearer of the bill and making it a highly negotiable document. In arranging for collection or acceptance of the draft, the shipper, in addition to turning over to the bank or agent the two or more negotiable copies of the bill of lading together with essential documents, will give specific instructions on the conditions under which the shipping documents are to be transferred to the buyer of the shipment. Although order bills of lading are in common use, certain Latin American countries (such as Venezuela, Colombia, Ecuador and Brazil) either prohibit or make the use of them sufficiently difficult that the

exporter has to (or finds it advisable to) switch to a straight bill of lading. Consequently the customer or agent should always inquire about the type of bill of lading which is acceptable to the country concerned.

Where to-order bills of lading cannot be used, it is well for the shipper to satisfy himself about the financial status and reliability of his customer or the broker to whom the goods are consigned, or to protect himself against any possible financial loss.

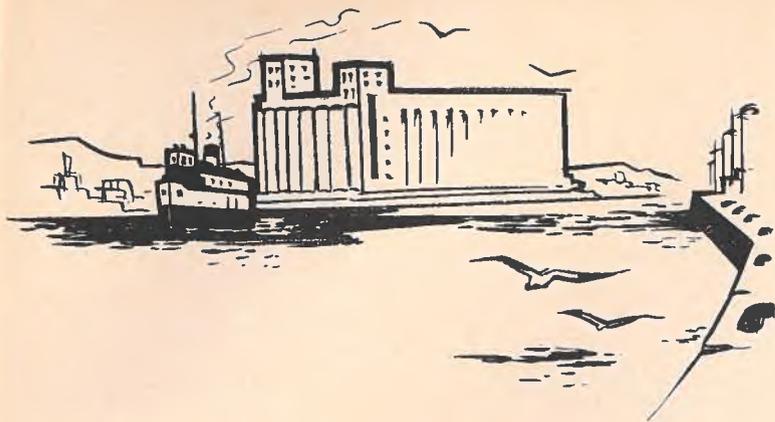
Two or three negotiable or signed bills of lading are usually issued, plus as many more non-negotiable copies as may be required. These are clearly marked non-negotiable. Where these bills have to be presented in duplicate or triplicate at the Customs of a foreign country, it is usual to supply one negotiable copy with each set of documents, plus as many non-negotiable copies of the bill of lading as are needed.

Because the consignee requires a negotiable bill of lading and related documents to clear the shipment, documents should be forwarded either by the same ship that carries the merchandise or by mail in advance. Failure to produce the necessary clearance papers when the merchandise arrives may lead to severe penalties or excessive storage charges.

To avoid any possibility of loss in transit, it is usual to forward two complete sets of documents, each with a negotiable bill of lading, in successive mails to the consignee or to the bank or agent which is to hold this document for collection. The third negotiable bill of lading is usually retained by the shipper or bank in case of emergency.

Where the shipper's draft is negotiable through the bank or the bank is required to act as collector for the shipper, all negotiable copies should be turned over to the bank so that it may have complete control of the shipment.

Bills of lading made out to order generally bear instructions to the



steamship company to notify the consignee upon arrival of goods at the port of discharge.

An ocean bill of lading may be either a direct bill of lading or a through bill of lading. The distinction between the two is that the direct bill of lading covers shipment between direct ports of loading and discharge of the initial carrier concerned. Through bills of lading cover shipments from or to ports by more than one steamship line. The initial carrier transports the goods to a port of transshipment, where they are transferred to another steamship line for on-carriage to the port of ultimate destination.

### **Packing List**

This form is not generally prescribed by the customs laws of importing countries. However, it is used to supplement the commercial invoice when numerous units of the same product are being shipped or when the quantities, weights or contents of the cases may vary. Generally a separate list is prepared for each package showing its weight, measurement and contents. It often includes the outside dimension of each case and the total cubic content and total weight of the shipment.

### **Health Certificate**

Many countries call for a certificate of health or sanitary certificate when animals, animal products and plant products are shipped. This is to ensure that the goods shipped are

free from disease and insect pests or, for food products, that they have been prepared in accordance with prescribed standards. These certificates are usually issued by the appropriate government authority in the exporting country. In Canada, the Department of Agriculture (or for processed food products, the Department of National Health and Welfare) provides this document. When the shipping documents require consular legalization, this health certificate must be included with the documents submitted to the Consul.

### **Import Licence**

Certain countries require the importer to obtain an import licence before placing his order abroad. For example, in most Latin American countries where licences are required, a copy of the import licence must accompany the shipping documents when these are presented to the Consul for legalization. (The overseas customer will, of course, supply the exporter with the necessary document.) Even when the exporter does not require a copy of the licence, he should always make sure that his customer has complied with the licensing regulations of the importing country before he ships the goods.

### **Combined Documents**

Many countries will accept documents which combine some or all the features of those described above. For example, shipments to

many Commonwealth countries may be covered by a commercial invoice on a prescribed form; the other side of the form carries a certificate of origin and of value. A declaration of origin may also be incorporated in the consular invoice form. A commercial invoice may be converted into a consular invoice by requiring it to be legalized by the Consul.

### **Canadian Export Forms**

The only documentation that the Canadian Government normally requires for exports from this country is the customs export entry form B.13 and in certain instances—depending upon the kind of goods or the country of destination—an export permit.

The export entry may be obtained at local Customs offices and is used mainly for statistical purposes. It requires a description of the goods, the quantity, value and destination and whether they originate in Canada or are goods of foreign origin being re-exported.

An export permit is required for all goods intended to be shipped to any destination listed in an Area Control List established under the Export-Import Permits Act. Certain goods enumerated in an Export Control List, also established under authority of the Export-Import Permits Act, need a permit when shipped to any destination. This, however, does not apply generally to exports to the United States. Applications for export permits and information about the rules governing their use may be obtained at Customs offices or direct from the Transportation and Trade Services Branch of the Department of Trade and Commerce.

Documentation requirements vary from one country to another and change from time to time, although efforts are continually being made to simplify and standardize them. The scope of this article does not permit a detailed discussion of regulations on documentation in individual countries, but the sections

## Documentation for Europe

MOST of the countries in Europe specify in detail the data that should be given in the documents required for freight shipments. Many of them also require sanitary or other special certificates covering imports of animals, plants, foodstuffs, etc. The documentation required for shipments by parcel post or air cargo to European countries are generally similar to those for freight shipments.

A number of European countries control the import of some commodities from the dollar area, including Canada. Canadian exporters would therefore be well advised not to ship their goods until they are assured that the importer has obtained any needed import licence.

The following table lists the documents required for freight shipments to those European countries outside the

Soviet orbit. It also shows briefly the main requirements to be observed in preparing these documents. It is intended merely as a guide to the kind of documents that each country requires and the minimum number of these necessary for customs clearance. (Further information is given in the notes.) Exporters should bear in mind that their European customers, the forwarders, banks, etc., may ask for further copies.

Unless the table indicates otherwise, there are no requirements as to the form of the documents, language, weights or measures, and no certification or consular legalization is needed. Hence there are no consular fees involved.

### ABBREVIATIONS

C.I.—Consular Invoice; Com. I.—Commercial Invoice; C.O.—Certificate of Origin; B.L.—Bill of Lading.

Country	Documents Required	No. of Copies	Notes (see below)	Country	Documents Required	No. of Copies	Notes (see below)
Austria	Com. I.	2	9	Iceland	Com. I.	2	6, 9
	B.L.	1			B.L.	5	
	C.O.	1	13		Italy	Com. I.	4
Belgium	Com. I.	1	9	Netherlands	B.L.	1	
	B.L.	1			Com. I.	2	10
	C.O.	1	3, 13		B.L.	1	
Denmark	Com. I.	2	13	Norway	Com. I.	2	10
	B.L.	1		B.L.	1		
Finland	Com. I.	2		Portugal	Com. I.	3	
	B.L.	2			C.I.	3	1, 14
	C.O.	1	3, 13		B.L.	2	
France	Com. I.	2	7	Spain	C.O.	2	1, 13
	B.L.	1			Com. I.	4	5, 9
	C.O.	1	3, 13		B.L.	1	2
Germany (West)	Com. I.	2	9	Sweden	C.O.	3	1, 8, 13
	B.L.	1			Com. I.	2	11
	C.O.	1	3, 13		B.L.	1	
Greece	Com. I.	8	2, 5, 15	Switzerland	Com. I.	1	7, 9, 12
	B.L.	2			B.L.	1	
	C.O.	1	2		C.O.	1	3, 4, 9, 13

### NOTES

1. Requires consular legalization.
2. Consular legalization may be required in certain cases.
3. Requires certification by a Chamber of Commerce or similar organization.
4. Must be in language of the importing country.
5. If language of the importing country is not used, a translation may be required at the discretion of the Customs.
6. Should be in English or accompanied by a translation into English.
7. Should be in French or both English and French.
8. Should be in English or Spanish, but Spanish officials prefer the latter.
9. Weights and measures must be stated in metric units.
10. Standard Canadian weights and measures may be used, but use of the metric system is preferable.
11. Commercial invoice is required only for goods dutiable at ad valorem rates, but desirable for other goods as well.
12. Commercial invoice is not obligatory, but desirable to supply shipper with information required for Customs declaration.
13. Certificate of origin is only required in certain cases.
14. The consular invoice, known as "declaration of cargo", must be in a prescribed form obtainable from commercial stations.
15. One copy of the marine insurance policy should be included whenever the insurance charges have been paid by the exporter on behalf of the importer.

that follow give a general indication of the requirements in the major geographical areas. Included is a table outlining the type and number of documents required in the various countries of Western Europe.

### **Commonwealth**

In many countries of the Commonwealth, goods of Canadian origin receive preferential tariff treatment—that is, rates of duty lower than those applicable to similar goods from non-Commonwealth sources. Two main conditions must be fulfilled to entitle goods to tariff preference. First, the goods must be Canadian products within the meaning of the preference regulations of the country concerned. Second, they must be consigned direct from Canada to that country, with the exception of Britain, where Commonwealth origin is the only stipulation.

