

**JUNE 11. 66**

# **FOREIGN TRADE**

**DEPARTMENT OF TRADE AND COMMERCE, OTTAWA**

**Pakistan Faces a New Challenge**

**Export Packing Needs Knowhow**

**U.S. Markets for Hospital Equipment**



# FOREIGN TRADE

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*Three years in Karachi have given the author personal understanding of the country's problems and potential. His experience has included observation of projects being carried forward under Canadian grant aid, as well as promoting ordinary commercial trade within the limits of Pakistan's resources.*

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*If you have ever been a patient in a hospital—and who has not—you know the enormous range of equipment that the modern hospital uses. That's why we are featuring the market south of the border for hundreds of Canadian firms who make highly scientific or utilitarian equipment for these institutions.*

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*The staff member who prepared this article went on a week-long safari, interviewing packaging experts, custom packers, and exporters with special packing problems. The result: an article crammed with the latest information on export packing advances—number 26 in our "How to Win World Markets" series.*

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*Foodstuffs and processed foods rank high among the commodities that Canada sells in the British market. As in most countries, these imports are subject to strict marking and labelling laws and regulations governing content. These laws are in the process of being changed and this article gives some details.*

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*This careful assessment of two adjacent South American markets will interest exporters selling there. In both, difficult times have led to restrictions on imports, but these are being eased as economic conditions gradually improve.*

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**COMING—TRADE AND DEVELOPMENT IN WESTERN EUROPE, JUNE 25 ISSUE**

# Pakistan Faces a New Challenge

THE Indo-Pakistan conflict of September 1965 provided a sudden and dramatic climax to a series of events that have put an added strain on the Pakistan economy. These have included the following:

- Postponement of fresh aid commitments by the United States—and these have accounted for almost half of Pakistan's total annual aid receipts.



R. D. SIRRS, Commercial Secretary in Karachi, Pakistan, for the past three years, recently returned to Canada and is undertaking a tour of business centres here beginning on June 24. In this latest report, he briefs Canadian exporters on the current situation in Pakistan and its influence on trade.

- Marked depletion of the foreign exchange reserves; today these are roughly equivalent to the former annual U.S. aid commitment of U.S. \$212 million.

- The heavy expenses associated with the Indo-Pakistan conflict itself, including the cost of new and replacement equipment, which has resulted in an announced cut from 4.4 billion rupees (\$987 million) to 3.4 billion (\$718 million) in expenditures during the first year of the Third Five Year Plan development program that began in June 1965.

All of these have served to intensify the traditional difficulties of this developing country. Serious drought in West Pakistan during the winter months of 1965-66 has aggravated the situation and is expected to result in a wheat shortfall of over 2½ million tons. This will probably compel a substantial outlay of foreign exchange in spite of the aid shipments expected.

## Government Tackles Problems

Faced with these difficulties, the Pakistan Government has been compelled to take steps to encourage ex-

ports in every possible way (these rose in calendar year 1965 by 20 per cent to U.S. \$520 million) and to curtail imports (down by 25 per cent during the last quarter of 1965 over the previous quarter). The import reduction, however, will probably level out at 25 per cent in subsequent months, in keeping with a variety of stringent direct and indirect restrictions on foreign exchange.

Internal purchasing power has contracted, not only because of government measures (that is, a new 25 per cent defence tax on customs duties, sales and excise taxes, and the sale of defence bonds, etc.) but also because of the tight money policy followed by the State and private banks, which are reluctant to extend credit freely. Similarly, industry has suffered from shortages of raw materials resulting from the curbs on imports.

Canadian industry and engineering services in Pakistan have largely been financed by aid programs (see Table II) and so are little affected, at least statistically, by these developments. In fact, aid will now constitute an even more important facet of the development program. Efforts by Canadian firms to secure business on purely commercial terms in the immediate future will meet with greater obstacles, as this report will show.

## Balance of Payments

Pakistan's paramount problem is still generating enough foreign exchange to finance its development and defence needs. A speech made by the Central Commerce Minister in March 1966 in which he set forth a formidable export target for 1966-67 of Rs. 5 billion (over \$1 billion, double this year's export figure) is therefore significant. He said, "We must earn as much foreign exchange as we can. Without this, our very survival is at stake."

Mounting pressure on Pakistan's balance of payments was already felt during the early part of 1965 when the gold and foreign exchange holdings continued to decline, making it necessary to draw on the \$37.5 million in

standby credit from the International Monetary Fund. As the year progressed and war broke out, the reserves were further depleted to \$206.8 million on October 22. Since then, they have risen slightly—to \$221 million by December 31 as a result of import control measures and the export promotion program. This figure is, however, below the \$281.6 million of 1963. The upsurge in defence and industrial needs means that prospects for an easing of restrictions during the foreseeable future are slight.

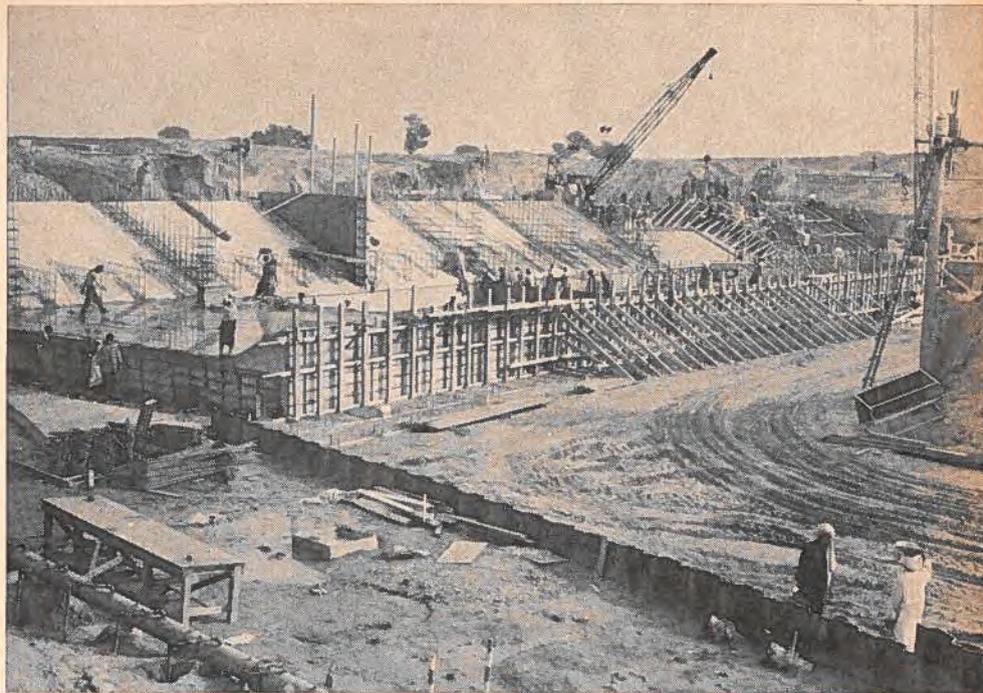
Table I illustrates the pressures on Pakistan because of the trade deficit.

### Imports Still Restricted

Essential imports are now being tied to aid or barter to the fullest possible extent. Even where items on the Free List are tied to outside sources, there are long delays in issuing letters of credit. This is certainly true of "Free List" items which are not tied to barter or aid, again to conserve foreign exchange.

The problem is compounded for suppliers of many essential raw materials (such as iron and steel and chemicals). These were formerly covered under the U.S. aid program but are not currently assured from this source because the U.S. has at the time of writing only reintroduced \$50 million (less than one quarter of the former level) in commitments. The remaining requirements have to be obtained from other sources on as favourable terms as possible.

Under the Import Policy for the period January to June 1966, the Free List has been tailored in accordance with established local priorities. The following Free List commodities are tied to specific countries (including



Financing the big development program throughout the country continues to be one of Pakistan's pressing problems. Here is one example of the varied and vital projects—the Tail Regulator of the Quadirabad Balloki Link Canal, seen at the left.

Canada, which makes available \$6 million in commodity aid per year):

Aluminum, copper rods, nylon twine—Canada  
 Mercury—Turkey  
 Tools and workshop equipment—Bulgaria, Poland and U.S.S.R.  
 Dyes and chemicals—Britain, West Germany, Netherlands, Bulgaria, Poland  
 Raw rubber—Indonesia  
 Coal (for East Pakistan)—Communist China and Poland  
 Marine diesel engines—Poland and the U.S.S.R.

There are an additional 22 items still on the list (formerly 56) but

these, as mentioned earlier, are being restricted through the curtailment of available funds (for example, restricting letters of credit). Among these are:

Iron and steel  
 Non-ferrous metals  
 Scientific books  
 Fire bricks  
 Soda ash  
 Chemicals  
 Pharmaceutical raw materials  
 Carbon black  
 Laboratory glassware  
 Linseed oil  
 Barytes and surgical and scientific instruments.

The new import rules have also cut the Open General Licence category from 33 to 10 items (drugs and medicines, tar, outboard engines, tractors, seeds and living plants, infant foods, gelatine). The authorities are considering eliminating this category altogether and placing these items on other import lists.

Licensable items now total 101 and it is difficult to import even these.

### Other Controls

The Bonus Voucher scheme is now being reviewed. This scheme tradition-

TABLE I

#### PAKISTAN'S FOREIGN TRADE

	1963-64		1964-65		1965	
	June 30-July 1		June 30-July 1		July-November	
	Imports	Exports	Imports	Exports	Imports	Exports
	(millions of Can.\$)					
United States	436.08	36.81	476.59	43.79	156.45	21.52
Britain	146.36	54.98	169.00	70.56	58.77	32.28
West Germany	109.71	12.20	168.07	16.35	57.47	7.41
Japan	66.38	27.00	111.24	30.22	40.17	10.14
Burma	12.84	5.95	11.68	22.05	7.18	2.52
Canada	18.27	3.54	29.57	5.02	10.71	1.66
	1,018.38	388.23	1,235.46	556.38	432.87	223.72

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## Pakistan at a Glance

### Area

Country divided into two sections 1,000 miles apart: West Pakistan 310,403 square miles, East Pakistan 55,126 square miles.

### Population

West Pakistan 42.9 million, East Pakistan 51 million (930 people per square mile). Population growth rate, 3.8 per cent a year.

### Capital

Islamabad.

### Main Business Centres

Karachi (population 2 million), Lahore (1.3 million), Dacca (600,000).

### Main Ports

Karachi (5.86 million tons a year) handles all cargo for West Pakistan and most of Afghanistan. Chittagong (3.86 million tons a year) and Chalna anchorage (1.66 million), East Pakistan.

### Gross National Product

Can.\$6 billion; increase per annum 5 per cent on the average during last five years.

### Per Capita Income

Approximately \$60.

### Main Economic Stimulus

Second Five Year Plan (1960-65). This has resulted in total expenditures of \$5.4 billion, of which almost half (\$2.4 billion) was pledged from foreign (mainly Western) sources—over \$400 million per year.

### Agriculture

Mainstay of 80 per cent of the population. Output rose by 3.5 per cent a year during the Second Five Year Plan.

### Industry

Seventy per cent in private sector. Production increased by 8.6 per cent a year during Second Five Year Plan.

### Investment

In 1964-65—last year of the Second Plan—\$2 billion or 18.5 per cent rate. A substantial drop of perhaps 20 per cent has occurred in recent months. Emphasis is on 51 per cent Pakistan control.

### Aid

United States has been the main donor, with over \$200 million a year.

### Canadian Aid

Colombo Plan Aid and ECIC long-term financing now amount to \$31.5 million a year. Main projects have included the Warsak hydroelectric power project, thermal power plants, transmission lines, a cement plant, newsprint and hardboard mill, isolated power stations, surveys, and a variety of commodities (such as copper, aluminum, rapeseed, fertilizer, nylon twine, tallow). Recently approved was the largest single venture to date, the Karachi nuclear power project. Technical assistance in the form of training of personnel in Canada and the provision of advisers is also important part of the program.

### Development Plans

The Third Five Year Plan, now under way, is much more ambitious, with an originally programmed outlay of \$11 billion. However, adjustment will have to be made to accommodate to changing economic circumstances.

TABLE II

### WHAT CANADA SELLS TO PAKISTAN

	1964	1965
	(Can.\$)	
Total exports	20,030,905	21,642,682
Of which:		
<b>Grant Aid</b>		
Aluminum pigs, ingots, slabs	1,550,810	1,948,755
Ammonium sulphate	688,689	330,000
Copper bars, rods, shapes, n.e.s.	2,339,697	2,036,475
Insulated wire and cable	64,851	118,270
Power boilers, equipment and parts	64,951	247,061
Pumps, pumping systems and parts	46,329	256,031
Road motor vehicle parts, n.e.s.	76,696	112,543
Aircraft	125,092	—
Prefabricated buildings, structures and parts	836,923	884,749
Wheat	4,273,300	3,403,044
Wood pulp	2,614,733	1,355,410
Sulphur, crude and refined	204,953	—
Engines, turbines and parts n.e.s.	622,373	818,114
Rapeseed	—	2,584,635
Lumber Douglas fir	—	89,479
Lumber hemlock	—	21,000
Copper wire and cables excluding insulated	7,707	833,281
Aircraft engines, assemblies and parts	85,726	140,596
<b>Grants and ECIC</b>		
Generators and parts	733,042	418,260
Electric motors	9,112	3,088
Transformers and parts	5,955	125,746
Switchgear, protective equipment and parts	330,449	263,901
Structural shapes, sheet piling	233,596	315,018
<b>ECIC</b>		
Pulp and paper industry machinery and parts	1,448,127	243,543
<b>Commercial</b>		
Files and rasps	435,467	595,316
Baby chicks	11,549	16,977
Asbestos milled fibres—grades 4 and 5	170,580	146,485
Asbestos shorts, grades 8 and 9	55,040	4,510
Card punch machinery, computers & parts	264,235	9,887

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ally provided an incentive for Pakistan's exporters to sell abroad by allowing them to use up to 30 per cent of their exchange earnings for purchases from abroad, or to sell these vouchers on the open market at approximately 150 per cent of their face value. The scheme is now being reserved more and more for essential industrial requirements in lieu of former luxury goods, many of which have actually been taken off the Free List. The cost of raw materials will now rise to over twice the former rate with inevitable hardship to domestic industry.

Other restrictions recently imposed by the Pakistan Government ban imports of "large" cars (those with a landed cost less duty and miscellaneous clearance charges of over U.S. \$2,310).

### Effect on Canadian Trade

Canada's sales to Pakistan (see Table II) do not fully reflect the circumstances noted above because the effect will only be felt in the statistics for 1966. However, as noted earlier, there is not apt to be any significant change because the pattern of our aid program is likely to remain unchanged during 1966.

TABLE III  
WHAT CANADA BUYS FROM  
PAKISTAN

	1964	1965 Jan.- Sept. (Can.\$'000)
<b>Total imports</b>	<b>4,211</b>	<b>2,551</b>
Of which:		
Printed cloths, sheeting, cotton unbleached and coloured	1,170	934
Fabrics jute n.o.p.	1,293	433
Jute and jute butts	629	176
Drill, twills, satins	209	12
Wool in grease	126	72
Shirts, sweat shirts, knit cotton	81	76
Cotton waste	69	125
Medical, surgical instruments, equipment and parts	39	11
Tennis and badminton equip- ment and parts n.e.s.	26	29
Scissors and shears n.o.p.	21	14
Gloves, protective headgear athletic	14	2
Rugs, oriental genuine	14	18
Balls, all kinds n.o.p. for sports	13	10
Tea black	—	6
Molasses	—	113

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On the commercial side, where high-priority items cannot be obtained through an existing aid or barter program, the Central Government can authorize the foreign exchange needed. Thus iron and steel supply has recently been let to international tender and this provides a potential sales opportunity for Canadian firms. (See also other Free List items.) Similarly, some Canadian exporters have succeeded in selling a few items (related to atomic energy or specialized needs) for hard currency. Engineering services may also still be considered for hard currency payment, although this depends upon the economic circumstances.

### Conserving Foreign Exchange

To earn more foreign exchange, or to conserve it, the Government has arranged for:

1. Barter deals with several East European countries (Poland, Bulgaria, the Soviet Union, Yugoslavia, Czechoslovakia) and with Communist China, under which 50 per cent of Pakistan's exports will consist of manufactured goods (mainly textiles).

2. Trade teams to promote business in Australia, New Zealand, Afghanistan (in recent months). Other areas will be included later.

3. An upsurge in cotton textile exports through a suggested increase in the Bonus Voucher rate of 10 per cent—an indirect subsidy. This would also apply to cutlery, surgical goods, etc.

Raw jute continued to be Pakistan's major export, with sales amounting to \$192.5 million during 1964-65 (July-June). Jute manufacturers brought in \$69.3 million. Exports of raw cotton during this period totalled \$66 million and these three items combined accounted for \$327.8 million out of total exports of \$556.38 million.

The above gives a general picture of prevailing conditions in Pakistan as they may affect Canada's economic interests there. However, the situation is fluid and may change in the months ahead. Interested exporters should therefore watch developments closely. Canadian firms interested in marketing prospects should keep in touch with the Karachi office, which welcomes inquiries. ●

### Afghanistan Needs Foreign Aid

THE little known country of Afghanistan has a dynamic potential but it cannot develop this alone. Although its people lend enthusiastic support to development plans, foreign aid remains the key to growth. The country is plagued with balance-of-payments problems and cannot therefore import the equipment it needs unless it obtains liberal credit terms or outright grants. One fact alone dramatizes its growth problem: the per capita income of its 14 million people is only about \$100 a year.

Foreign aid for development programs since World War II has come mainly from the U.S.S.R. (over \$600 million) and the United States (over \$300 million). The Canadian contribution has been mainly in the form of technical training of Afghan personnel in Canada.

Agriculture is the mainstay of the Afghan economy: it employs about 85 per cent of the population and provides 65 per cent of the national income. Exports of Karakul (persian lamb skins)

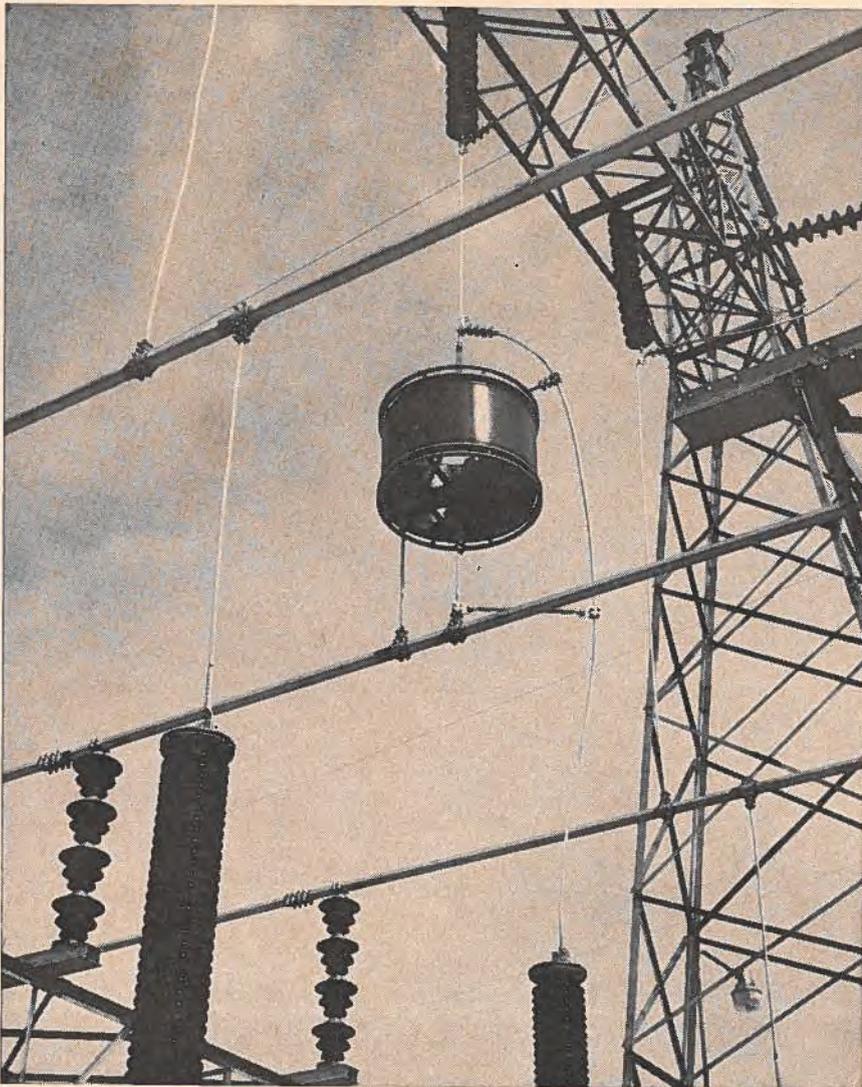
are the major source of foreign exchange; these exports totalled \$16.8 million in 1963. Karakul skins, incidentally, are Canada's main import from Afghanistan (imported indirectly through the London market).

Afghan imports consist mainly of capital equipment and manufactured goods under aid or barter programs or on liberal credit terms. The visitor to Afghanistan, for example, sees many Soviet passenger vehicles supplied under a barter arrangement and British-made tractors purchased under long-term credits.

Canadian exports to Afghanistan totalled only about \$23,000 in both 1964 and 1965. Given appropriate sales terms and effort, this figure could be raised considerably. Canadian knowledge and experience (for example, in STOL aircraft, power generation and transmission, and industrial development) would be welcomed by the Afghans if the necessary financial aid could be found.

—R. DOUGLAS SIRRS, *Commercial Secretary, Karachi.*

# He Set His Sights



## on the U.S. Market

Here is the story of how a Canadian company making a rather unique type of electrical product succeeded in the U.S. market. The formula it used wasn't an unusual or magic one—but it worked for Trench Electric Limited and it could work for you.

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

THE important thing about Trench Electric is not so much its field of business as its methods of doing business, particularly export business. A company that specializes in the design and manufacture of heavy electrical equipment—various forms of coils used by power companies—it has developed in a few short years from an idea into an established firm that is now selling in one of the world's toughest markets, the United States. It has also succeeded notably in Australia and only recently was awarded two tenders from the State Electricity Commission in Melbourne for the design and manufacture of two current limiting reactors.

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*Trench Electric supplied the carrier current line inductors (see one of them in the centre of the picture) to be installed on a system in Iowa. Twelve identical coils were sold to a utility company farther south in Corpus Christi, Texas.*

---

Trench was incorporated in Canada in 1962. It was and is based on a unique concept and design of heavy electrical inductance coils. Only one other manufacturer in Canada was then making a competing product and he and one other were the only manufacturers in the United States. Both are giants of the industry but by 1963 Trench was becoming solidly established in Canada, with orders in hand from a number of major power utilities from Quebec to B.C. In addition to an anticipated price advantage and certain new engineering features (including custom computer design of each individual coil rating) Trench had a flexibility because of its small size that big companies often find it hard to equal.

### Preparing the Way

The New Orleans office first heard from Trench Electric in mid-1963. Over the next year we made plans for Trench to enter the U.S. market. We secured a listing for them in the

*Exporters' Directory* of the Department of Trade and Commerce in Ottawa. Information on market conditions and on the most effective approaches in both the United States and Canada was exchanged and compared. For Trench's type of product in the U.S. market, it seemed best to seek active, technically equipped manufacturers' representatives to service each area the company planned to cover.

During this period, the company corresponded with Trade Commissioners at all U.S. posts except New York. It then decided to make a first approach to utilities in the Middle West and Southwestern States, where long transmission lines appeared to approximate closely those used in Canada. By the end of 1964, Trench Electric products were on powerlines in New Mexico, Arizona, Idaho, Iowa and Kentucky and the firm's attention turned to the South. We had built up contacts with H. A. Wynn, sales manager of Trench, and we now made arrangements for him to cover our territory in two extensive tours. The first one lasted about three weeks and took him through Louisiana, Texas, Oklahoma, Arkansas and Mississippi. It started and finished in New Orleans, with calls in 15 cities along the way. We added names of prospects and of potential representatives to a list Mr. Wynn had drawn up, spoke or wrote to all of them in advance, and arranged the itinerary so Mr. Wynn could make personal contact with every one who was interested. In New Orleans we accompanied Mr. Wynn on his calls and were able to learn about his products and their use at first hand and to discuss results, follow-ups and future plans with him. The second tour was made several months later, through North and South Carolina, Georgia, Florida, Alabama and Tennessee. Again this lasted about three weeks and covered 12 cities.

### **Knowing the Answers**

The success of Mr. Wynn's visits to our territory resulted from painstaking preparation, methodical planning, attention to detail, and anticipation of problems and of questions from potential customers and representatives. He came with blueprints, drawings, photos and figures and was ready to talk duties, freight, delivery schedules, U.S. dollar prices, and government and in-

dustry approvals of his equipment. He went home with a number of inquiries, specifications and requests for bids from many of the utility companies. Because of the good impression he made and the definite prospect of business with the utilities and other buyers, the best of the manufacturers' representatives all wanted to take on his company's account.

### **Securing Customers**

The follow-up, important and often neglected, has been no less effective. Since Mr. Wynn's visits we have received from him a steady flow of reports on contracts developed, inquiries received, and business done. Trench was able to make its choice of the best representatives in the field and concluded agreements with hard-working, active firms which know well and are well known to the utility companies, industrial buyers and government agencies in their areas. As a result, Trench now numbers among its customers utility companies in over half the states in our territory and a growing number all over the United States, several major industrial firms who are big users of electricity, and the three main federal U.S. Government agencies producing electric power: the Bonneville Power Administration, the Bureau of Reclamation, and the Tennessee Valley Authority.