To enable his customer to claim entry under preference, the Canadian exporter must supply a certificate of origin. For most preferential markets, the certificate of origin is combined with a certificate of value and an officially prescribed form of invoice in a single document. The text of this document varies (though in many cases only in minor details) with the country. It is important therefore that the exporter use the correct form for the country to which he is shipping and that he does not, because of apparent similarity, substitute a form prescribed for some other area. The form of invoice and the certificate of value should be used for all shipments. The portion relating to origin, however, normally needs to be filled in only when claiming preferential tariff treatment.

### **Combined Documents**

There are two basic versions of the combined document. In one, the form of invoice has columns calling for both the current domestic value in Canada and the selling price to the purchaser abroad. The combined certificate of value and of origin in this form contains appropri-

ate declarations regarding the basis for the current domestic values shown in the invoice and the grounds on which the goods qualify as products entitled to preference. For Australia and New Zealand the form is amplified, particularly the certificate of origin, to meet the requirements of the respective Customs laws.

The second basic type is an abbreviation of the first. The invoice calls only for the selling price to the overseas importer and the certificate of value is correspondingly shortened.

Britain is a notable exception. There is no official form of invoice and usual commercial invoices may be used. A certificate of value is not required. For claiming preferential treatment, four different kinds of certificates of origin have been prescribed. One of these is for goods which must qualify as the "growth or produce" of Canada—that is, such goods must be wholly Canadian. Another is a special certificate for sugar and tobacco. The remaining two are for goods which have been sufficiently processed as to be regarded as manufactured articles. These qualify for preference if a prescribed proportion of their factory cost has been incurred in a Commonwealth country. In support of the Canadian "content" claimed in these certificates, the overseas manufacturer may be asked for details of expenditures on materials, labour and overhead.

In any preference area, the importer may be asked to produce bills of lading or similar documents as proof of direct consignment. Transshipment in a foreign country is usually permitted but then a chain of evidence of direct consignment becomes necessary.

Shipments to India and Pakistan, which are among the Commonwealth countries not granting preference to Canada, require no special form of invoice; however, all copies of the commercial invoice have to bear the original signature of the shipper.

Preferential tariffs in the Commonwealth and the conditions under which they are granted were dealt with in more detail in an earlier article in this series. (See *Foreign Trade* of July 24, 1965.)

### **United States**

In general, the only documents required when shipping to the United States are a bill of lading and an invoice. The United States Customs, however, requires a completed Customs Invoice Form 5515 for any shipment of goods valued in excess of \$500.00 and subject to an ad valorem rate of duty. Supplies of Form 5515 are readily available from all U.S. consular offices in Canada free of charge, or from commercial stationers at nominal cost. Although only one copy of the customs invoice (form 5515) is required by the U.S. Customs, it is usually well to prepare three copies: one for the use of the U.S. Customs when the goods are examined, one to accompany the entry papers, and one for the customs broker's file.

For shipments valued at less than \$500.00, duty-free shipments, or shipments of articles subject only to specific rates of duty, copies of the commercial invoice are sufficient. For certain goods, additional information must be shown when either the special customs invoice or a commercial invoice is used. In general, these further details are required only when the ordinary description of such products does not give sufficient information to classify and appraise them properly. If the required special Customs invoice (form 5515) or the commercial invoice is not available at the time of entry into the United States, a statement in the form of an invoice must be filed. The consignee prepares this pro forma invoice and in addition gives a bond undertaking to file the required invoice with the Collector of Customs within six months of the date of entry.

### **Latin America**

As already indicated, the chief characteristic of Latin American

documentation is the consular invoice required by 12 countries in that area. In Chile, the regulations call for a combined commercial invoice and certificate of origin; in Guatemala, the main document is the certificate of origin; in Bolivia, Brazil, Costa Rica, Mexico and El Salvador, the commercial invoice is the principal one. Chile and Costa Rica are the only Latin American countries which do not require consular legalization of the documents.

Fees for legalization of documents vary greatly and often are substantial. In some countries there is a flat fee of so much per set of documents; others charge fees on the value of the shipment as shown in the invoice—going as high as 8 per cent ad valorem in some cases. Some fees are collected by the Consul who processes the documents; others are paid by the importer at the port of entry. The cost of forms when purchased from Consuls is often as high as \$6 per set.

### **Europe**

For most European countries the only documents needed for customs purposes are the commercial invoice and bill of lading. In a few countries a certificate of origin must also be supplied for some shipments. Portugal is the only country which requires a consular invoice and in Spain the certificate of origin, when required, must be legalized by the Consul. With these exceptions, documents for shipments to European countries do not require consular certification.

The documentation requirements of European countries have been generally adopted by their former possessions in Africa.

### **Asia and Middle East (excluding Commonwealth)**

For all countries in this area the commercial invoice (giving full details of the shipment) and the bill of lading are among the documents required for customs purposes. These documents, without consular legalization or Chamber of Commerce

certification, are all that is normally required for shipments to Burma, Indonesia, Israel, and Thailand. The commercial invoices may be prepared by the shipper on his own form, except for Israel, for which a special form is preferred and suggested for use.

For Saudi Arabia and the United Arab Republic (Egypt), a special certificate of origin must be certified by a Chamber of Commerce or similar organization.

For Lebanon and Syria, the commercial invoice may be combined with a certificate of origin and requires certification by a Chamber of Commerce or similar organization or for Lebanon, by a Lebanese Consul, if there is one in the place of shipment.

For Jordan, the commercial invoice valued at over \$90.00 Canadian currency must be certified by a Chamber of Commerce.

Japan requires a certificate of origin for goods granted concessions under the General Agreement on Tariffs and Trade (GATT). This must be legalized by a Japanese Consul if there is one at or near the port of shipment, otherwise by a Chamber of Commerce.

Consular invoices are required for shipments to Liberia, the Republic of the Philippines, Taiwan and Turkey, and for exports to Iraq which are not of Canadian origin.

There are many exceptions to the general rules. The requirements vary not only from country to country but also within each country for different commodities. The outlines given here apply mainly to shipments by freight. The procedures for shipments by parcel post and air cargo usually differ in some respects and in most countries are not quite as strict or exacting. Nevertheless they must be followed precisely to avoid difficulty.

### **Preparing the Documents**

Documents should be prepared in time to get them into the hands of the importer before the goods reach

the port of entry. The regulations of some countries prescribe that documents must be presented to the Consul for legalization within a specified time—often before the ship sails or at least within a day or two after sailing. Failure to comply can result in severe penalties. The papers should be sent to the consignee by airmail whenever possible.

Exporters frequently find it advisable to have their shipping documents prepared for them by shipping agents many of whom, through long experience and exact knowledge of the requirements, are able to perform this service efficiently. They not only fill in the forms in the language required (translating if necessary), but also present the documents to the Consul for legalization when this is called for.

Finally, the exporter would be well advised to follow any instructions he receives from his overseas agent or customer. Sometimes the reason for a particular instruction may not be clear and the exporter may be tempted to ignore it because of the added burden. Such short cuts, however, may be dangerous and he should avoid them at all costs.

The Office of Trade Relations has compiled detailed information on documentation requirements for individual countries. In addition, this material has been prepared in summary form for Europe (see page 16), the Commonwealth, Latin America, the Middle East and the Far East. These pamphlets are available on request.

The Office can also supply information on any country not included in this series and is prepared to assist with any special problems that may arise. The Canadian Manufacturers' Association, the Canadian Export Association, and—in the larger cities—Boards of Trade and Chambers of Commerce are also equipped to advise exporters on documentation.



# Businessman's Bookshelf

## Overseas Management

*T. R. Brannen & F. X. Hodgson. 238 pages. \$8.70*

FOREIGN capital investment in a developing country is usually accompanied by the introduction of modern technology and business management techniques. As part of the McGraw-Hill Series on International Development, the authors outline and study in detail the resulting problems faced by the overseas manager as long-established local cultural patterns, traditions, attitudes and methods are disrupted.

Much of the book covers the contrasts between modern technology and the existing way of life in the developing country. The overseas manager must be fully knowledgeable about the foreign cultural environment. His success will depend on his understanding and cultural tolerance toward local attitudes and methods.

The whole matter of inter-cultural relations is studied and appropriate management practices for maximizing efficiency in foreign countries are explored in some depth. The authors attempt to convey to overseas managers an understanding of local employee behaviour and suggest that sound administrative efforts will be devoted to making the goals of management and the employee coincide without unnecessary disruption of local cultural patterns and traditions.

Rising nationalistic tendencies in the developing nations are discussed in the latter portion of the book and the authors point out that these in reality represent a cycle with the final stage being once again a receptive attitude toward foreign investment.

This book is recommended for corporate policy-makers and managers responsible for the development of efficient foreign operations.

*Order from: McGraw Hill Company of Canada Limited, 330 Progress, Agincourt, Ontario.*

## Commodity Series, 1964. Commonwealth Economic Committee.

*Six volumes.*

THE Intelligence Branch of the Commonwealth Economic Committee prepares each year economic and statistical reviews of the various commodity groups important in Commonwealth production and trade. These reviews present information on world production, consumption and prices, and trade. They also include information on national policies and

legislative measures likely to affect supply and demand. The reviews listed below may be ordered from the Queen's Printer, Ottawa. Payment must be included with each order.

● *Iron and Steel and Alloying Metals*—221 pages, \$3.30.

Resources, production, trade, consumption, stocks, and prices of iron ore, iron and steel, manganese, chromium, nickel, tungsten, molybdenum and other ferro-alloying ores and metals.

● *Grain Crops*—208 pages. \$2.20.

Production, trade, consumption and prices of wheat, wheat flour, maize, barley, oats, rye and rice.

● *Vegetable Oils and Oilseeds*—262 pages, \$2.20.

Production, trade, utilization and prices of groundnuts, cottonseed, linseed, soya beans, coconut and oil palm products, olive oil and other oilseeds and oils.