TVA, which is in our territory, is the biggest of these and the biggest producer of electricity anywhere in the United States. Although TVA has bought from Europe and Japan on occasion, it has long had a reputation as a tough nut for Canadian manufacturers to crack. In addition to TVA's general disinclination to seek foreign suppliers, the Buy American Act gives a 6 per cent price preference to U.S. companies, 12 per cent if they are in labour-surplus areas. But as the success of Trench Electric's U.S. sales campaign amply illustrates, no obstacles will long stand up against Canadian manufacturers—or any others for that matter—who can help the U.S. businessman or government agency toward the basic objective of best value for the taxpayer's dollar. Within months of its first call, Trench made six separate sales to TVA and has had TVA engineers visiting its Toronto plant to discuss future business.

All told, Trench now has representatives in 28 states (including all 11 in our territory) and has customers in 14, half of them in our territory. Most recently Mr. Wynn has travelled around the world visiting selected industrial cities of Latin America, the Far East, Europe, and Australasia. He has brought home orders from Central and South America and Australia, and tender invitations from New Zealand, India, and Britain. (A recent tender won in Melbourne has already been mentioned.) "We know," he says, "that definite rewards can be obtained if one is prepared to spend the time, money and effort introducing one's products to these market places."

### **Following the Path**

Take any Canadian product. Is it unique, or does it have unique features? Does it sell at a distinctly better price? Does it have superior quality? Trench's products have all these advantages in some degree but any one of them would probably have been enough. If your product has none of them, the U.S. buyer will have no incentive to do business with you. Find out how your product stands. And be honest with yourself. Don't say: "We believe it's a better product," because that's what the ads say. Be sure. Get the facts and figures and know what you are talking about. The Trade Commissioner can help you get information on competing products in your field for comparison with yours.

If your product passes that test—and many do not—you can move on with confidence. You must next decide how best to sell in the U.S.—through manufacturers' representatives or factory salesmen; through a wholesaler, jobber or distributor; direct to retailers or to original equipment manufacturers. This article is not the place to discuss this particular point because much depends on the products you are selling. Here again, the Trade Commissioner can advise you, and it may even be that a method different from the one you use at home will suit you best in the United States.

### **Make Haste Slowly**

In the next stage, you will probably have to spend some money and make some commitments. But make haste slowly. Find out which are the best

individuals or firms in the U.S. to handle, sell or buy your products. You can check your own trade contacts, the national associations of manufacturers' representatives, industry associations, the directories of wholesalers, retailers or whatever, depending on your products and the method of selling you have decided on. Most Chambers of Commerce have these directories and there are directories of directories, which tell you where to get more information. Here again, you can and should call on the Trade Commissioner.

While assembling your lists of contacts, give some thought to what size of areas or territories the people who will sell or handle your products will cover for you. Make sure later that they really can do what they say they can, and that they are doing it for others in your or in complementary industries. Beware of the rep who wants to tie up your product for a lot of territory that he knows (and you should be able to see) he can't cover. Nothing makes a Trade Commissioner gnash his teeth more than putting a lot of work into helping a Canadian manufacturer enter the market in his territory and then being told that exclusive representation for the whole United States has been given to someone in a distant corner of the country who is completely unknown to the trade anywhere outside his own immediate area.

Be thorough while preparing your lists of contacts. Give yourself the widest possible choice among the various reps, wholesalers or dealers. An advance letter to all those on your list, especially if it is an extensive list, may help to sift out your best prospects. But be careful not to shoot your bolt too soon, before you have had a chance to make the personal presentation you should be planning. If you have to cover the U.S. market in gradual steps because of your size, capacity, or financial limitations, it will probably be wise to choose one of the major distribution centres near the border and close to the part of Canada from which you will be shipping.

It is not a hard and fast rule that at this point you must visit the territory where you are hoping to introduce your products, but nearly always it makes a big, sometimes a crucial,

difference. Nothing takes the place of personal cultivation of a new market. If someone does go, let it be someone senior enough to speak for the company, to make decisions on the spot if necessary, but above all, let it be someone who is a salesman.

### **You Can Too**

Before you leave, take the time to do your homework. Have your export prices worked out in U.S. dollars, duty paid and delivered to a U.S. city. Take along your f.o.b. factory prices too. Be ready to quote volume discounts and delivery times that you can stick to. Be flexible enough to accept trial orders smaller than your usual minimum—it can often make the difference. Have the answers ready to as many technical and other questions as you can think of. Be ready to refer to previous U.S. sales you have made, or sales in

Canada to U.S. subsidiaries or to other export markets. This always perks up buyer interest. Have samples of your products with you, if appropriate, or send them to each person upon whom you will be calling.

The personal contacts you make on your trip will be valuable to you, so follow up on them when you get home. Don't let anything die on the vine. If you said you would write, write. If you made any undertakings, be sure to live up to them.

Trench Electric didn't achieve its initial successes by a magic formula, or because of any super-salesmanship. Every firm has personnel who can do this sales job. With the few simple steps outlined here as a guide and the results they produced for Trench Electric Limited as an incentive, firms who think they can't succeed in the U.S. market ought to think again. ●

## **For Your Information**

### **Canada-U.S. Co-operation**

SPEAKING to the Pacific Northwest Trade Association in Vancouver on April 18, the Minister of Trade and Commerce stated that the Canada-United States Automotive Agreement was "designed to clear the way in this particular sector of manufacturing for a better and more rational application of resources and investment by the North American producers and for the expansion of automotive trade between the two countries . . . Gains associated with the removal of barriers and greater specialization are being registered to the benefit of both producers and users."

Mr. Winters cited the joint experience under the automotive agreement as providing "important lessons as to the real nature of the opportunities and difficulties to which freer trade between our two countries in manufactured goods may give rise."

With regard to other sectors, the Minister said that, in the last meeting held in Washington to discuss trade and economic matters, "it was agreed that a joint examination should be made of trade in agricultural implements, tractors and aircraft for which tariff liberalization would be most important. What may happen in the future in other sectors will . . . depend importantly on

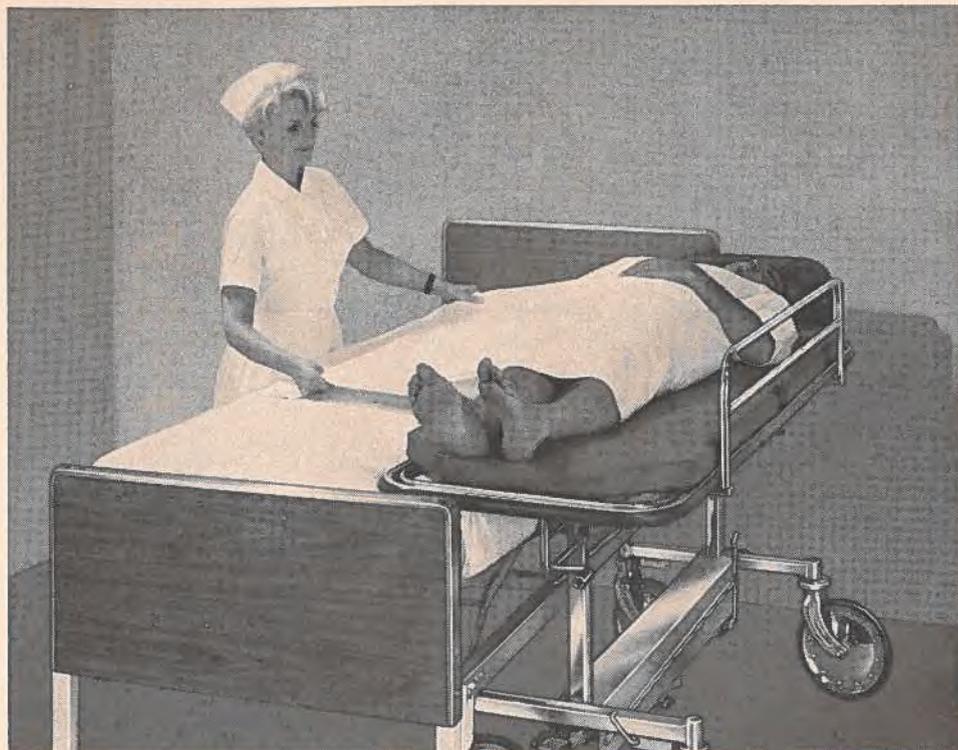
whether the basic and institutional conditions of the industry or sector of industry are such that new arrangements involving trade liberalization will yield adequate real gains in relation to the adjustments that may be involved." ●

### **Industrial Integration**

THE Minister of Trade and Commerce pointed to Canadian industrial integration within the North American economy when he spoke to the Pacific Northwest Trade Association in Vancouver on April 18.

"There is already a good deal of industrial integration within the North American economy," Mr. Winters said. "Peoples in our two countries—the United States and Canada—are able, through the exchange of goods, to concentrate their productive efforts in areas of comparative advantage and so, through more efficient production and through trade, both to end up better off than would have been the case if each tried to produce everything possible on its own . . . And there will be more as the process of negotiating the reduction of tariff and other barriers between our two countries and with the rest of the world is carried forward." ●

**This Canadian-made stretcher has a pedestal base and an hydraulic lift. Because there are no corner posts, the top of the stretcher can be moved over the bed, and one nurse can safely transfer a patient. This is one type of hospital equipment that could be sold in the United States.**



## U. S. Markets for Hospital Equipment

Ambitious plans for modernizing U.S. hospitals and building new ones mean promising opportunities for selling to these institutions everything from bed linen to fluoroscopic units. But it is a complex and competitive market and suppliers must approach it in the right way. The authors have useful suggestions to offer.

GEORGE HAZEN, *Consul and Assistant Trade Commissioner, New York,*  
and K. D. TAYLOR, *Consul and Assistant Trade Commissioner, Detroit.*

THE UNITED STATES has made great progress in expanding and upgrading hospital facilities but even more dramatic progress is in the offing. President Johnson announced at the end of February that he would seek legislation enabling U.S. \$1 billion a year to be devoted to the rehabilitation and modernization of

U.S. hospitals, which are faced with a surge in demand when the Medicare program comes into operation in July. There is already a large market for domestic and foreign suppliers of hospital equipment and materials to exploit, but it is increasing constantly and Canadian exporters should examine prospects carefully.

The President's request for funds does not constitute the first public assistance received by hospitals in the United States. The Hill-Burton program was initiated by the Public Health Service following the passage of the Hospital and Medical Health Survey and Construction Act in 1964. It authorized grants to assist in building needed hospitals and public health centers. In 1954 the program was broadened to provide grants for nursing homes, diagnostic and treatment centers, and rehabilitation facilities. A new public law in 1964 extended the basic Hill-Burton program for five years and included major new provisions for modernization grants and project grants for area-wide planning. Assistance is given in co-operation with state public health authorities for applications in low-income and rural areas. Funds for the new

scheme announced by the President will probably be administered separately from those available under the Hill-Burton legislation. The principal beneficiaries will be cities like New York, where demand and technology have outstripped hospital plant.

Table I shows the importance of the hospital industry in various areas of the East and of the Midwest, which have some of the largest concentrations of urban population in the world. And as the population continues to expand, the pressure on hospital and medical facilities will increase.

The market that these hospitals provide is a lucrative one but Canadian firms interested in the field will have to pursue sales opportunities vigorously. Competition is extremely stiff from about 200 U.S. manufacturers represented by roughly 700 distributors.

### Determining the Scope

Basic information about the regulations and standards governing hospital construction and operation is published by the Division of Hospital and Medical Facilities of the United States Public Health Service, a branch of the Department of Health, Education and Welfare. The address is simply Washington, D.C. 20201. Further, the Division publishes free bulletins such as *Hospital Equipment Planning Guide* and *Hospital Equipment Checklist (Group I—Built In)*. These are invaluable in gaining an appreciation of the requirements of U.S. hospitals.

The bulk of the information for the guidance of suppliers is produced by the Public Health Service in response to the Hill-Burton legislation. In the context of the latter, equipment is classified as belonging to the following groups:

**Group I**—Built-in equipment usually included in construction contracts: hospital cabinets and counters, elevators, boilers, sterilizers, surgical lighting, dental units and drains, autopsy tables, and similar fixed equipment.

**Group II**—Depreciable equipment of five years' life or more, not normally purchased through construction contracts, comprising large items of furniture and equipment with a reasonably fixed location in the building but capable of being moved: bedroom and office furniture, radiographic and fluoroscopic units, operating tables, oxygen tents, centrifuges, balances, and wheeled equipment.

**Group III**—Non-depreciable equipment of less than five years' life, normally purchased through other-than-construction contracts, including small items of low unit cost which are suited to stockroom control: china-ware, silverware, kitchen utensils, wastebaskets, bedpans, dressing jars, surgical instruments, catheters, bed linens, and blankets.