● *Fruit*—245 pages, \$2.20

Production of and trade in fresh, canned, frozen and dried fruit, fruit juices and wine.

● *Dairy Produce*—155 pages. \$1.75.

Production, trade, consumption and prices of butter, cheese, condensed milk, milk powder, casein, eggs, egg products and margarine.

● *Meat*—154 pages. \$1.75.

Production, trade, consumption and prices of beef, live cattle, mutton and lamb, live sheep, bacon and hams, pork, live pigs, canned meat, offals, poultry meat.

## Exporting to the United States

*U.S. Treasury Department, Bureau of Customs. 85 pages. U.S.\$0.50.*

REVISED in March 1965, the new edition of this useful booklet is now available. Exporters to the United States will find that it covers labelling and marking regulations, importing under bond, invoicing, appraisal, and a number of other topics. If your firm is selling across the border, the booklet should be on your reference shelf.

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



A. Worden Evans, Canadian Consul and Senior Trade Commissioner in Cleveland, and G. F. Wynn, Commercial Officer there, flank Cliff Heckenberg, Jr., during a business talk. Mr. Heckenberg represents three Canadian companies in Ohio.

## The Rep - - Your Man in Ohio

Second in a series of five reports on the market in Ohio and how to cultivate it, this article suggests using a manufacturers' representative. It also outlines what a representative looks for in a principal and how to establish a good working relationship.

G. ROBERT WYNN,  
*Commercial Officer, Cleveland.*

OHIO is one of the closest markets to Canada, with a great over-all potential for sales of Canadian goods. But Canadian manufacturers must court the Ohio buyer before a lasting marriage can take place. For many companies the process starts with a blind date. Each party needs a mutual friend to introduce them—one whom each trusts.

How can you, the Canadian exporter, arrange to find buyers here? You may not know them and they do not know you. What you need is a friend, colleague or consultant—call it what you will. The an-

swer to your problem is the manufacturers' representative, commonly referred to as a rep. He works in this market day in and day out and is aware of all its needs.

One important aspect of a relationship like this is often overlooked. It must be based on mutual respect and understanding. It can never be one-sided; each must put forth an effort to make the alliance work.

The manufacturer makes two main contributions towards a good relationship with a representative. The first is a line of products avail-

able for sale to the market through the representative. The second, a direct result of the first, is the commission he pays to the agent.

The representative too has much to contribute, including his knowledge of the market, of who the customers are and where to find them. Generally speaking, he knows the buying procedures and practices and the idiosyncracies of his customers. His other major assets are selling time and a reputation in the trade.

### **Judging a Principal**

The manufacturers' representative is a professional salesman. He constantly strives to build up his personal reputation and clientele and protects both. Because of this, he is always trying to upgrade his lines by complementing the productive ones and discarding the weaker. The more successful he becomes, the more stringent are his requirements in new principals to represent. Basically the representative chooses the manufacturer and not vice versa—a common misconception.

There are certain basics that the representative looks for in a product and the company which manufactures it. These include:

1. Is the company reliable? How long has it been in business? Will it be acceptable to my customers as a source of supply?
2. What is the product? Will it fit into the product mix that I now carry? Do the types of customers I now call on need it? Will it be competitively priced in line with similar products—price, quality and service being equal?
3. Why is the manufacturer seeking representation? Has he had previous representatives in the area handling the line? If so, why is he changing?
4. Where are the territorial boundaries of the area of coverage? Does the available territory coincide with my present territory? Is it large enough to justify taking the line and small enough to be covered adequately?

5. How is the product to be sold? Are the channels of distribution clearly defined? Will the product be sold direct, through distributors, through dealers or by a combination? Can I cover effectively a horizontal distribution scheme if it is required?

### **Judging a Representative**

Naturally the manufacturer, for his part, wants to know as much as possible about any potential representative. This includes the lines he is currently carrying and the length of time that he has represented each of his present principals. Of prime importance is the type of trade on which the representative calls, because it must dovetail with the type of distribution that the manufacturer is seeking.

The territory is another major consideration. In some industries a representative will cover only a portion of one state; this is particularly true of those who are selling directly to large industrial accounts. Others may cover a number of states and then they generally deal with distributors or specialized industries that do not have a geographic concentration.

A normal reaction of some manufacturers is to seek out the top representative for his type of product in an area. Frequently the latter is not interested in new lines, especially when a great deal of missionary work is required. There are exceptions, but generally speaking it is advantageous to secure the services of a younger firm or one which is just becoming well known to purchasing agents. These firms are often more aggressive and eager to put forth that extra little effort that brings success.

### **Ask T. C. to Help**

Often manufacturers are in a quandary about how and where to find the type of manufacturers' representative best suited to their needs. This becomes an even greater problem for Canadian firms which

have had either limited or no contacts in the Ohio market. The answer is for them to telephone, write to or visit the Consulate in Cleveland.

In the Consulate, the manufacturer will find an up-to-date reference file containing names of manufacturers' representatives in nearly every major industrial classification and pertinent information about them. At the present time there are over 700 agencies listed and the file is still growing. In addition, there are many distributors, dealers and retail outlets who have expressed an interest in Canadian-made products.

The normal procedure is for the Trade Commissioner to advise a selected number of representatives of any line that is available in their field. Each representative then tells the Consulate whether or not he is interested in being placed in contact with the proposed principal. In this manner, only those qualified reps who express an interest are referred to the manufacturer. He in turn corresponds with or sets up appointments to interview them in Ohio. Beforehand the Canadian firm receives as much information as possible about the complete operation of each representative's firm: how long he has been in business, the lines he handles, the number of men he employs, the territory that he covers, and so on.

By using the facilities of the Trade Commissioner's office, the manufacturer is in the enviable position of being able to choose from more than one prospective representative who wants the line. This does not contradict the statement made above that in reality the representative selects the manufacturer. This is done only after the company has actually sold the product line to him. And this is why it is to the advantage of the manufacturer to visit an area and sit down with any prospective agents who have been contacted. It is personalized selling and it shows that the company is vitally interested in

doing business through such an agency in Ohio.

### Coming to Terms

Once it has been established that the representative wants the line and the manufacturer wants the representative, the question of contracts or agreements arises. Though many representatives feel that a contract is only worth the paper it is written on, it is still advantageous to prepare a written agreement that spells out precise points. These include the following:

1. Name of the manufacturers' representative.
2. Products to be handled.
3. Territory to be covered (specific geographic boundaries).
4. Rates of commission and method of payment.
5. Discount structures and terms of payment to be extended to customers.
6. Specific company sales policies.
7. Terms of cancellation of contract.

Perhaps several of the above need to be explained further. The first deals with the payment of commission. The standard method is commissions to be paid for a period of one month based upon shipments. However, a more effective method is to pay commissions at the end of each month based upon paid invoices. This gives better control over credit extensions. The representative will be more than eager to make certain that his customers do not become delinquent.

Sales policies may be geared toward building a specific type of image in the trade. For example, in the consumer goods field the company may wish not to jeopardize its business with department stores by selling to discount houses, although the discounters have become an increasingly important factor in the market. Industrial manufacturers may wish to establish a policy of

selling through exclusive distributors, although there are other methods, such as direct to original equipment manufacturers, direct to users or to dealer organizations. The selection of a policy will depend on the manufacturer's particular needs. However, any specialized policy ought to be spelled out in any agreement with a representative.

### Handling the Representative

There are a number of do's and don't's in the proper handling of a representative. One must keep in mind that he and his firm have a definite air of independence. He is a specialist, consultant and professional salesman and does not wish to be treated as a salaried salesman. The standard type of incentives, such as quotas and unimaginative sales contests, frequently fail to influence him toward higher sales achievement.

Thus the biggest problem is to motivate him effectively to allocate sufficient selling time to each of his manufacturers. This is particularly true after distribution has been established. It is a problem that faces all manufacturers who use the services of a representative agency. Some of these firms take on a line only to add it to the list of principals. One of the best methods of overcoming this problem is selecting a representative firm which either has a very limited number of lines and/or several agents working together and needs a high dollar volume from all lines to support it.

Some of these pitfalls occur not only in using agents and brokers but salaried salesmen as well. Although some of these may be extreme cases, manufacturers should be aware of potential problems so that they may avoid frequent turnover of representatives. It should be remembered that the sole income that the manufacturers' representative has comes from sales made. The principal actually invests no money and he knows at all times what his selling costs in the Ohio area are.

The representative is a valuable source of information for his principal. He knows about changes in styles, shapes, sizes and buying procedures. He is in a position to gather firsthand information for the manufacturer and to serve as a market research consultant. He may come up with recommendations on changing some minute detail of the product, pricing structure, and the possible demands for new types of products that the company may be able to produce and for which there is a growing demand. Naturally the company does not always carry out his ideas, but it should keep an open mind on them and weigh their possible effects carefully.

### The Best Choice

When a Canadian manufacturer decides to enter the export market and wishes to get his fair share of business in Ohio, he must decide exactly how to approach this market. He must decide what products will be acceptable. He must decide what type of distribution he wants, and last but not most important, he must decide how to grasp the selling opportunities that abound.

He has several choices. He may decide to use the services of an exclusive distributor but he can never be sure how much attention he will get from his sales force, who generally merely take orders based on a catalogue that includes thousands of other items. He may have one of his own sales staff contact major accounts in Ohio periodically, but he can never be sure whether he is getting his fair share of the business. He may hire a salesman on a salary-plus basis but he can never be sure whether he is getting value for the large amount of money he has to invest. That is why we at the Cleveland office strongly recommend in almost all cases that manufacturers enter the Ohio market by using the services of those professional salesmen, the manufacturers' representatives.



# What's current in commodities?

## Groceries

**New England**—The cash registers in New England's 15,000 grocery stores rang up nearly \$3.5 billion in 1964. Consumers there are still hungry—and your food product could be the one that they're looking for to satisfy their growing appetites.

W. ADAIR STEWART, *Consul and Trade Commissioner, Boston.*

NO detailed official report on the New England retail food trade has been published, but a comprehensive unofficial one has been drawn up by the staff of the *Yankee Grocer*, a trade newspaper published in Boston. The findings, estimated to be accurate within one or two decimal points, are summarized here by special permission and should give Canadians some idea of an enormous potential market.

### Four Groups Predominate

Corporate chain stores carry on the largest portion of the food business. Through 1,351 stores, the 16 chains took in \$1,801,773,000, or 52 per cent of the \$3.5 billion total. Since 1960 their volume has increased by \$391 million.

At the same time, the group known as local voluntary wholesale firms increased their volume even more, while reducing the number of wholesalers and expanding the number of "loyal" stores. Twenty-eight of these wholesale firms supplied 4,942 grocery stores, with sales of \$725,527,000 in 1964. Four years ago, there were 41 of these firms supplying 3,012 stores which grossed \$212,600,000. In short, 23 fewer wholesalers supplied an additional 1,930 stores and sales for the group were up \$533 million.

Next in importance is the group of 22 "national" voluntary wholesale firms. The term "national" means, of course, that they operate

outside as well as inside New England. Many of them sell throughout the entire United States and some in Canada as well. They supplied 3,063 stores which retailed \$508 million, a four-year increase of \$107 million.

The fourth important group is the "co-operative" wholesale firms, distinctive because they are essentially owned by the retailers. They number 11 and in 1964 were the source of supply for 1,569 stores which grossed \$328 million. In 1960 there were 1,202 stores which grossed \$260 million.

Only one group has lost ground in the struggle for the housewife's dollar—the unaffiliated independents. The owner of a store in this group shops around from one wholesaler to another for his day-to-day bargains. Four years ago there were 7,455 of these stores and they sold \$295,332,000 worth of goods. Today there are 3,986 and their 1964 sales totalled \$100 million, down by \$195 million. Many former independents are now mem-

bers of the voluntary wholesale firms whose numbers have increased dramatically. Others have joined with their counterparts to form their own buying groups.

### Massachusetts Leads

A spectacular increase of 61.7 per cent was chalked up during the four-year period by Massachusetts (whose companion New England states are Rhode Island, Connecticut, New Hampshire, Vermont and Maine). Grocery sales in that state soared by \$352,199,000 in 1964 to reach \$1,740,740,000. Next was Connecticut with a rise of \$125,000,000 to \$844,300,630. Other increases were: Maine, up \$35,500,000 to \$314,257,000; New Hampshire, up \$30,000,000 to \$215,382,000; Rhode Island, up \$23,900,000 to \$232,276,000, and Vermont, up \$5,000,000 to \$117,043,000.

These figures show that shoppers in Massachusetts account for more than half the total annual grocery bill in New England. Into the cash registers of 6,624 stores they poured very nearly \$1.75 billion.

### Canadians Can Benefit

For the Canadian manufacturer, these figures illustrate the potential of the New England grocery store market. Already Canadian fisheries products, cured meats, maple syrup,

TABLE I  
NEW ENGLAND GROCERY STORE SALES, 1964

Type of Organization	Estimated Sales	No. of Stores	Percentage of Total
16 corporate chains	\$1,801,773,000	1,351	52.0
28 local voluntary wholesale firms	\$ 725,527,000	4,942	21.0
22 national voluntary wholesale firms	\$ 508,000,000	3,063	15.0
11 co-operative group wholesale firms	\$ 328,000,000	1,569	9.5
Unaffiliated independents	\$ 107,700,000	3,986	2.5
	<b>\$3,471,000,000</b>	<b>14,911</b>	<b>100.0</b>

pastas and bakery products, many other foodstuffs and even baked beans have found a place here. But the market continues to expand and many existing demands remain unfilled because of lack of a good product at the right price.

If you have an exportable food product and would like help in exploring the possibility of earning some of the billions of dollars New

Englanders spend on food, write to the Consul and Senior Trade Commissioner, Canadian Consulate General, 607 Bolyston St., Boston, Massachusetts, 02116.

If you supply duty-paid, landed prices, quoted in U.S. funds, a full description of your product (samples if practicable), your terms of sale, and preferred methods of

doing business, this office can report back to you in short order on its apparent acceptability. We can also advise you about the position of competitors in your line and the channels of distribution which seem most suitable for you.

Numerous agents and importers are actively seeking Canadian sources of supply. Your product could well be one to fill the bill. ●

## Paper and Paperboard

**West Germany**—Consumption of paper and paperboard is rising rapidly and will soon reach the point where traditional suppliers, principally in Scandinavia, cannot meet the demand. German importers are now considering Canada as a major source.

D. S. McCracken, *Vice Consul, Hamburg.*

IMPORTS of paper and paperboard into West Germany in 1964 reached 1.66 million metric tons, an increase of 16.8 per cent over the previous year. This represents over 30 per cent of total domestic consumption. The main suppliers, as in previous years, were Finland, Norway and Sweden, which together held nearly 70 per cent of the import market. At the same time, imports from Germany's Common Market partners also increased by more than one-third to 13 per cent of total imports. The principal imports were newsprint (29 per cent) and kraft papers and kraft liners (32 per cent), but there is also a steadily increasing demand for many other papers, including fine paper.

### Consumption Rising

These statistics tend to give the impression that Germany is virtually a captive market of the Scandinavian producers first and of the other EEC countries to a lesser extent. But the salient point is that consumption increased 10 per cent

last year, almost twice the average of the previous three years, to 210 pounds per capita. This rate of increase is considerably higher than the growth rate of the gross national product or even the increase in the general industrial production index. In other words, West Germany is reaching the breakthrough point (as Canada and the United States did several years ago) where paper consumption suddenly surges ahead as a result of a rapidly growing packaging industry and the adoption of throw-away advertising techniques.

It is upon this basic fact, combined with our own strength in this field, that Canadian exporters should plan their campaign. The important point is not to what extent the competition currently dominates the market but whether or not their diminishing growth potential and our increasing production, as seen against a background of spiralling German consumption, will enable us to enter this market in the near future. The German importers themselves are confident that this

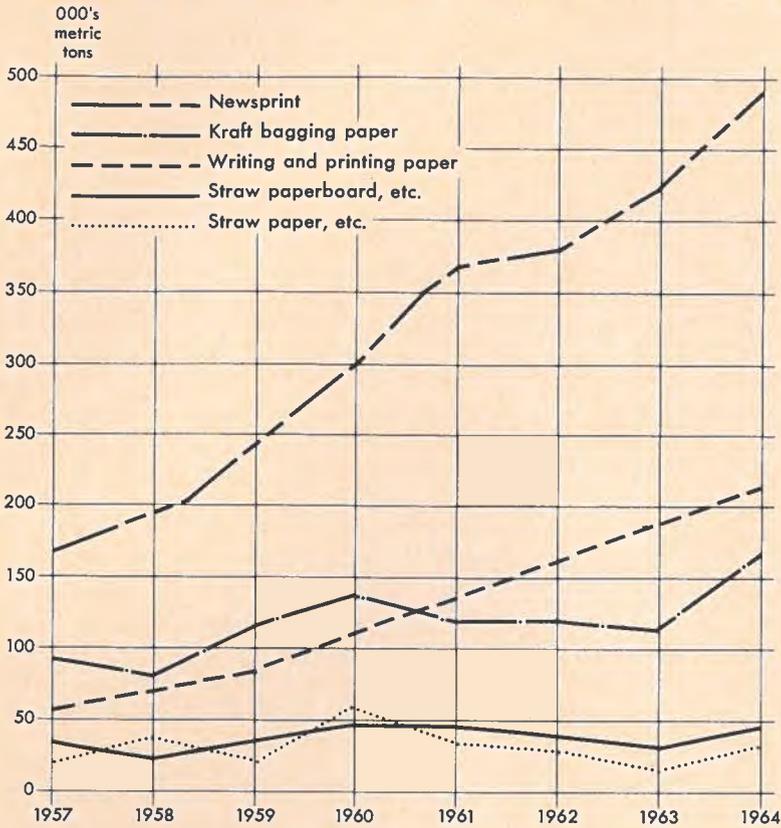
is the situation and they have been predicting it for several years.

Canada's future exports of paper and paperboard hinge upon a continued expansion in German consumption. Per capita consumption for 1965 is estimated at 220 pounds. This is expected to rise to approximately 320 pounds by 1975 to a total of 8.9 million metric tons. It is interesting to note that per capita consumption in the EEC as a whole is forecast at only 245 pounds by 1975, a good indication of Germany's relative importance in this sphere. In comparison, Canadian per capita consumption is currently estimated at approximately 445 pounds.

### Hamburg Traders Interested

Although opportunities for Canadians are not yet in full bloom in this market, the potential is sufficiently great to warrant close and continuing attention. Some types of paper are now selling and others will find a market in the near future. Consequently exporters should seek reliable agents in Hamburg, which is the centre of the paper import trade. Some of the best and most reliable trading houses are anxious to find Canadian suppliers and our Hamburg office can give you up-to-date credit reports and past performance ratings on these agents and importers.

West German Imports of Paper and Paperboard by Main Types



The paper trade in Hamburg is watching developments very closely and as the price gap narrows, its interest is mounting. Although the so-called bread-and-butter lines cannot compete until price parity has been achieved, there are numerous other types of paper that will sell at a premium because the German trade is quality-conscious. It follows that an aggressive local agent who is thoroughly familiar with German requirements is a prime necessity. This is particularly true of those papers that require promotion on the basis of quality rather than price.

Canadian suppliers should investigate the possibility of keeping stocks in Hamburg's free port for later distribution inland. This can be done either through local agents who have their own warehousing facilities or by renting warehousing

space from a firm that offers this specialized service. (For a more detailed discussion on the advantages of keeping stocks in the free port see *Foreign Trade* of July 24, 1965.)