Much of the assistance provided by the Public Health Service is administered by state governments; each has a department dealing with the licensing and operation of hospitals and related institutions. In many ins-

tances, the requirements laid down by individual states exceed the standards set by the Public Health Service.

Prospective suppliers should note that there are various "Buy American" regulations that may apply at the state and federal levels, because these hospital operations would be assisted by public funds. The federal regulations, in brief, provide for a 6 per cent preference for U.S. goods over foreign products (12 per cent if the goods are produced in a depressed area of the United States). State regulations vary considerably and interested suppliers should obtain details in relation to particular instances from their representatives in the U.S. or from the United States Division, Office of Trade Relations, Department of Trade and Commerce. Or they may wish to get in touch with the appropriate office of the Trade Commissioner Service in the United States.

### New Hospitals

A detailed analysis of spending on hospital construction is given in the authoritative *Dodge Reports*. News of a project in this publication is usually the earliest possible notice, short of being privy to the long-range planning of the financing organization; progress reports are issued as required. Because the *Dodge Reports* are expensive, (running up to U.S.\$18,000 per year for coverage of the whole United States) they are probably of value only to manufacturers of high-cost equipment which must be provided for by the architect—for example, suppliers of basic plant or of X-ray and other equipment that requires special wiring or plumbing. Reports are available, though, for individual areas and for certain types of hospital institutions only, thus bringing the cost within the reach of many more firms. *Dodge Reports* and information about them can be obtained from:

F. W. Dodge & Co. Inc.,  
330 West 42nd Street,  
New York, New York 10036.

### For Further Information

McGraw Hill publishes a useful directory in this field, the *Modern Hospital Directory of Hospitals*, which contains the names of all hos-

TABLE I  
SELECTED U.S. HOSPITAL STATISTICS FOR 1964

	New England	Middle Atlantic	South Atlantic	All United States
No. of Hospitals	427	939	907	7,127
Beds	124,169	399,131	230,611	1,696,039
Admissions	1,672,049	4,922,907	4,106,721	28,266,239
Full-time Personnel*				
Number of personnel	139,722	416,268	252,697	1,886,839
Per 100 patients	132	120	130	133
Payroll Expense				
Payroll (\$'000)	617,140	1,863,144	970,699	7,974,623
Per patient day (\$)	15.94	14.66	13.73	15.38
Total Expense (\$'000)	898,891	2,725,790	1,484,096	12,030,994
Per patient day (\$)	23.22	21.45	20.99	23.20

\*Includes full-time personnel plus full-time equivalents of part-time personnel. Excludes residents, interns, and students.

Source: Journal of the American Hospital Association, 1 August 1965, pp 456-459.

pitals with over ten beds in the United States, its possessions, and Canada. It gives the following data about each: name of hospital, name of administrator, city and street address, type of service, type of control, approval by the Joint Commission on Accreditation of Hospitals, maintenance of nurses' training school, number of beds and bassinets, number of convalescent or nursing-home beds. The Directory also lists state agencies administering hospital survey and planning programs; purchasing agencies for state hospitals and institutions; federal hospitals, including those of Army, Navy, Air Force and Veterans' Administration; marine, Indian and prison hospitals; medical colleges and hospitals affiliated with approved schools of medicine, and universities with courses in hospital administration. A regular change service, giving names of new administrators, changes in hospital names or ownership, etc., is included as part of the complete Directory service.

This service publication is available exclusively to advertisers in *Modern Hospital*, also published by McGraw Hill, and/or those who file catalogues in the *Hospital Purchasing File* whose contracts in either or both publications total \$1,175 or more within the contract year. In such cases, one copy of the Directory plus the change service is supplied without charge during the life of the contract. To those who qualify, additional copies of the Directory are available at \$15 each and discounts apply to the following quantities:

10 or more—10 per cent discount  
25 or more—15 per cent discount  
50 or more—25 per cent discount

Every recipient of the Directory receives the periodic change service during the contract period.

*Hospital Purchasing File*, referred to by the trade as its bible, is an annual directory of the major supply houses in the country and the products each handles. *Modern Hospital* is its monthly counterpart and contains news of interest to anyone selling to the hospital trade. Another monthly found on most suppliers' desks is *Hospitals*, similar in scope to the other but just different enough to make it worth having. These publications may be obtained from:

*Hospital Purchasing File*  
*Modern Hospital*  
McGraw Hill Publications  
1050 Merchandise Mart  
Chicago, Illinois.

*Hospitals*  
American Hospital Association  
840 North Lakeshore Drive  
Chicago, Illinois 60611.

The American Hospital Association also publishes an annual guide in August; this provides statistical information on institutions throughout the United States.

Still another publication is *Advance Construction Reporting Service* which features biweekly reports containing comprehensive information on new hospital construction projects obtained from the *Modern Hospital's* own construction information system. These reports include type of facility, estimated cost, bed size when available, and the names of the architect, administrator, general contractor, hospital consultant, and building committee chairman. Progress reports are published until the hospital is completed, and all reports are verified before publication.

This service is for the exclusive use of advertisers in the *Modern Hospital* and/or those who file catalogues in the *Hospital Purchasing File* whose space commitments total \$650 or more during a contract year. To those who qualify, a single service is provided free of charge. Additional services of *Advance Construction Reports* are available at a unit cost of \$20 per contract year and discounts will apply when they are purchased in the following quantities:

10 or more—10 per cent discount  
25 or more—15 per cent discount  
50 or more—25 per cent discount

### How Do Hospitals Buy?

Hospital organization in the U.S. is very similar to that in Canada. In the larger hospitals, a purchasing officer does most of the buying of supplies and equipment, although in smaller institutions the administrator or his immediate assistant takes over this responsibility. Buying decisions are not always made by the purchasing officer, however, and various hospital departments may write their own specifications before requesting him to fill the requisition.

In recent years, the practice of group purchasing has become more widespread because it makes available to smaller hospitals the economies and convenience of bulk buying. But this service is limited to inventory-type commodities such as foods, cleaning supplies, fuel, and some drugs and other consumable scientific supplies. The Canadian manufacturer of equipment will not, in all likelihood, be concerned with this aspect of hospital purchasing. He will wish to approach, directly or through his agent, the hospital administrator or purchasing officer. (See also article from Boston on page 14 on this method.)

The principal avenue of sales promotion and distribution is through the surgical and hospital supply house. Many large organizations that operate on a national basis have their headquarters or principal office in New York City. There are some, however, that restrict their area of operation to specific regions and they may be important to the manufacturer in areas in which a large volume of new construction or rehabilitation is concentrated. The range of products that the hospital supply house handles is wide and it is usually geared to take care of the complete requirements of a hospital.

Two exceptions to this rule involve the supply of certain items of basic plant, such as elevators and heating equipment, and the sale and servicing of complex technical equipment. In the first instance, the manufacturer will wish to approach the architect who specifies the equipment, as well as the hospital administrator or purchasing officer. In the second instance, it is necessary for the manufacturer of, say, automated electronic monitoring equipment to use his own factory salesmen or field representatives to make the approach. Supply houses have found that they cannot cope with the complexities of equipment which requires demonstration and after-sales service in addition to the broad range of commodities which is their stock in trade.

A further important use of factory representatives is the training of distributors' salesmen in the techniques of handling certain products. Some manufacturers also assign detail men to accompany supply house personnel on calls for greater or lesser periods.

The role played by hospital consulting firms is also interesting. Rarely do they act as actual specifiers of equipment; they prefer to leave that phase of the business to the architect, the contractor, and the hospital administrator. But they sometimes become involved in specifications if the concept is new and if provision must be made for the equipment in the design or the fabric of the building.

### Promoting Sales

Certainly, the most important and effective way for manufacturers to develop sales in this market is by personal visits. In fact, this should be the first step to get the feel of the market.

After the manufacturer has determined that he has a reasonable chance of success, his marketing plan should certainly include participation in various trade shows and conventions catering to the hospital industry. The most important of these is the American Hospital Association Convention in Chicago at the end of August each year. Information can be obtained from:

Dr. E. L. Crosby  
American Hospital  
Association Convention  
840 North Lakeshore Drive  
Chicago, Illinois 60611

Suppliers and consultants invariably put this show high on their list of trade promotion methods. Other organizations linked with the hospital industry hold their conventions and shows concurrently with the American Hospital Association Convention. In 1966, these will include:

American Association of Nurse Anesthetists  
American College of Hospital Administrators  
Hospital Industries Association

An exhibit at this convention will introduce a manufacturer's products to a broadly based and critical audience.

Exporters might consider participation in regional shows to deepen market penetration, such as:

Ohio Hospital Association Show,  
Cleveland, Ohio.  
Midwest Hospital Association Show,  
Kansas City, Missouri.  
Southeastern Hospital Conference,  
Miami Beach, Florida.  
Tri-State Hospital Assembly,  
Chicago, Illinois.

Texas Hospital Association Show,  
Dallas, Texas.

Middle Atlantic Hospital Assembly,  
Atlantic City, New Jersey.

Catholic Hospital Association of U.S. &  
Canada Show, Cleveland, Ohio.

Conference of Maryland, District of Columbia,  
& Delaware Hospital Association,  
Washington, D.C.

This is not an exhaustive list and there are also numerous meetings of medical and dental societies with which exhibits are associated and that could be useful in the promotion of specific products.

Advertising in periodicals dealing with hospitals was mentioned earlier, but it is worth reiterating the power of this form of promotion. Every hospital administrator and purchasing agent has one or more trade journals on his desk to which he refers frequently for new ideas and new products.

### For Canadians

The Canadian exporter who decides, after initial investigation, that this is a market worth cultivating should enlist either a distributor or a manufacturers' representative to canvass the market thoroughly. About 85 per cent of hospital equipment is bought through distributors. The major exceptions are patient-room furniture which is highly technical and items purchased in large quantities for some new hospitals.

The sales representative generally deals with hospital administration offices which place orders for over 80 per cent of the hospital equipment sold in the United States. Depending upon the size of the hospital, the representative calls on either the director of administration, the business manager or the purchasing agent. However, the administrative personnel is not the only group that needs to be sold. An enterprising sales representative must outline the features of his product to the hospital's professional staff who actually use the equipment and establish the product specifications for the administrative office. The era of the high-pressure sales approach to hospital administrators, professionals and even supply houses has passed. The administrator now must be convinced by the salesman in a careful and logical manner that a

new product will prove useful to his hospital.

Another significant change is the greater use by hospitals of disposable items. This trend developed because of the larger segment of hospital budgets accounted for by wage costs than in private industry. By the use of such disposable items as gloves, gowns, basins, drapes, bedpans and syringes, cleaning and maintenance costs are cut drastically.

The modernization program prompted by the Hill-Burton legislation—and possibly soon to be nurtured under the President's new scheme—has some interesting implications for suppliers of hospital equipment. Many Canadian manufacturers have developed considerable expertise in the field of automated monitoring and other electronic equipment, some of it a byproduct of the communications field, in which Canada excels. Even though some hospitals have already installed modern units of this type, the number is still small and the field can be regarded as virgin territory. To exploit it will require considerable effort in the face of intense competition from U.S. firms.

### What to Do

Every interested manufacturer should send to the Trade Commissioner in the territory in which he is interested a detailed (and technical, if necessary) description of the products he makes and an accurately calculated price for each product f.o.b. the city in question, duty paid. The Trade Commissioner can then attempt to determine what competitive products and equipment are already on the market and advise the manufacturer. A slight price adjustment may possibly provide a competitive edge and the manufacturer should be aware of this before venturing into more expensive forms of trade promotion. A personal visit to the market—and the Trade Commissioner—should be followed by planning an over-all sales campaign using all possible marketing tools, such as trade shows, reference to Dodge and other construction and progress reports, advertising, and use of a carefully selected sales representative. For the persistent and aggressive exporter, there is a potentially rich market among United States hospitals and health institutions. ●

# Selling to Michigan Hospitals

IN MICHIGAN, there are three major sales channels—hospitals operated privately, operated by the State, and operated by the City of Detroit. In each instance, the majority of the large purchases are made on the basis of bids issued periodically by the purchasing offices. Once the bid is prepared, a letter of inquiry is sent by the purchasers to qualified suppliers. In order to be pre-qualified, the Canadian executive—ideally accompanied by his Michigan representative—should call on hospital administrators and purchasing officials to introduce his company's lines. For the State of Michigan, which operates twelve hospitals (see attached list) the man to see is J. Hall, Purchasing Office, State of Michigan, Lewis Cass Building, Lansing. Mr. J. Moore, Senior Purchasing Agent, City of Detroit, Department of Purchases and Supplies, 912 City County Building, Detroit 26,

buys for the City of Detroit municipal hospitals. The private hospitals in Michigan are too numerous to list in this article, but the sales approach to them should be the same.

Recently one of the Trade Commissioners in Detroit called on the purchasing director of the Department of Administration, Purchasing Division for the State of Michigan, at Lansing. The purpose of the visit was to discuss the \$750,000 worth of hospital supplies and equipment that the Division buys each year for 20 to 30 state institutions.

The interview provided a great deal of information on purchasing procedures followed in Michigan and probably in other states as well.

Among the pertinent points are:

1. The Division directs inquiries only to firms which they know; this calls for a personal visit to Lansing.

2. New sources are asked to register on application cards that the Government furnishes; these are to be returned in duplicate.

3. One company catalogue should be left in Lansing and additional copies at each of the appropriate state institutions.

4. The initial call upon a state institution should be on the Business Executive, who will refer the potential supplier to the proper official. If the equipment is sufficiently interesting, the institution will specify it when asking Lansing to issue a bid. After the first call, it is not necessary to go to Lansing.

5. The State prefers to deal directly with vendors rather than brokers. Vendors are liable for any added costs incurred if they are unable to fill an order and it has to be placed elsewhere. They may also be taken off the register for bad performance.

6. Quotations must be on a laid-down basis at the particular institution ordering the equipment.

7. Orders are generally spot, with an indication given of expected twelve-month volume.

8. Many out-of-state suppliers maintain warehouses in Michigan and in-state preference is granted when all other things are equal. No percentage is specified and the State Government has resisted for many years any attempt to legislate a specific in-state preference. Nevertheless, out-of-state vendors with no warehouses in Michigan must quote a more attractive price than local distributors.

9. The most important considerations are delivery and after sales service. The State has had many bad experiences and currently is finding that service from many of its big suppliers is poor. For this reason alone, its officials would welcome new Canadian sources.

—K. D. TAYLOR,  
Consul and Assistant  
Trade Commissioner, Detroit.

## State of Michigan Hospitals

Caro State Hospital for Epileptics  
Andreas Heath, Business Executive  
Dr. W. W. Dickerson, Director  
Caro, Michigan.

Copper County T.B. Sanatorium  
G. K. Seeber, Business Executive  
Dr. S. T. Sandell, Director  
Hancock, Michigan.

Howell State Hospital  
C. E. Whalen, Business Executive  
Dr. M. J. Skowronski, Director  
Howell, Michigan.

Ionia State Hospital  
Oscar Johnson, Business Executive  
Dr. A. A. Birzgalis, Director  
Ionia, Michigan.

Kalamazoo State Hospital  
Thomas Walker, Business Executive  
Dr. C. M. Schrier, Director  
Kalamazoo, Michigan.

Lafayette Clinic  
Anthony Drabik, Jr., Business  
Executive  
Dr. J. S. Gottlieb, Director  
951 E. Lafayette  
Detroit, Michigan.

Newberry State Hospital  
John F. Myett, Business Executive  
Dr. R. Cameron, Director  
Newberry, Michigan.

Northville State Hospital  
Joseph J. Gill, Business Executive  
Dr. P. N. Brown, Director  
Northville, Michigan.

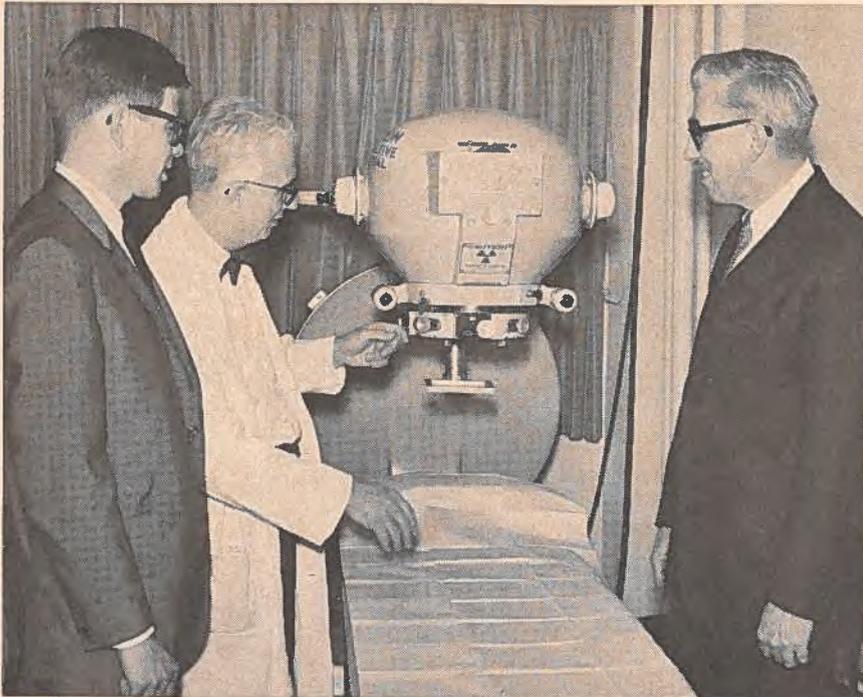
Pontiac State Hospital  
Gerald A. Bax, Business Executive  
Dr. H. Martin, Director  
Pontiac, Michigan.

Southwestern Michigan T.B.  
Sanatorium  
Louis K. Martin, Business Executive  
Dr. W. M. Barrows, Director  
Kalamazoo, Michigan.

Traverse City State Hospital  
Robert Mosher, Business Executive  
Dr. M. D. Sommerness, Director  
Traverse City, Michigan.

Ypsilanti State Hospital  
Walter Kenzie, Business Executive  
Dr. Edward Hinkle, Director  
Ypsilanti, Michigan.

# Selling to New England Hospitals



The Theratron Junior produced by a Canadian company is used at the Massachusetts General Hospital. Dr. M. D. Schulz, Director of Radiation Therapy at the hospital, explains the operation of the Theratron to M. R. M. Dale (right), Consul and Senior Trade Commissioner at the Canadian Consulate General in Boston, and D. S. Baker, Vice Consul and Assistant Trade Commissioner in Boston, standing at the left.

CANADIAN manufacturers of hospital supplies and equipment will find New England a large and challenging market. The 427 New England hospitals spent over \$898 million in 1964 (excluding the cost of new construction or expansion). Of this, some \$281 million represented non-payroll expenses, such as supplies and equipment. Table I gives selected statistics.

As the table shows, Massachusetts leads in number of hospitals, with 206 institutions so classified. As in other states, this means they are licensed by the state and meet certain regulations which permit them to be termed hospitals. However, among this group are several that might be termed "limited use" hospitals, such as prison hospitals or special university clinics. Some 176 of these institutions are considered as meeting the commonly accepted definition of a hospital treating members of the public. In Massachusetts, all of the 176 belong to the Massachusetts Hospital Association. This is a non-profit or-

ganization which exists in every state and at the national level and works in the hospitals' common interest.

Boston is, of course, a major medical center with worldwide recognition. It is the home of such internationally known institutions as the Peter Brent Brigham Hospital, New England Baptist Hospital, Boston Lying-In Hospital, and the Massachusetts General Hospital. This concentration makes it an ideal area for

initial sales to determine response to a Canadian product.

## Hospital Purchasing

In all but the largest hospitals, the seller should deal directly with the administrator or his assistant. Larger hospitals (over 150 beds) have a bigger organization with a purchasing agent. This situation is generally similar to that prevailing in Canadian hospitals.

Generally speaking, the purchasing agent must authorize all expenditures. In some instances, buying decisions are made by others—for example, the pharmacy and dietary department. However, the purchase orders are still subject to centralized control and formal pricing in most cases. Thus the appropriate initial contact with any hospital is its purchasing agent or, in small hospitals, the administrator.

## Group Purchasing

A significant development has been the growth of group purchasing of selected hospital supplies. In New England this purchasing service is operated by the Greater Boston Hospital Council. The basic services that this organization offers are:

1. Standardization of specifications for various items.
2. Price reductions on volume business.

There is a basic committee made up of purchasing agents from participating hospitals. In addition, there are a number of sub-committees on foods, medical gases, pharmaceuticals, maintenance equipment, and so on. Their basic interest is in purchasing volume items which are subject to standardization. The largest dollar

TABLE I  
NEW ENGLAND HOSPITALS\*

Classification	Hospitals	Beds	Full-time Personnel Number	Payroll Expense (thousands)	Total Expenses (thousands)
New England	427	124,169	139,722	\$617,140	\$898,891
Connecticut	70	26,803	30,414	142,195	205,883
Maine	57	9,441	9,375	36,165	53,402
Massachusetts	206	66,769	76,849	346,756	502,482
New Hampshire	38	6,701	6,994	25,893	38,581
Rhode Island	25	9,707	11,254	47,525	70,222
Vermont	31	4,748	4,836	18,606	28,321

\*Source: *Journal of the American Hospital Association*, Aug. 1, 1965 (Guide Issue, Part II.)

# Selling to Hospitals in Ohio

volume items include drugs, food, fuel oil and X-ray film. As these examples show, this type of purchasing covers mainly consumable products.

In terms of volume, these group purchasing organizations are small but growing; purchases in 1965 will probably exceed \$5 million. There are similar organizations in a number of cities, including New York, Pittsburgh, Cleveland, Rochester and Chicago (Cleveland is the largest and oldest of these groups). A Canadian manufacturer might explore the possibility of contracting with such a group.

## Hospital Supply Houses

A large volume of purchases is made through supply houses. Essentially, there are two types of houses—the national and the regional. National houses, such as the American Hospital Supply Company, dominate the market, but the others also do a substantial volume of business. Hospital supply houses are particularly important as sources of laboratory supplies and instruments for hospitals. Typically, a supply house will handle every type of requirement except linen, drugs and goods. They deal most advantageously in those items that a hospital does not find it economic to buy in bulk or hold in stock, including medical-ware, surgical instruments, furniture, trusses and supports, and syringes. Possibly the most significant trend is towards more and more disposable items.

Numerous other products are sold either through factory salesmen or manufacturers' representatives. For example, most special test equipment is apparently sold this way. For many Canadian firms, a representative could be the best way to sell in New England.

If you are interested in exploring the substantial New England market for hospital supplies and equipment further, you should direct your inquiry to the Department of Trade and Commerce, Ottawa, or to the Commercial Division, Canadian Consulate General, 607 Boylston Street, Boston, Massachusetts 02116. We will be pleased to hear from you.

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

A COLUMBUS, Ohio, newspaper pointed out recently that there is a four-to-six-week wait before an urgently ill patient can get a hospital bed in Ohio. This is a prime indication of the need for more hospitals, though there are already 261 public and private ones in the state, with a total capacity of 82,000 beds. (This is a ratio of one bed for every 125 persons in Ohio.) The supply-demand factor has created a need for new hospitals and the renovation and remodeling of old ones. This trend should be of interest to every Canadian manufacturer of hospital equipment and supplies.

An average eight-day stay in a non-profit Ohio hospital costs \$500.00 per patient. Administrators therefore are seeking equipment and supplies for labor saving, greater efficiency and higher quality at a lower cost to cut the expense of hospitalization. And the highly exacting hospital specifications place further demands upon suppliers.

The shortage of hospital facilities will become even more acute with the inception of the Medicare program. New facilities take time to build—three years for a hospital to move from the design stage to occupancy. Therefore any hospital equipment manufacturer should realize that he cannot expect to reap the full reward of his efforts for some time after he has entered the Ohio market.

The larger hospitals are concentrated in the seven major Ohio cities. A few of them are government-operated but most are controlled by non-profit agencies. Table I gives the number of hospitals in the main Ohio cities classified by ownership. The table confirms that Cleveland is a prime

market for sellers of hospital equipment, but Canadian manufacturers must expect some strong local competition throughout the state.

Proper selling procedures will vary with the equipment being sold and the type of hospital purchasing it. It is extremely difficult to obtain the services of a manufacturers' representative for highly technical equipment used in such areas as research laboratories and operating rooms. Conversely, it is relatively easy to obtain them for general equipment such as beds, furniture and standard supply items.

## Getting Started

Manufacturers who wish to deal with hospitals must at one point or another contact the director of purchasing, regardless of the type of hospital—federal, state, or privately operated. However, it is most effective to contact directly the individuals responsible for the specifying of equipment. On mechanical items, this is probably the chief engineer who is familiar with what is being used and the problems that arise.

Directors of research or chief laboratory technicians, although they operate on a demanding time schedule, are interested in learning of new developments in their field and new equipment. Food service equipment is of great concern to the chief dietitian. Therefore, the exporter must determine who other than the purchasing agent is directly involved in the use of the product.