#### Delivery and Payment

Successful exporters will have to meet the same terms as domestic suppliers and this entails a high degree of service. For example, the German industry generally gives free delivery for even small quantities. Many foreign firms have also adopted this procedure and frequently even deliver duty- and tax-paid so that from the customers' point of view there is hardly any difference between foreign and domestic purchases.

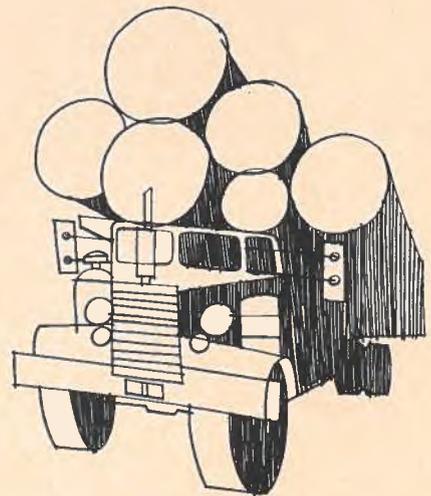
Similarly, exporters will have to meet the prevailing terms of payment. Generally domestic terms are:

immediately upon receipt of invoice—3 per cent discount, within 14 days—2 per cent, within 30 days—net. Usual foreign terms are: immediately upon receipt of invoice or cash against documents, 2 per cent discount. It is important to note that letters of credit are refused on principle. The businessman will realize that business must be restricted to those firms whose reliability is unquestioned.

Any company wishing to prepare offers should quote c.i.f. North Sea port, excluding duty for simplicity's sake, but including at least a 2 per cent discount for payment of cash against documents and a 3 per cent commission.

#### Act Now

We may say with certainty, then, that there are profitable opportunities in the German market for paper and paperboard. To exploit them to their full advantage may take time and will definitely require the services of a good agent. Interested exporters should act now. Our Hamburg office can supply you with more detailed information about the market for specific papers and can recommend reliable and experienced export agents. This is the picture in a nutshell: colour it green—like money. ●



Turning out a product in Canada under a licensing agreement with a U.S. company is a familiar procedure. Atlas Hoist and Body of Montreal is doing that for Athey Products Corporation—but that's the least important part of the unusual agreement the two companies signed last May. It promises worthwhile dividends for both.

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

## Bodies by Atlas, Markets by Athey



The first aluminum truck body designed and constructed by Atlas Hoist and Body is seen being tested. Strain gauges were used to show the stresses applied to the body so that modifications could be made. This body will be shown to potential users at a mining conference in Las Vegas this year.

LAST NOVEMBER the Richler brothers of Montreal, founders and owners of Atlas Hoist and Body Incorporated, had a visit from a North Carolina manufacturer. Athey Products Corporation of Raleigh was on the lookout for a firm to make its products under licence in Canada. These products, mainly dump bodies of steel for use in construction, mining and roadbuilding, were largely similar to the Atlas line, with one exception. Atlas had succeeded in designing, manufacturing and selling aluminum bodies for on- and off-highway trucks, trailers and dumpers, but Athey's efforts in this direction had been rather disappointing.

The discussions between Atlas and Athey which began that November day went on for several months, as the original objective of a simple licensing agreement was changed and broadened. Late in May the two companies finally signed an agreement that offered substantial advantages to each. Its provisions included a practically world-wide arrangement for marketing certain Atlas products through the Athey distribution network, the turning out by Atlas of Athey products to be sold in Canada, and the development by Atlas of a new line of aluminum on-highway trailers that Athey would sell—a recognition of Atlas's superior knowhow in the use of aluminum.

This promising agreement wasn't just a fortunate accident. It was the result of two distinct assets that the Richler firm possessed: well-designed products of proven performance and a well-thought-out cam-

paign for marketing them abroad, especially in the United States. In fact, it was the Atlas sales promotion in the United States that brought the firm to Athey's attention.

### **From Steel to Aluminum**

Naturally, the products came first. About seven years ago the Richlers, in the business of making steel bodies, became interested in substituting aluminum for steel, using special welding techniques and a high-strength special alloy metal supplied by the Aluminum Company of Canada. Aluminum bodies cost more initially and Atlas spent some time making careful studies to prove that the 10 to 30 per cent larger payload they can carry, their low maintenance cost, and their durability soon compensate for this higher cost. In 1959 an Atlas aluminum body was tested at the open-pit asbestos mine of Canadian Johns-Manville Company in Asbestos, Quebec, and its ruggedness was established. In addition, it was demonstrated that 30 aluminum dump bodies can haul as much as 36 standard steel bodies. Today aluminum bodies make up 60 per cent of Atlas production.

### **Planning Marketing Strategy**

With technological problems overcome and with sound data accumulated on the economics of replacing steel bodies with aluminum, Atlas began to look for export markets for its on-highway and off-highway hoist and body line. Peru and Chile, with their big mining industries, were obvious choices, but the best market to tackle with the on-highway line seemed to be the United States. Max Richler, vice-president of Atlas, made a trip to New York when marketing strategy was being discussed and on the drive from the airport into the city he was impressed by the hordes of trucks busy on construction sites. He decided that there was plenty of scope for sales across the border, if New York was any indication.

Breaking into the United States market can be a difficult, expensive and frustrating proposition. But Atlas was soon making good headway by "doing all the right things in the right way at the right time to develop an export business", according to one of the veteran Trade Commissioners stationed in the United States.

Step one was market research and here Atlas received skilled help and advice from Alcan, which offered its assistance in choosing the most promising areas to prospect and in mapping out a sales campaign. Eventually it was decided to concentrate on the eastern seaboard—stretching from Boston, Mass., to Washington, D.C., and including New York. One good manufacturers' representative could handle this territory without too much trouble and keep in close touch with distributors and customers.

Choosing the representative was step number two and then came the selection of competent distributors in the five marketing areas into which Atlas had divided the eastern U.S. By this time the company had settled on its pricing policy, had worked out methods of delivery, and had perfected arrangements for dealer financing and after-sales service. It had also prepared comprehensive catalogues and sales promotion pieces specifically for the U.S. market and had made a sales film with the help of Alcan.

### **Off to a Good Start**

Now it was ready to launch its sales drive in the United States with some fanfare. A dinner meeting for the new distributors was arranged in New York and to it came the distributors from Boston, Philadelphia and Washington as well. Two of the Richler brothers arrived from Montreal accompanied by Atlas's sales manager, and during the evening the Canadians outlined the responsibilities of the manufacturer in the coming sales campaign and the services it expected of its distributors.

The ball was then passed to the distributors, each of whom set to work to arrange a meeting in his territory, using the ideas and the \$500.00 cheque for each that Atlas provided. Atlas also ensured the success of these meetings by the following method:

1. Obtaining the names of all the major contractors in the area.
2. Sending each of them three direct mail pieces, suitably spaced out, telling something about the Atlas equipment.
3. Taking advertising space in leading publications in the construction field.
4. Through the distributor, issuing invitations to the contractors whose names it had obtained and making sure that these invitations were followed up by telephone.

Each distributor rented space in a motel for an evening meeting and arranged a program. This included a film showing Atlas equipment at work, a talk on the economics of using aluminum bodies, and the answering of any and all questions put by the audience, whose interest was obviously aroused. Some initial orders resulted but the effect of the sales drive will not be really felt until 1967 because, as Max Richler points out, a contractor first tries out one or two of the aluminum bodies and when he is convinced that they save him money, places orders for more.

While this promotion was going on in the United States, Atlas was making progress with its off-highway truck bodies in two other markets, Peru and Chile. About a year ago, with the help of the Trade Commissioner, the company appointed an agent in Peru. Four units have already been sold to the Cerro de Pasco lead-zinc mines. Atlas has also found an agent in Chile.

### **Athey Meets Atlas**

But it was the campaign in the eastern United States that reached the ears of Athey Corporation and

led to its discussions with Atlas when Athey decided to arrange for the manufacture of some of its products in Canada under licence. Through local distributors of construction and roadbuilding equipment Athey heard about Atlas and its entry into the U.S. market. The result: the November trip to Montreal and the initiation of conversations with the Richlers.

After the first visit, Athey executives came back to Atlas several times, seeking answers to these questions:

- Could Atlas redesign Athey's aluminum bodies and improve them?
- Would Atlas grant to Athey the right to market Atlas off-highway truck bodies anywhere in the world?
- Could Atlas design a complete new line of bottom dump wagons for both on and off-highway construction and of both aluminum and steel?

The Richlers answered yes to all three questions, but reserved the right to sell off-highway truck bodies for replacement purposes in Peru and Chile, where distribution arrangements were already working well.

#### **Agreement Benefits Both**

The agreement between the two companies that was finally signed on May 25, 1965, in New York was an unusual one, with built-in advantages to the Canadian firm that not many such agreements provide.

The principal points were:

1. Atlas Hoist and Body becomes the licensed manufacturer and distributor of Athey trailers in Canada. Atlas has already made four trailers of Athey design and these are hard at work at the Baie d'Espoir power project in Newfoundland.
2. Atlas is to redesign in aluminum Athey products now made of high-tensile-strength steel and make them in Canada for world-wide sale by Athey.

3. Atlas is to design a completely new series of bottom dump trailers, from 25 to 60 tons' capacity and in steel and aluminum, for on- and off-highway use. This series will then be made in Canada and Athey will market it throughout the world.

4. Athey receives the right to market the Atlas line of aluminum bodies for off-highway trucks when these are replacements.

Atlas is the world's leading manufacturer of bodies of this type. The only exceptions to this part of the agreement are, as already pointed out, Peru, Chile and Canada.

The on-highway hoist and body line is still being handled in the United States by the distributors that Atlas appointed before the discussion with Athey began and the latter does not hold the selling rights to this part of the Atlas line. Since the agreement was signed, however, Atlas has permitted Athey to start a test program of selling these on-highway products in metropolitan New York only. If this experiment proves successful, Atlas may consider cancelling some of its other agreements with distributors in the United States and allowing Athey to sell these units for it.

What are the advantages of this agreement from the Canadian company's point of view? The greatest one, according to the Richlers, is that Atlas, a relatively small firm, will be able to devote its energy and resources to designing new equipment and improving current models without spending large amounts on sales promotion. It can also build up its manufacturing facilities more rapidly and introduce more automation. The marketing burden falls on the shoulders of Athey, which already has a world-wide distribution network.

This fall, Atlas executives will co-operate with Athey in holding sales clinics in various parts of the United States to brief the latter's distributors on selling some of the Atlas products. Athey has already placed an order for stock units worth nearly \$200,000 for selling to these distributors.

In another year or two, the Richlers expect that orders will be rolling in and this trail-breaking agreement will be paying valuable dividends to both the Canadian and the American partner—an example of reciprocity at work. ●

## **Greece Expands Tourist Industry**

FOREIGN EXCHANGE income from the tourist trade in Greece nearly doubled between 1960 and 1963. It declined slightly in 1964 because of the Cyprus crisis, but experts in the travel industry predict that 1965 will provide a record despite the lateness of the spring which disappointed some early visitors.

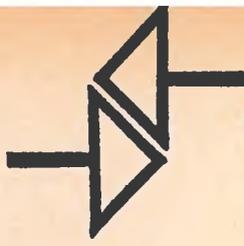
The capacity of hotels, resorts, island passenger vessels and other amenities servicing tourists has increased enormously over the past five years. It is continuing to increase, and reports suggest that the equivalent of at least \$100 million, largely from foreign sources, will be invested over the next two to three years in tourist facilities of one type or another.

Because of the beauty of the country, the good climate for most of the year, and the great historical interest, and barring some unlikely decline in the prosperity of the developed countries, there is every reason to believe that this source of foreign exchange will continue to expand substantially.

The largest number of visitors in 1964, according to the records of the National Tourist Organization, came from the United States (140,935), followed by Germany (88,591), Britain (70,274), France (68,591), and Italy (38,076).

Some 9,856 Canadians toured Greece last year. The total for all countries was 757,495.

—B. A. MACDONALD,  
*Commercial Counsellor, Athens.*



# Trade Lines

**California is making greater use of air freight in shipping fresh produce** to markets in the Midwest and in the eastern U.S. Shipments by air of strawberries—largest single farm product to move by air from the state—were up 100 per cent this season, according to the USDA. Airlines lifted 439 carload equivalents of the berries (1,400 trays) up to the end of June, compared with 239 for the same period last year—Chicago.

**Cyprus is to have its first oil refinery**, to be built at Larnaca within 30 months at a cost of \$10.9 million. The Government of Cyprus will hold a 50 per cent interest, and Shell, Mobiloil, and British Petroleum will each hold one-third of the remaining 50 per cent. The island has imported all the oil it uses already refined; when the plant is built it will bring in only crude oil, plus a few specialized products—Tel Aviv.

**Soviet Union has ordered 1,000 metric tons of milk products from Sweden**, to be used as baby food. Order is valued at \$630,000 and delivery will be completed by year-end—Stockholm.

**International Telegraph and Telephone will set up plant in Hong Kong** to make more than a million transistor radio chassis a year. ITT will own 65 per cent of plant and Zenith Radio Corporation of Chicago 35 per cent. The chassis, in wide range of styles and sizes, will be exported initially to the U.S. and Europe, to be packaged for sale locally—Hong Kong.

**Guatemala has granted to a new tannery status of a "protected industry"**. This guarantees duty-free entry of imported machinery and equipment for ten years. Exemption applies also to certain materials such as acids and oils, synthetic colouring, tanning materials, and containers not made locally. But 74.2 per cent of raw materials used must originate in Guatemala or other Central American countries—Guatemala City.

**Argentina's 1964-65 wheat crop is estimated at over 11 million tons**, an all-time record. (Previous record, 10.3 million in 1938-39.) Yield per hectare has gone up sharply; 1938-39 crop was harvested from 8.6 million hectares and present one from only 6.2 million hectares. First official estimate puts land sown for 1965-66 crop at 5.8 million hectares, 6.6 per cent less than in previous season, but 11.9 per cent above aver-

age for last five years and 9.3 per cent above average for last ten years—Buenos Aires.

**Colombia's government-controlled steel plant supplied 48 per cent of domestic consumption** last year, which totalled 380,000 tons. Only 38 per cent was imported. Plans now under way will increase output at this Paz del Rio plant to 400,000 tons, nearly equalling forecast future consumption—Bogota.

**Long-life filament for light bulbs has been produced by Hong Kong inventor**. He adds to the normal filament a second one not directly linked to the main circuit. An aluminum oxide semi-conductor joins the supporting wires of the two filaments and normally does not allow the main current to flow through to the secondary filament until the primary one burns out. It then sends the current through the second filament. Cost of producing it is said to be not much higher than for normal type. British and U.S. patents have been secured and applications made in other countries—Hong Kong.

**Swedish plant is doubling its present annual output of 7,500 tons of steel cable and steel wire**, with investment of \$1.7 million. Aim is to increase exports, with some shipments going to the U.S. automobile industry—Stockholm.

**South Africa ranked as Britain's leading supplier of eggs last year**, shipping 5,555 thousand dozen, or 25 per cent of British consumption—Cape Town.

**Deposits of magnesite on Limpopo River will be exploited co-operatively by Rhodesia and Republic of South Africa**. Mineral will be mined and graded in Rhodesia and then sent into Transvaal for processing. Proposed new treatment plant will have capacity of 70,000 tons of graded magnesite a year. Limpopo River is boundary between the two countries—Johannesburg.

**Steel rolling mill to cost £1.2 million will be built at Jeddah, Saudi Arabia**. A British firm, Richard Costain, recently signed the construction contract with the Saudi Arabian General Petroleum and Mineral Organization. Mill is slated for completion in 1967, will turn out

30,000 tons a year of steel reinforcing bars and sections on a two-shift system or 45,000 tons on three shifts. Initially the mill will use imported steel billets, but exploitation of local medium-grade iron ore is being investigated—Beirut.

**Estimated reserves of uranium in South Africa**—which can be recovered at eight dollars per pound of  $U_3O_8$ —have risen from 147,000 to 180,000 tons of concentrates as the result of development in new areas. The Republic now comes second only to Canada in exploitable uranium reserves—Cape Town.

**A new factory in Antioquia, Colombia, to turn out nylon and polyester fibres**, cables and tire cord is being financed by a loan of U.S. \$5.5 million from the Inter-American Bank. Its output will replace some U.S. \$5 million worth of imported materials. Capacity will be 4,070 tons a year. Colombian and Dutch capital is also involved—Bogota.

**Sweden's imports in the first half of 1965 rose 14 per cent** over the first half of 1964 to \$2,350 million. Exports were up 9 per cent to \$2,080 million, but the trade deficit reached \$271 million compared with \$162 million at the end of June 1964. Imports of steel, automobiles, machinery and aircraft accounted for most of the increase; exports of foodstuffs, timber, chemicals, iron and steel, machinery and apparatus, and ships showed major gains—Stockholm.

**A sales contract to supply Dutch natural gas to southern Germany by 1968** is being negotiated by the Netherlands Petroleum Company and two south German long-distance gas transport and distribution companies. The gas will be marketed in Hessen and Baden-Wurttemberg. Contract will cover 20 years; first deliveries will be made in three years and will rise gradually to 5,000 to 6,000 million cubic meters by 1975. Transportation of the gas from the Dutch border to German market area is also being settled—The Hague.

**Window glass plant at Sandomierz, Poland**, largest in the country, went into production in July. Capacity is said to be 21 million square metres a year, half of which is intended for export—Copenhagen.

**New Zealand removed a wide range of goods from price control at the end of July**. Included were tea, timber, aviation gasoline, kerosene, some types of footwear, some groceries, foodstuffs and related products, and some hardware items. Many items remain under control—including bread, butter, flour, (all of which are subsidized), bananas, oranges, cigarettes, eggs, wheat and stock feed, sugar, yeast, drugs, gas-

oline and diesel and fuel oils. More items are expected to be freed from control shortly. According to the Minister of Industries and Commerce, this would leave under control mainly subsidized foodstuffs, gas, drugs coming under the social security scheme, and goods not subject to competition because of monopoly or other factors—Wellington.

**Netherlands completed 51,114 new houses in first half of 1965**, compared with 42,111 in same period of 1964 and an average of 35,334 in comparable periods from 1959 to 1963. Since the end of the war (June 1945) the Dutch have built nearly one and a quarter million houses, including 135,000 prefabricated ones—The Hague.

**Tunnel under Hong Kong harbour**, to link Wanchai on Hong Kong Island with Hung Hom in Kowloon is to be built within five years. Legislative Council has granted a franchise, valid for 30 years, to the Victoria City Development Company for construction and operation of this tunnel—Hong Kong.

**Israel's new port of Ashdod is scheduled for official opening next month**, though first ship arrived early in August, carrying four giant cranes for the citrus wharf. It has two wharves equipped to handle four ships simultaneously, two warehouses covering a total of 9,000 square meters, and 40,000 square meters of open storage space. When Ashdod opens, ports of Tel Aviv and Jaffa, where lighterage has to be used, will be closed—Tel Aviv.

**Mosul dam on the Tigris River in Iraq and structures connected with it will be planned and designed by a Finnish firm**. Contract calls for a dam about 100 metres high and 4 kilometers long. Reservoir will have a storage capacity of about 13.5 milliard cubic metres to irrigate 900,000 hectares of land and regulate flood waters on the middle and lower courses of the Tigris. Dam will cost an estimated U.S. \$200 million—Stockholm.

**Kansas City, Missouri, plans to have a \$17.5 million apparel mart by the fall of 1967**. It would occupy four blocks in the centre of the business district, would cover 600,000 square feet, and include two display floors each with 270,000 square feet of space. The Kansas City apparel industry employs about 5,000 and has an annual dollar volume estimated at well over \$150 million—Chicago.