Hospital administrators, in discussing the many problems they encounter, point out that they are constantly seeking devices to eliminate waste

TABLE I  
HOSPITALS IN MAJOR OHIO CITIES BY TYPE OF CONTROL

City	Federal Govt.	State	Non-profit (Church)	Proprietary	Total Bed Capacity
		County Local			
Akron	—	1	4	—	1,633
Cincinnati	1	6	14	—	9,516
Cleveland	1	6	24	—	11,098
Columbus	1	5	7	2	8,053
Dayton	2	2	5	—	4,843
Toledo	—	3	7	—	5,101
Youngstown	—	2	2	—	1,706

time and motion. Mechanical failures are a constant threat and therefore they seek the highest quality product at a reasonable price. Any Canadian manufacturer of this type of equipment must of course arrange for local servicing facilities.

### Nursing-Homes Market

Another area worthy of investigation is nursing homes. The growth in this area of patient and elderly care has accelerated rapidly within Ohio in recent months, and further growth is expected because of the Medicare program.

Ohio laws directly affecting all aspects of nursing-home operations have been drastically revised in the past twelve months. More stringent inspection and licensing procedures have opened up an expanding market for many types of hospital equipment formerly used only in the most up-to-

date nursing homes. Manufacturers of general lines of hospital equipment will therefore find a large market potential in both of these areas.

Because nursing homes are mainly privately owned, the low bid is not always the one accepted; frequently quality and service prevail over price. The performance of the equipment is just as important as the price in the minds of nursing home administrators and their architects.

### Finding Representatives

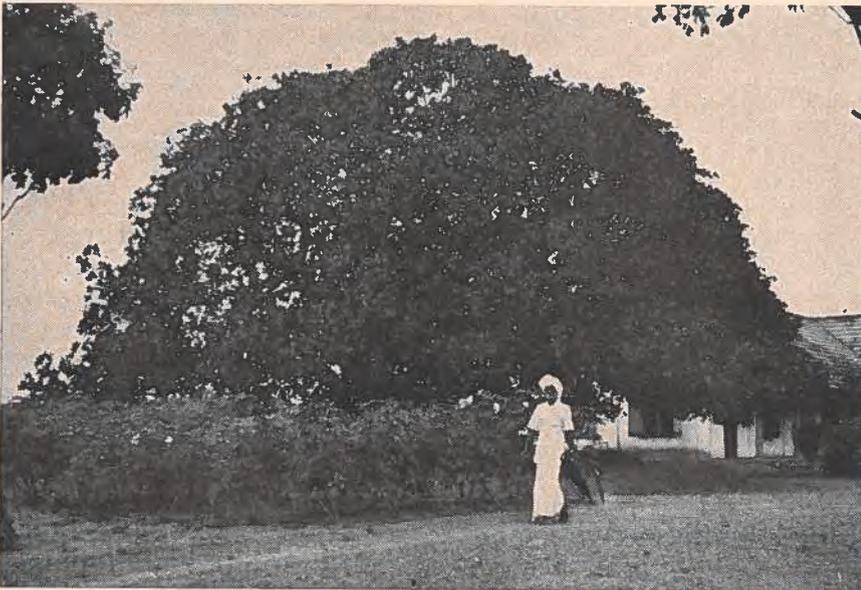
Canadian manufacturers should seek out effective hospital-equipment supply houses because they usually contact both hospitals and nursing homes. In addition, commission agents are available for firms who require them. The Canadian Consulate in Cleveland can do a preliminary screening of agents before the manufacturer's visit to the area.

Once he has decided to investigate the market fully, the manufacturer should contact various outlets personally, armed with a full complement of selling tools. These should include a sample of the product, catalogues and brochures, delivered prices, and any other useful selling data. He should distribute literature profusely to ultimate users and specifiers. Periodic follow-up is essential to keep his name before those with whom he makes contact on his selling mission.

Developing a market for Canadian hospital equipment in Ohio is not an easy task, yet this is one of the closest marketing areas in time and distance. And in Ohio the Canadian can gain valuable experience and possibly lay a firm foundation for profitable export sales throughout the United States.

—G. ROBERT WYNN,  
*Commercial Assistant, Cleveland.*

## Cashew Nuts from India



This cashew nut tree in Southern India is estimated to be 30 to 40 years old.

CASHEW NUTS, popular accompaniment to the cocktail, have become India's second largest dollar earner, after jute. Exports in the 1964-65 crop year amounted to about \$67.5 million. The United States is the largest buyer, taking almost half of Indian exports, a further

25 per cent goes to the U.S.S.R., and other important buyers are Germany, Britain, and Australia. Canada buys \$1.5 million worth of cashew nut kernels each year.

A native of Brazil, the cashew was introduced to India by Portuguese mis-

sionaries about 400 years ago, for the purpose of controlling soil erosion. It accomplished this job well and now grows in many parts of the country, particularly in the South. Quilon in Kerala State is the heart of the cashew industry.

The cashew nut is a botanical oddity. Each nut grows out of the bottom of an apple rather like the striker inside a bell. The apple itself is edible and the kernel is enclosed in a hard outer shell. The nuts are gently roasted to make the shell brittle. The shells are then cracked, the kernel removed, and a thin brown skin peeled off. These operations are all done by hand and attempts to design machinery for this purpose have not proved successful. As a consequence, India's 150 cashew factories employ over 80,000 women, cracking, cleaning, grading and packing cashew nuts. The abundance of cheap labour makes this feasible—so much so that India imports from East Africa almost as many nuts as it grows. All are cracked, peeled and packed in India for re-export to world markets.

This is not quite the end of the story. During the roasting process the nuts yield a sticky, oily liquid which finds many uses as an industrial chemical in the formulation of adhesives, paint, plastics, and other products.

—S. G. HARRIS,  
*Trade Commissioner, Bombay.*



## How to Win World Markets 26

A product shipped abroad encounters many hazards before it reaches the customer. If it's not packed properly, it arrives damaged. Result: claims and a loss of the customer's goodwill. Competent exporters learn early how to avoid these problems.

**IT WON'T DO!** Generally speaking, that corrugated box you use for domestic packaging, with its intricate, colourful and immediately identifiable logo, will not do for shipping abroad. It is simply not built to take the strains, exposure to moisture and temperature changes that ocean-shipped packages are heir to.

# Export Packing Needs Knowhow

K. C. SHINDLER,  
*Trade Publicity Branch.*

Canadian products are well received almost everywhere in the world. They are recognized for good quality materials and quality workmanship. Despite this, Canadian exporters can lose and are losing customers abroad because of inadequate packing, subsequent damage in handling, and pilferage.

### **Hazards on the Dock**

The ordeal of an export shipment begins at dockside where it is not uncommon to see boxes, crates and other packages which have been damaged in domestic shipment even before they have encountered the hazards of ocean travel. Upon arrival at the dock the container may be dropped from the back of a truck and from there dragged, tumbled, lifted or otherwise moved to an assembly area where cargo is stacked to await its turn in loading. Here the pack must have sufficient strength to resist these superimpo-

sed loads, because failure of the container at this point will leave it vulnerable to the entry of dirt and moisture and, in effect, will extend an open invitation to pilferage throughout the remainder of its journey.

In lifting containers from the dock into the ship's hold, slings, grabs, nets or platforms may be used. Here your pack must withstand crushing from without and pressures from within if the slings are not properly located with respect to the interior load distribution. Once in the hold, the pack may be dropped, tumbled, dragged, levered or hooked and it may be stowed wrong side up, especially if the marking is not clear in the dim light. And probably dunnage will be placed over it and additional cargo loaded on top.

### **Hazards on the Voyage**

On the voyage, packages in the hold are constantly under strain, prolonged compression and movement because the motion of the ship leads to loosening of the fastenings, dislocation of interior blocking and bracing, puncturing of the container walls, and obliteration of inadequate marking. Friction builds up heat and once the hold is opened at the port of destination, the difference between outside and hold temperatures causes condensation to form on plates, piping, bulkheads and deckheads and drip onto the cargo. An average hold of 100,000 cubic feet may contain up to 155 pounds of water at 80 degrees F. and 100 per cent relative humidity. When the temperature falls even a little, beads of sweat form on everything. This blanket of

Because your export shipment faces this



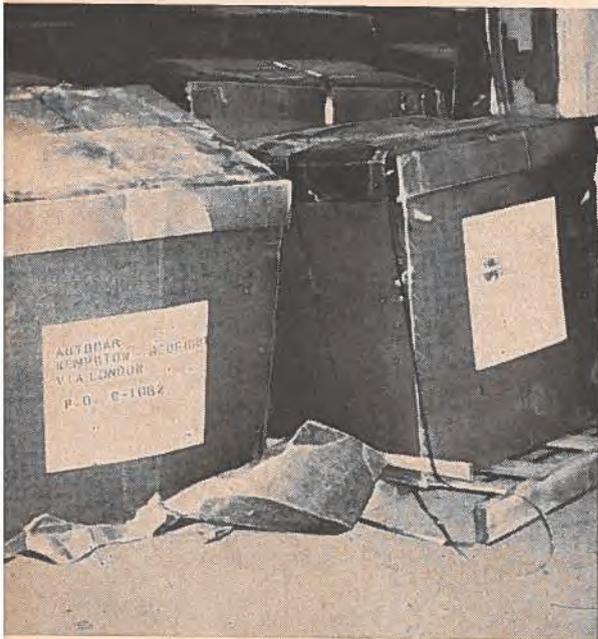
... use good pre-palletizing like this

Good pre-palletizing is designed to withstand stacking strain. Steel strapping is kept snug by stapling it to wooden cross-pieces.



Shipping depots everywhere a magnifying glass. Your products boldly marked with water-clearance and delivery. This

to avoid this . . . and this



The pallet used for this shipment was too weak and it collapsed under the heavy weight of the product. Because container edges were not reinforced, strapping seesawed through the material.



The reliable multiwall bag suffers in some foreign ports where stevedores heft it by the ears. Pre-palletizing is the answer.



Damaged by the inadequate crating.



places and the workers don't have time to put on kid gloves, or to search for instructions which must be packaged to withstand every conceivable kind of hasty handling. The address must be t-proof ink on at least two sides so that the package can be moved quickly for customs or handling cautions too: be sure they stand out even more boldly than your company logo.

rate adequately and make shipping marks

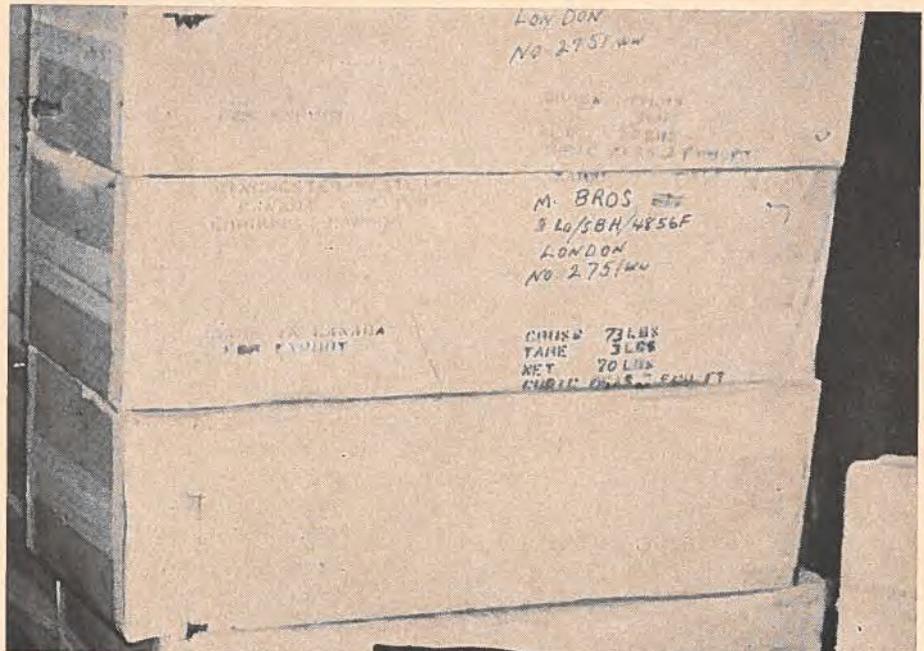
large and clear



Below: the addresses on these packages are not bold enough and could cause delay in delivery of the shipment. Above right: the handling caution has been ignored. Too often instructions are given the same emphasis, and are in the same colour, as the company's logo.



of a lift truck which ripped through its washer waits for insurance assessment.



—Photos courtesy of "Canadian Packaging".

## Careful Marking in the Language of the

	Handle with Care	Keep Dry	Use No Hooks	This Side Up	Top
<b>Danish</b>	Forsigtig	Bør Opbevares På et Tørt Sted	Anvend Ikke Kroge	Denne Side Opad	Op
<b>Finnish</b>	Varovasti	Pidä Kuivana	Älä Käytä Koukkuja	Tämä Puoli Ylöspäin	Kansi
<b>French</b>	Attention	Protéger Contre Humidité	Manier Sans Crampons	Cette Face en Haut	Dessus
<b>German</b>	Vorsicht	Vor Naesse Schuetzen	Ohne Haken Handhaben	Diese Seite Oben	Oberseite
<b>Italian</b>	Fragile	Preservare Dall'Umidità	Manipolare Senza Usare Uncini	Lato Da Mantenere Inalto	Coperchio
<b>Norwegian</b>	Forsiktig	Oppbevares På Tørt Sted	Bruk Ikke Kroker	Denne Side Opp	Denne Side Opp
<b>Portuguese</b>	Tratar Com Cuidado	Conservar em Lugar Séco	Não Empregue Ganchos	Este Lado Para Cima	Parte de Cima
<b>Spanish</b>	Manejese Con Cuidado	Mantengase Seco	No Usen Ganchos	Este Lado Arriba	Tapa
<b>Swedish</b>	Varsamt	Förvaras Torrt	Begagna Inga Krokar	Denna Sida Upp	Denna Sida Upp

\*Reprinted from *The Principle and Problems of Export Packing*, by C. H. Nethercote, Department of Forestry.

moisture then adds to the strain on the packaging.

### Hazards of Unloading

At the port of discharge, new hazards may arise. Stevedores may be illiterate and unable to read such cautionary signs as "Delicate Instrument—Handle with Care"; the handling is often rougher than at the loading point, and adequate storage under proper cover may not always be available. In some areas ships discharge their cargos offshore into lighters. Should a heavy swell be running at the time, the impact between container and lighter or shipside can be very damaging and the possibility of the pack being drenched with salt spray is ever present.

### Protecting Your Pack

Protection against damage in transit begins right in your shipping department. To counteract movement within a corrugated shipping case of unit packages—"cannonballing" of one pack against another—fold in the long flaps of the case first. This gives a uniform top inner surface, ensures a tight package and, because the tension is uniform across the package top, provides extra strength for stacking. Wherever feasible, insure a tight pack in your container. This way the contents add to the strength of the container wall.

In closing your corrugated cases, remember that domestic-weight tape is not designed to survive the pressures, friction and moisture of a sea voyage. Use reinforced tape or a full glue flap top and bottom which withstands strain far better than a strip seal.

One word is all-important in planning export shipments—UNITIZATION. Large loads are less likely to be damaged than small ones. Generally, it is to your advantage to unitize whenever the products or containers permit. The most common way is to bind a load of merchandise to a pallet with steel strapping or reinforced tape. Wooden pallets are most often used and expendable ones are becoming more and more common. Beware of under-palletizing because then your shipment will be susceptible to ship movement and the constant vibration.

### Making Your Mark

The world's best shipping container is no better than the worst if it doesn't get to its destination. Customs officials, forwarding agents and port authorities often criticize the marking of packages. Each one should be marked boldly so that it can be readily read, and waterproof and salt-proof ink used. Mark at least two sides, using letters at least 1½ inches high, and in both English and the language of the country of

destination. Making the final destination point stand out means that the package can be located and moved quickly for customs clearance, delivery, and so on. When the destination and the special handling instructions are printed in too small letters, covered with tape, lost in the company logo, or otherwise obscured, unnecessary handling expense is added. An elaborate company logo is fine for promotion but it doesn't impress the man desperately searching for some indication of where the package is to be sent and how many units make up the shipment.

Admittedly, there is a distinct need for an agreed international sign language to show, among other things, the fragility of a product and the appropriate method of handling it. Too often, careful handling instructions are given the same design emphasis (and sometimes are even printed in the same colour) as the company logo. If the instructions do not catch the handler's attention, he will handle the container in the way that suits him best.

### Selecting the Container

In selecting the proper container for your export shipment, let the product be your guide. Ocean freight rates are generally based on weight-to-cube ratio, so keep the package small and keep it light. In

## Country of Destination is Highly Important\*

Weight	Net	Gross	Tare	Glass	Fragile	Keep in Cool Place	Open Here
Weight	Netto	Brutto	Tara	Glas	Skrøbeligt	Bør Opbevares På et Køligt Sted	Åbnes Her
Weight	Netto	Brutto	Taara	Lasia	Särkyvä	Säilytettävä Viileässä Paikassa	Avataan Tästä
Weight	Net	Brut	Tare	Verre	Fragile	Garder en Lieu Frais	Ouvrir Ici
Weight	Netto	Brutto	Tara	Glas	Zerbrechlich	Keuhl Aufbewahren	Hier Oeffnen
Weight	Netto	Lordo	Tara	Vetro	Fragile	Conservare in Luogo Fresco	Aprire da Questa Parte
Weight	Netto	Brutto	Tara	Glass	Forsiktig Glass	Oppbevares På Koldt Sted	Åbnes Her
Weight	Peso Liquido	Peso Bruto	Tara	Vidro	Frágil	Deve Ser Guardado em Lugar Fresco	Abra Aqui
Weight	Neto	Bruto	Tara	Vidrio	Fragil	Mantengase en Lugar Fresco	Abraze Aqui
Weight	Netto	Brutto	Tara	Glas	Ömtåligt	Förvaras Kallt	Öppnas Här

some countries also, such as Switzerland and Colombia, customs duties are based on the gross weight and this includes all interior and exterior containers and packing material. But don't underpack—a damaged shipment leads to loss of prestige, high replacement cost, lost sales and higher insurance rates.

- *Corrugated boxes* have improved tremendously in recent years and can now be used to ship many products overseas. Never use corrugated boxes with a bursting strength of less than 275 pounds per square inch. Triplewall corrugated is strongest and has one advantage over wooden boxes: it is more resilient and tends to cushion the contents against shock. Under certain weight conditions, corrugated is equal to half-inch plywood. Corrugated boxes can be strengthened when needed by wood framing. Unfortunately, the potential for pilferage is greater with corrugated boxes and too many claims because of losses will eventually mean higher insurance rates.

- *Plywood boxes*, gaining in popularity, give excellent protection against punctures, can support heavily stacked loads on top without collapsing, and are virtually pilfer-proof. The movement towards plywood began when shippers realized that package strength was properly placed in the framing, not the skin.

By using plywood instead of slatted boxes, both weight and cubic are saved. Another advantage of plywood boxes is that they can be waterproofed at the joints and easily lined with moisture barriers. When shipping machine parts, interior cradles add to the package strength.

Exporters of heavy products have stopped providing rings on boxes, because they may not all be used. "Sling Here" arrows and signs have replaced the heavy rings.

- *Wooden crates* may be open or fully sheathed and are best for heavy and bulky items. Framing must be heavy enough to withstand the pinching effect of slings. A good precaution is to mark the center of gravity as well as sling and grab-hook positions.

Some exporters have found it profitable to ship large objects, such as refrigerators, in open crates sheathed only in a transparent poly shroud. The handler sees what he is moving and gives it the respect it deserves.

- *Wirebound boxes and crates* are lighter than wooden boxes, hence cheaper to ship. Don't use them for merchandise that will be damaged if the box is twisted out of shape a bit.

- *Multiwall bags* have proved themselves in domestic shipment of powders and granular materials.

Used in export shipment, they face somewhat different problems. Foreign stevedores, accustomed to burlap bags, automatically seize multiwall bags by their ears, with subsequent tearing and spilling. The remedy for this is palletization.

- *Bales* travel well but are easy to pilfer and are apt to be damaged by hooks and water. Wrap them in a waterproof covering and provide ears on corners of small bales so they can be handled without hooks. Bales weighing over 300 pounds are likely to be hooked. Use at least four tension bands around any bale to hold it together.

### Combatting Moisture

Dampness is the worst enemy of overseas shipments. There are many ways to combat moisture. The best all involve sealing the product completely from the air in one way or another.

- *Rust inhibitors* are special chemicals applied directly to metal surfaces. Many dry to form a tough protective coating that can be stripped off but others must be removed with solvents.

- *Barrier material* is one of the most effective weapons against moisture. Usually made of kraft or similar paper and impregnated with waterproofing chemicals or laminated with foil, barrier materials

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Price: \$3.50

Order from: Packaging Institute, Inc., 342 Madison Ave., New York, N.Y. 10017.

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Price: \$5.00 per year.

Order from: Maclean-Hunter Publishing Co. Ltd., 481 University Ave., Toronto 2, Ont.

*Modern Packaging*. Monthly.

Price: \$9.00 per year.

Order from: Breskin Publications Division, McGraw-Hill, Inc., 770 Lexington Ave., New York, N.Y. 10021.

*Packaging Progress*. Monthly

Price: \$6.00 per year.

Order from: Southam Business Publications Ltd., 1450 Don Mills Road, Don Mills, Ont.

mark valuable contents on the outside of the container, work out a code that only you and the consignee can understand.

Theft and pilferage are common in every port in the world, costing exporters a fortune in dollars and prestige. There are many kinds of pilferproof containers at your disposal. Even ordinary wooden boxes can be nailed with special spiral nails that defy opening and reclosing without detection. Poor packaging is as good as an engraved invitation to a thief or a man whose family is hungry and ill-clothed.

### Need Help?

Some producers, not experienced in shipping overseas and fearful of higher packaging costs, have been discouraged unnecessarily from going after profitable foreign markets. There are many people who can give you sound advice about your particular export packaging problems. Ask them. You can learn a lot from steamship lines, marine insurance companies, or packaging suppliers.

Another man who may be able to help you is the contract packager. These specialists are particularly helpful if you export only occasionally or do not want to train your own export packers. Because they are usually located at or near ports, they may save you the freight charges for shipping heavy containers overland by rail or truck.

When planning your export packaging, be economical by all means. But don't scrimp. It doesn't pay. Foreign buyers are paying customs duty and may be going to considerable trouble to buy your product. If it is unusable when it is delivered, it is small comfort to them to learn that you saved a dollar in packaging costs. You are the one who will be hurt most when that happens. ●

*One of the most important trends in export packing today is the movement towards containerization. This will be discussed more fully in a subsequent article in Foreign Trade—Editor.*

effectively seal out damp air. They must be completely waterproof—not just water-resistant—and must be sealed with waterproof tape.

● *Desiccants*, especially dehydrating agents, absorb the moisture from the air so that the product remains dry. Used inside airtight containers or with barrier wraps, desiccants are very effective in fighting moisture. They are especially useful on non-metallic products and goods that cannot be coated directly with inhibitors. They have the advantage of leaving the product completely clean and free of foreign coating.

● *Volatile corrosion inhibitors*, commonly called VCI's, do the

same job as rust inhibitors, but with refinements. They give off a vapour that forms a microscopic coating on the surface to be protected. Colourless, odourless and tasteless, it is too thin to be measured. The VCI may be impregnated into the barrier wrap or it may be used inside the package in crystalline form. Either way, it should be used only in an airtight container.

### Preventing Pilferage

One U.S. company estimates that at least 17 potential customers see a container from the time it leaves the factory to the time it is delivered. But beware of advertising the contents if your merchandise is highly pilferable—you are inviting theft. If it is absolutely necessary to

## He Made It—in Chicago



Discussing business at a Thorkelsson-Rose garden table are, left to right, Irving Rose, President of the company, D. H. Cheney, Consul and Senior Trade Commissioner for Canada in Chicago, and G. A. Gillespie, Regional Manager of the Department of Trade and Commerce Office in Winnipeg.

THREE years ago, a Winnipeg manufacturer of garden and patio furniture moved into a new plant, after several months in business. The bigger plant pointed up the need for more customers and the firm began eyeing the huge market across the border. Before the year was out, Irving Rose, owner of Thorkelsson-Rose, took off for Chicago to do some prospecting. Hard work and persistence paid off; today the company has secured a good foothold in the American market through its sales to a major U.S. department store with headquarters in Chicago. This summer, the store's mail order catalogue department will also carry some of the Thorkelsson-Rose lines.

This makes getting into the U.S. market sound easy, but a talk with Mr. Rose soon dispels that notion. Long before the company had either the intention to or the production for export, he set himself to learn the ABC's of selling outside Canada by attending a once-a-month seminar. Here veteran Winnipeg exporters

helped the neophytes with problems like calculating c.i.f. prices, determining the classification for U.S. duty, and promoting sales in foreign markets.

Irving Rose's first actual contact with U.S. buyers was made in late 1962, and on his home ground. The Department of Trade and Commerce and the Manitoba Department of Industry and Commerce jointly organized a Manitoba Samples Show and flew up buyers from the United States to inspect the products displayed. Thorkelsson-Rose attended this "Fly and Buy" exhibit, and drew interest from executives of the department store organization that has now become its customer. The show also gave Rose an insight into what U.S. buyers want and the kind of service that they expect. (Keep your ears open when buyers are talking among themselves, he says, and you'll pick up a lot of useful information.)

Later he sought the help of the Winnipeg Office of the Department of Trade and Commerce and the Manitoba Industry and Commerce Department, prepared prices c.i.f. Chicago, and listed freight rates to Chicago separately for those who prefer f.o.b. quotes. He already had some idea of American tastes in garden and patio furniture gleaned from a previous trip to California and from continued observation. He chose the six items in his line that he believed would have the greatest U.S. appeal and, armed with photographs and catalogues, descended on Chicago in December 1964 to follow up contacts made for him by the Trade Commissioner's office there.