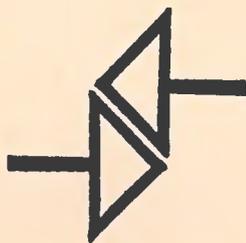
**Canada ranks eighth among foreign countries investing in West Germany**, with U.S. \$50 million. This total undoubtedly includes sizable amounts of U.S. capital invested through Canadian subsidiaries. Leading for-

eight investors were the U.S., with 34.1 per cent of total investment, the Netherlands 17.4, Switzerland 16, Britain 9.8, and France 7.1. Canada's share is 1.8 per cent—Duesseldorf.

**Harland & Wolff, shipbuilders of Belfast, have won a £14 million contract for five bulk carriers** of 67,750 tons each for a Norwegian shipping line. Diesel engines for the five ships will also be built here. Delivery dates are expected to be 1967 and 1968. The firm has also obtained a subcontract worth £1½ million for diesel engines for four bulk carriers to be built by Furness Withy Limited for Maritime Overseas Corporation of New York—Belfast.

**An ammonia plant to be built near Rotterdam, Netherlands,** will have an annual production of 300,000 tons; will also make urea to export. The plant will cost about Can. \$33 million, will use as raw material refinery and natural gas, and will probably begin operations in 1968—The Hague.

**South Africa has been forced to import 118,000 tons of sugar** from the Dominican Republic, Mauritius, Brazil and Thailand as a result of the worst drought in 40 years. These imports were needed to meet South African export contracts and local market needs. Final production for the 1964-65 season totalled 1,395,446 tons—Johannesburg.



## Foreign Tariffs and Trade Regulations

### Bolivia

**NEW CUSTOMS TARIFF**—A new Bolivian Customs Import Tariff went into force on August 30, 1965, replacing the Tariff of May 1961 and its amendments.

Imports are subject to specific duty, ad valorem duty and additional duty. Specific duty is levied in Bolivian pesos on the weight, volume or units indicated in the tariff. Ad valorem duty and additional duty are based on the c.i.f. value at the Bolivian port of entry. The additional duty replaces the service tax (2 per cent), the consular fee (6 per cent) and the sales tax on imports (3 per cent or 5 per cent).

Merchandise that is not cleared through Customs within 30 days continues to be subject to a service tax of 2 per cent of the c.i.f. value for each 30 days or fraction thereof after the first 30-day period in Customs.

Payment of duties will be made at the Bolivian Customs Offices by the importer or his authorized agent or broker.

A copy of the new Bolivian Customs Import Tariff, in Spanish, is on file in the Latin American Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

### Portugal

**EXPORT DUTIES**—Decree-Law 46494, of August 18, 1965, abolishes, as from January 1, 1966, all ex-

port duties now applicable on commodities currently subject to this tax.

### South Africa

**IMPORT LICENCES**—The Minister of Economic Affairs has announced details of changes in the South African import licensing system. The list of items for which no import licence is required, expanded earlier in 1965, has now been reduced. Most consumer goods formerly on the free list are now included in the category of "general merchandise" and are subject to quota. A few items have been added to the list of imports for which specific licences are necessary.

Import licences for raw materials were being issued to industry on the basis of normal requirements for six months. This period has been reduced to four months. Applications for licences for capital goods will be given especially careful scrutiny. The customary final round of 1965 licences for general merchandise will not be made this year. Until now specific licences have been issued by exchanging two South African rands (about \$3.00) of an importer's "general merchandise" licence quota for every one rand to be imported by the specific licence. In future, these exchanges will be made in the ratio of three to one, but the concession to exchange the first five thousand rands will continue in the ratio of one to one.

# Venezuela Plans Industrial Expansion

Over the next four years more than \$600 million will be spent in developing the petrochemical and allied industries. Canadian manufacturers who can offer equipment, raw materials and technical knowhow should be able to profit from this expansion program.

W. D. WALLACE, *Commercial Counsellor, Caracas.*

THE President of Venezuela recently announced a plan for the development of the country's petrochemical and heavy industries under private capital control. It calls for an investment of Can.\$625 million before 1967 and aims at full development of the petrochemical, allied metals and agricultural industries. Government funds estimated at 56 per cent of the total will go towards creating some 160 companies specializing in products of the above industries. At full production, these proposed industries will employ 20,000 workers and the gross output will be close to Can.\$250 million.

The plan calls for the Government to form the companies and then place controlling amounts of stock at the disposal of private capital. In some instances private companies would have as much as 80 per cent of the controlling shares. It is recognized that foreign capital is indispensable in those areas where technology and marketing are decisive factors in carrying out the program. Foreign investors will have the opportunity of sharing with local interests in an investment worth Can.\$290 million.

## **Petrochemical Industries**

The intention is to form a group of industries manufacturing chemical and petroleum products—including synthetic rubber, fertilizers,

plastics and other chemical derivatives—around the petrochemical complex at Moron. The government-owned Venezuelan Petrochemical Institute (IVP) operates this complex. Private capital will have from 25 to 80 per cent interest in these industries and foreign capital will be invited to participate in the manufacture of such products as polyethylene, polyvinyl chloride and synthetic rubber.

The IVP has planned some 23 projects totalling Can.\$439 million and is looking for a 15 per cent (or Can.\$66 million) investment by private capital before 1969. A second stage would call for an investment of Can.\$270 million in plants by 1969. This would include the production of aluminum sulphate, chemical refrigerants, fertilizers, caprolactam, polystyrene, acrylic resins, soda ash, tetraethyl lead, tripoly-phosphates, methanol and affiliated products. Ultimately, the industry would employ 10,000 workers and have a capacity of close to 1.3 million metric tons a year. The IVP anticipates that five plants will be built in the state of Zulia, six in Carabobo and five in Anzoategui.

The IVP will expand its existing installations with funds from the National Plan budget. It will invest Can.\$37 million to increase fertilizer production to 600,000 metric tons a year and Can.\$7 million to

raise sodium chloride production to 30,000 metric tons. Some Can.\$7 million will be required for the production of dodecyl benzene and will be supplied by national and international capital. Domestic capital will account for 55 per cent of the control and the remaining 45 per cent will be divided between international companies and IVP.

The original plan called for a 10,000-metric-ton polyethylene plant but this has been enlarged to a 50,000-ton plant at a cost of Can.\$35 million. The change was made on the basis of proposals submitted by the Union Carbide Company. The IVP and Union Carbide Company are negotiating an agreement whereby the latter would build and operate the plant and retain a 70 per cent interest. When the plant is operating, IVP would make part of its 30 per cent interest available to local investors. Local demand for polyethylene will be about 10,000 metric tons and the bulk of the production will be available for export by the Union Carbide Company. There is to be a 40,000-metric-ton synthetic rubber plant built at a cost of Can.\$42 million. Of this amount, 51 per cent will be state capital and 49 per cent supplied by tire manufacturers. The shares in the 60,000-metric-ton polyvinyl chloride plant costing Can.\$15 million will be divided on the same basis.

The Petrochemical Institute is building an explosives plant at Moron costing about Can.\$21 million. Private capital is to assume 100 per cent of this investment but some government-produced materials will be used in the manufacture of the explosives. In a joint venture between Allied Chemicals Corporation and the IVP, with the latter having 75 per cent control, a Can.\$6 million plant will be built to turn out and market aluminum sulphate and refrigerants.

Estimates of investment in dollars for other plants are as follows: acrylic acid 12.5 million, soda ash 25 million, tetraethyl lead 12.5 mil-

lion, tripoly-phosphates 2.5 million, methanol 2.5 million, ethylene crude 45 million, polyethers 33 million and styrene 20 million.

The Director of Industries, Ministry of Development, has announced that local private capital amounting to over Can.\$5 million will be required for six projects to produce calcium hypochloride, tri-polyphosphate of soda, liquid carbon dioxide, carbonate and sodium bicarbonate, glycerin, and chemical linter in association with cellulose acetate. Feasibility studies for these products indicate that they can be produced economically in Venezuela. It is also reported that 28 other projects costing about Can.\$90 million are under study for development by the private sector.

### Allied Metal Industries

A group of industries are to be formed around the Government's iron ore and steel industry in the Guiana area of Venezuela, and will manufacture metal derivatives, heavy machinery and specialized products. The Government will retain control of its steel mill which has a yearly production of 750,000 metric tons of iron and steel. Private capital will control the new industries. There are plans for a 500,000 metric ton laminated steel sheet plant. Of this, 100,000 metric tons are to be used for the production of tinplate and tin byproducts. In addition, there are under consideration two projects with a capacity of 200,000 tons for reducing iron ore by the natural gas method. The state will have an 18 to 20 per cent interest in these and the remainder will be controlled by international companies. It is also intended to exploit the Government's San Isidro iron ore reserves with assistance from local and international companies.

The Alumino Caroni S.A. (ALCASA), a 50-50 joint company formed a few years ago between the Venezuelan Guayana Corporation and Reynolds International, will build a 10,000-ton aluminum

ingot plant in the Guayana region. Although this is not a recent development, it is included under the proposed expansion program.

### Opportunities for Canadians

No doubt, foreign financing and participation in this ambitious program (if it is carried out in its entirety) will be by the large inter-

national manufacturing companies. Nevertheless, there should be opportunities for Canadian manufacturers and exporters in a position to offer industrial equipment, raw materials and technical knowhow. To benefit from these developments, they should maintain close co-operation with their local representatives in Venezuela. ●

## Trade Commissioners on Tour

### In Canada

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

**France**—G. P. Morin, Assistant Commercial Secretary in Paris:

Toronto—October 18-22	Montjoli—November 10
Oshawa, Port Perry,	Halifax—November 12
Oakwood—October 25	Shediac, Cocagne, Lancaster
Belleville, Delta, Cornwall—	—November 15
October 26	Black's Harbour, St. Andrews
Montreal—October 27-	—November 16
November 5	Florenceville—November 17
Drummondville, Gently—	Quebec City, Loretteville—
November 8	November 18-19
Levis, Montmagny, Rivière	
du Loup, Rimouski—	
November 9	

### Temporary Duty in Ottawa

**M. S. Strong**, Commercial Counsellor in Accra, Ghana, October 7-27. Contact Commonwealth Division, phone: 992-2421.

### In Territory

**Iraq**—R. H. M. Cathcart, Assistant Commercial Secretary in Beirut, Lebanon, will visit Baghdad October 24-30.

**Jordan**—I. V. Macdonald, Commercial Counsellor in Beirut, Lebanon, will visit Amman October 24-30.

**Syria**—I. V. Macdonald, Commercial Counsellor in Beirut, Lebanon, will visit Damascus October 24-30.

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

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, 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 .9294.

## Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 1	Units per Canadian dollar	Notes (see below)
Algeria .....	Dinar .....	.....	.2195	4.56	
Argentina .....	Peso .....	Free .....	.006031	165.81	
Australia .....	Pound .....	.....	2.4122	.4146	
Austria .....	Schilling .....	.....	.04169	23.99	
Bahamas .....	Pound .....	.....	3.0152	.3317	
Belgium and Luxembourg .....	Franc .....	.....	.02166	46.17	
Bermuda .....	Pound .....	.....	3.0152	.3317	
Bolivia .....	Peso .....	.....	.09145	10.93	
Brazil .....	Cruzeiro .....	Official Free .....	.0005855	1,707.94	
Britain .....	Pound .....	.....	3.0152	.3317	
British Guiana .....	Dollar .....	.....	.6282	1.59	
British Honduras .....	Dollar .....	.....	.7538	1.33	
Burma .....	Kyat .....	.....	.2259	4.43	
Ceylon .....	Rupee .....	.....	.2261	4.42	
Chile .....	Escudo .....	Bank rate .....	.3190	3.13	
		Free .....	.2743	3.65	
Colombia .....	Peso .....	Free .....	.06028	16.59	
		Certificate .....	.1195	8.37	
Congo, Republic of .....	Franc .....	.....	.007173	139.41	(1)
Costa Rica .....	Colon .....	.....	.1624	6.16	
Cuba .....	Peso .....	† .....	†	†	
Czechoslovakia .....	Koruna .....	.....	.1494	6.69	
Denmark .....	Krone .....	.....	.1561	6.41	
Dominican Republic .....	Peso .....	.....	1.07594	.9294	
Ecuador .....	Sucre .....	Official .....	.05977	16.73	
		Free .....	.05756	17.37	
El Salvador .....	Colon .....	.....	.4304	2.32	
Fiji .....	Pound .....	.....	2.7164	.3681	
Finland .....	Markka .....	.....	.3362	2.97	
France, Monaco, etc. ....	Franc .....	.....	.2195	4.56	(2)
Franco-African Republics, etc. ....	Franc .....	.....	.004390	227.79	(3)
French Pacific .....	Franc .....	.....	.01207	82.85	(4)
Germany .....	D Mark .....	.....	.2683	3.73	
Ghana .....	Cedi .....	.....	1.2563	.7960	
Greece .....	Drachma .....	.....	.03586	27.89	
Guatemala .....	Quetzal .....	.....	1.07594	.9294	
Haiti .....	Gourde .....	.....	.2152	4.65	
Honduras .....	Lempira .....	.....	.5380	1.86	
Hong Kong .....	Dollar .....	Free .....	.1871	5.35	*Sept. 24
		Official .....	.1885	5.31	

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

\*Latest available date.

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 1	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02502	39.97	(1)
India	Rupee		.2261	4.42	
Indonesia	Rupiah		.004304	232.35	(1)
Iran	Rial		.01420	70.40	
Iraq	Dinar		3.0126	.3319	
Ireland	Pound		3.0152	.3317	
Israel	Pound		.3586	2.79	
Italy	Lira		.001722	580.72	
Japan	Yen		.002898	345.07	
Lebanon	Pound	Free	.3529	2.83	
Malaysia	Dollar		.3515	2.84	
Mexico	Peso		.08608	11.62	
Morocco	Dirham		.2152	4.65	
Netherlands	Florin		.2991	3.34	
Netherlands Antilles	Florin		.5705	1.75	
New Zealand	Pound		3.0017	.3331	
Nicaragua	Cordoba		.1537	6.51	
Nigeria	Pound		3.0152	.3317	
Norway	Krone		.1506	6.64	
Pakistan	Rupee		.2261	4.42	
Panama	Balboa		1.07594	.9294	
Paraguay	Guarani	Free	.009683	103.27	
Peru	Sol	Free	.04011	24.93	
Philippines	Peso	Free	.2762	3.62	
Poland	Zloty	Fixed—basic rate	.04482	22.31	
Portugal & Colonies	Escudo		.03742	26.72	(5)
Sierra Leone	Leones		1.5063	.6639	
South Africa	Rand		1.5076	.6633	
Spain and Dependencies	Peseta		.01797	55.65	
Sweden	Krona		.2080	4.81	
Switzerland	Franc		.2492	4.01	
Syria	Pound	Free	.2817	3.55	
Thailand	Baht	Free	.05272	18.97	(1)
Tunisia	Dinar		2.0604	.4853	
Turkey	Lira		.1195	8.37	(1)
United Arab Republic	Pound	Official	2.4747	.4041	
United States	Dollar		1.07594	.9294	
Uruguay	Peso	Free	.01548	64.60	
Venezuela	Bollivar	Official Free	.2395	4.18	
West Indies	Dollar		.6282	1.59	(6)
	Pound		3.0152	.3317	(7)
Yugoslavia	Dinar	Official	.0008608	1,161.71	

## 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



## Decimal Currency Comes to Australia

C DAY, the day when Australia will change to decimal currency, is to be Monday, February 14, 1966. Banking will cease at the close of business on the previous Wednesday, February 9th, and the banks will not reopen until C Day. On and from that date, all written banking transactions will be in dollars and cents, but it will still be possible to withdraw, deposit or exchange shillings and pence which are convertible in decimal currency.

The basis of Australia's new currency will be the dollar, the exact equivalent of the ten-shilling note. The new dollar notes will be in denominations of one, two, ten and twenty dollars, basically in the colours brown, green, blue and red, and will be the counterparts of the ten shilling and the one, five and ten pound notes. The design of these notes is still secret and will probably not be revealed till close to C Day.

The new coins will be in three series of different metals. The one-cent and two-cent coins will be of bronze, the five-, ten- and twenty-cent pieces of cupronickel but silver in appearance, and the 50-cent piece of silver. The reverse side of all these coins will have a faunal design and a new likeness of Her Majesty Queen Elizabeth II, designed by Arnold Machin, R.A., of London, will appear on the obverse or head side. Stuart Devlin of Melbourne, who designed the tail side of the coins, chose for his subjects animals or birds unique to Australia.

The 50-cent coin shows the kangaroo and the emu. These two common inhabitants of the country traditionally support Australia's coat of arms. The 20-cent piece depicts a swimming duck-billed platypus, an animal that has attracted the wonder of layman and scientist alike.

On the silver-coloured 10-cent piece the male lyrebird spreads its magnificent tail. This piece will be freely interchangeable with the shilling; it is 0.929 inch in diameter, almost exactly the size of the shilling and of the same weight, 87.3 grams.

On the reverse of the five-cent coin is the ventral view of the spiny anteater or echidna, with its four horny-toed feet, its long snout and its spines clearly visible. In appearance and in its habit of rolling itself into a prickly ball as a method of protection, it is like the English hedgehog but there the similarity ceases.

The tail side of the two-cent piece pictures the frill-necked lizard. This harmless animal, which grows to about three feet long, is found only in north Australia. When protecting itself it presents a fearsome appearance, with gaping, hissing mouth in the middle of its brightly coloured neck frill, which it uses as a storehouse for its food.

On the tail side of the one-cent piece is the image of the feather-tailed glider, Australia's smallest marsupial. This tiny nocturnal animal belongs to the order

phalanger, (commonly known as possums) which is characterized by soft fur coats, pretty heads and large eyes.

For those in Canada familiar with Australian currency, the table of dollars and cents conversion below will be of interest.

There will be a period of dual currency which could last to the end of 1967, depending on how long it takes the machine companies to convert Australia's business machines to decimal currency. As long as cash registers and adding machines eligible for free conversion at government cost are still in pounds, shillings and pence, that currency will continue to be legal tender.

To achieve uniformity in writing money amounts, the Decimal Currency Board (which was appointed by the Government in 1960) has published a brochure outlining methods of writing these, demonstrating how to place the decimal point and the alternative ways of writing sums of money—\$50 or \$50.00; \$0.05 or 5c. or 5 cents, \$2.05, which can also be written two dollars 5. The use of a fraction of a dollar for denoting cents is considered undesirable, e.g., not \$50<sup>25</sup> but \$50.25. When hand-written, the decimal point should be placed above the base line—\$5·25—but when machine-written, on the base line—\$5.25. For banking, a dash will be the accepted form rather than a point and the dash will be above the base line, \$5-25. These guiding rules have been issued by the Board. They are not prescribed by law but will be used wherever possible for official purposes. It is hoped that they will be taken as a standard guide for Australian decimal currency notation.

—H. A. GILBERT,

*Commercial Counsellor, Melbourne.*

Old Currency		New Currency
1 pound	=	2 dollars
10 shillings	=	1 dollar
5 shillings	=	50 cents
2 shillings	=	20 cents
1 shilling	=	10 cents
6 pence	=	5 cents
5 pence	=	4 cents
4 pence	=	3 cents
3 pence	=	2 cents
2 pence	=	2 cents
1 penny	=	1 cent
\$1 Canadian	=	\$1.215 Australian



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You can obtain an application form from the Civil Service Commission office in your locality or in Ottawa, or from your university placement officer. For details, write to the Director, Trade Commissioner Service, Department of Trade and Commerce, Ottawa.