For the man who goes into the U.S. market fairly cold, as he did, Mr. Rose has a word of advice. It's this: don't start off by calling on the big fellows; try the smaller fish first. Why? Because "if you get stuck with your major the first time, you're finished; if you get stuck with a minor, you still have a chance." A visit to the smaller firms gives you the opportunity to discover the lie of the land, check prices, and find out what the competition is. Then, feeling more confident, you can go after the bigger stores.

An important result of this first Chicago visit was the securing of a commission agent based in Chicago to represent the firm in the United States. Early in the following year the agent took space at the Chicago Furniture Show, displaying the Thorkelsson line with other types of furniture for which he held the agency. Equally important was the renewing of contacts with the department-store organization—contacts originally made in Winnipeg. After Rose's second trip to Chicago and considerably more promotion, this store ordered a few samples to be reviewed by its buyers who come from all over the country to the sample rooms at headquarters to look over possible new lines. The

Thorkelsson-Rose samples passed this test successfully. Then in February 1965 came a sample order from the organization for summer selling, and Rose was astonished and delighted at the size of it. For a small Canadian company, two dozen samples of even two items in a line for each of some 3,000 stores can be quite overwhelming.

Sales of the furniture in the U.S. last summer went well. This meant two things for Thorkelsson-Rose: continued orders for stocking the branches of the department store, and a chance to get into the mail order catalogue to come out in midsummer 1966. Deliveries for the stores began towards the end of January and were to run until the end of May or early June. Later the firm will produce estimated needs to cover orders during the life of the catalogue.

Once you land an order, says Mr. Rose, the American buyer expects first class service, but in return he gives the supplier complete co-operation. One example

is freight rates. His American client sent Rose a complete listing of all his outlets, covering some 50 pages. Rose then had to set to work, in close co-operation with the CNR and CPR, to get the freight rates to the store's main distribution points and pass these on to head office, because shipments were later made collect to the places that the store designated. He also secured, with the help of the Department's Regional Office, an official U.S. Customs ruling on his units.

At this moment, says Mr. Rose, the firm has all the export business it can handle. This doesn't mean that it has no problems. Lack of experienced labour is one and for this reason automation is introduced wherever possible. Financing greater production is another. But the company has come a long way towards solving a third—convincing hard-headed buyers in the biggest consumer market in the world that it has an attractive product that they can sell profitably. And that's no mean job. ●

## Cyclone Does the Cleaning

IF it could be cleaned, it could be exported. The problem was to find a cleaning method both cheap and efficient.

"It" was coal—the bituminous coal found in the foothills and mountains of Alberta. Used largely to supply thermal power, it could not meet export standards for coking coal—a more profitable outlet—until it was "beneficiated"—or, in other words, until a large proportion of the shale, clay, and other impurities, such as sulphur, was removed. An export market lay waiting across the Pacific. Japanese steelmakers stood ready to buy large quantities for use as metallurgical coke once the cleaning was done.

I talked one afternoon in Edmonton with the man to whom this problem was handed in the mid-1950's—Dr. Visman, a member of the staff of the Mines Branch of the federal Department of Mines and Technical Surveys. Dr. Visman was sent out to the Department's Western Regional Laboratory to tackle the problem of cleaning up that coal. There he hit upon and developed the idea of using a compound water cyclone to do the job. Four years of testing and carrying out the necessary engineering followed, and by 1961 he had the answer.

Into the picture at this point stepped an Edmonton firm of consulting engineers. Canadian Patents and Development offered the compound water cyclone for licensing and the licence was sought by and granted to P. D. J. Vinkenburg. Mr. Vinkenburg formed a company, Cyclone Engineering Sales Limited, to develop the cyclone into a practical piece of commercial equipment and to produce and sell it. Since then, the

company has been able to boost our export trade in two ways: first, by making it possible to clean coal and sell it abroad, and later by marketing the cyclone itself overseas.

As Dr. Visman describes it, here's how the machine works. First the coal is mixed with water—about ten times as much water proportionately. The mixture is then pumped through the compound water cyclone. There separation occurs because of centrifugal acceleration: the heavy particles go one way, the light particles another. The result is clean coal and a not-so-clean underflow. The process has two stages and in the second the underflow undergoes a second cleaning.

The cyclone has a number of uses in addition to cleaning coal. It has proved equally useful in gold-recovery plants, in the processing of industrial minerals, and in the treatment of industrial water. Fine solids carried by water that is recirculated in a closed circuit are recovered in the form of a paste or sludge that can be shovelled. The cyclone can separate either by specific gravity or by size and comes in diameters ranging from 2 to 24 inches. One of its strong points is its simplicity; it has no moving parts, stands up well to use, and a man can learn to operate it in about ten minutes. Best of all, the machine is relatively cheap; conventional beneficiation procedures are much more expensive. Thanks to the cyclone, coal is being cleaned and exported to Japan at a competitive price.

Word about the compound water cyclone began to spread even before it was completely developed and before Cyclone Engineering Sales had brought out commercial models. Dr. Visman prepared and gave a

number of papers on the principle of the machine at international scientific gatherings—one at the International Coal Preparation Conference held in England in 1962. At a meeting of an international standardization committee in the United States he had talks with two officials of the Peabody Coal Company of Illinois. Peabody was busy exploiting a coal mine in Queensland to supply coking coal to Japan and it too was looking for an economical cleaning method. The company shortly after sent a sample of this Australian coal to Cyclone Engineering in Edmonton and, pleased with the cleaning job, ordered three large cyclones.

This order meant additional design work because Peabody wanted machines that would clean 60 to 70 tons of coal each an hour and leave an ash content of less than 6 per cent in at least 70 per cent of the amount cleaned. Results were so satisfactory after two months of solid work at Cyclone Engineering that Peabody officials exclaimed, "Why didn't someone

build this 25 years ago!" (One reason, says Dr. Visman, is that modern-type alloys and pneumatic controls weren't available earlier.) Peabody is now expanding its Australian and U.S. plants and twelve 24-inch cyclones have been delivered in addition to the first order.

Peabody's acceptance of the Canadian machine made a great impression on those interested in beneficiation processes and brought the company inquiries from India, South Africa (for ore dressing), and Europe (mainly for removal of solids from industrial water). Export sales this year, according to Mr. Vinkenborg, may total over \$200,000. In fact, the machine developed in an Edmonton laboratory and perfected in an Edmonton plant seems destined for a fruitful export career.

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

## trade lines



**Turkey is now producing textile dyestuffs** at a recently completed U.S.\$6.1 million plant at Tarsus, equipped by the Polish CIECH ("CEKOP") group. It can produce per year 850 tons of phosphate dyes in four colours, 400 tons of nitrogen dyes in 21 colours and 250 tons of ammonium perchlorate. It should reduce imports by U.S.\$1 million a year, but the more sophisticated dyestuffs will still have to be imported—Athens.

**A gigantic fertilizer complex costing U.S.\$44 million will be built in Mexico** by the American Sulphur Company in association with the Banco Nacional de Mexico and two large U.S. investment banking firms. The new venture will be located near Coatzacoalcos in the state of Veracruz. Construction will begin in mid-1966. Planned initial capacity is 400,000 short tons of P<sub>2</sub>O<sub>5</sub> compound—Mexico, D.F.

**Timber consumption in Australia will double by the end of this century**, the Australian Government forecasts. Present timber requirements are 500 million cubic feet a year, of which about two-thirds is produced locally and the rest imported. By the year 2000 consumption is expected to increase to about 1 billion

cubic feet. Twenty years ago Australians used 34 cubic feet of timber per head; today the figure is 48 cubic feet and is increasing. Canada, the United States and New Zealand are Australia's principal overseas suppliers of softwood timber—Melbourne.

**A new seaport at Bakar, south of Rijeka, Yugoslavia**, will be opened this year. It will offer unloading and loading facilities for bulk cargoes previously lacking at Yugoslavian Adriatic ports. It will accommodate ten 100,000-ton vessels at the 240-metre-long wharf. This will be extended later to 500 metres. Facilities include open storage for approximately 200,000 tons—Vienna.

**A Spanish steel company will receive credits for an expansion program** under an agreement with the Spanish Ministry of Industry. Expansion will include building of a new mill in northern Spain; cost of new installations and expansion, including engineering services, will be Can.\$311 million. The company will be committed to increase its steel production to 1,775,000 tons a year at prices competitive in world markets. In 1965 the Ministry of Industry signed nine such agreements with large steel companies—Madrid.

# Britain Revises Food Regulations

Canadian exporters should follow closely proposed revisions in British food standards that may affect them. This article outlines some of these revisions and suggests how Canadian companies can make representations about the recommended changes.

B. M. FILLMORE, *Commercial Officer (Agriculture), London.*

ALMOST every aspect of Britain's regulations governing labelling and composition of food is undergoing comprehensive examination and review by legal, medical and scientific authorities. The Department responsible for co-ordinating this activity is the Food Standards, Science and Safety Division of the Ministry of Agriculture, Fisheries and Food. Within this Division the Food Standards Committee, the Food Additives and Contaminants Committee, and its Pharmacology Sub-Committee operate; their primary functions are to advise the Ministers of Agriculture and Health on matters relating to the composition, labelling and advertising of foods.

## Changes Pending

A number of Canadian food processors selling to the British market are bound to be affected and they should know what is pending. The following summary is intended to brief them and pinpoint areas in which Canadian traders may wish their interests to be made known.

**Labelling of Food Order**—This is a revision of the 1953 Order which will include more specific requirements for the naming of foods, the position of information on labels, the minimum size of lettering, and the listing of ingredients. Definitions of certain ingredients and food products, such as chocolate and sugar confectionery and whisky, have been inserted. Specific designations are proposed for various species of canned salmon and other fish and requirements for the labelling of fresh, canned or frozen peas as 'fresh', 'garden', or 'processed' will be set out. If the proposals pass into legislation it will become necessary to de-

scribe in each case, and when offered for sale, the varieties of apples, pears, plums and potatoes, as well as the various cuts of meat and offals.

At present the Ministry is summarizing the various representations received from interested persons and companies in Britain and overseas. These will be considered in detail before the regulations are finally drafted for Parliament's approval.

**Preservatives**—The Preservatives in Food Regulations 1962 are being reviewed and proposed new regulations may be issued later this year.

**Colours**—The Colouring Matter in Food Regulations 1957 have been reviewed by the Food Standards Committee, which drew up revised proposals after the Minister of Agriculture had considered them. It is proposed to ban six synthetic colours currently allowed; one of these is Ponceau SX which was recently prohibited in Canada.

**Antioxidants**—The Food Standards Committee and the Food Additives and Contaminants Committee have both issued reports proposing to replace the Antioxidants in Food Regulations 1958. It is intended to reduce the permitted tolerance of butylated hydroxytoluene by half and to ban altogether the use of antioxidants in baby foods. A specification, definition and limit for the use of diphenylamine on apples and pears is suggested (tolerance five parts per million). The suggested tolerance for ethoxyquin on apples and pears is three parts per million.

**Mineral Hydrocarbons**—New proposals will revise the specifications for mineral waxes in foods and introduce

improved tests for potential carcinogens. Present British regulations under the Mineral Hydrocarbons in Food Order 1964 restrict the use of paraffin waxes to dried fruits, citrus fruits, and whole pressed cheese.

**Artificial Sweeteners**—The Artificial Sweeteners in Food Order 1953 limited this type of ingredient to saccharin. In 1964 the Soft Drinks Regulations allowed the use of cyclamates as artificial sweeteners in that product. In February of this year the Food Additives and Contaminants Committee concluded that there would be no risk to health in allowing the use of cyclamates in food without statutory limitation, except for that already laid down in the Soft Drinks Regulations. New regulations are being drafted.

## New Areas Examined

The terms of reference of the Food Additives and Contaminants Committee also include examination of areas not previously covered by controls over composition or labelling. The Committee has issued several reports in this field during the past two years and these may eventually appear in legislation. The more important reports are:

**Solvents**—It is proposed that solvents should be subject to control. Eight solvents, it is believed, would meet the needs of food manufacturers and the Committee recommends that only these should be permitted and that purity specifications should be introduced for them. The deadline for submission of representations is May 6, 1966.

**Flavours**—Flavours are not at present subject to regulation but the Committee recommends that the use of 16

varieties be prohibited. These include coumarin, tonka bean, sassafras oil, agaric acid and others.

### Food Standards

The meat content of manufactured meat products has occupied the attention of the British authorities for some time, because it is a complex field for legislative action. The Food Standards Committee issued reports on sausages in 1956, canned meats in 1962, meat pies in 1963, and fish and meat pastes in 1965. Standards of minimum meat and fat content for all these products are proposed by the committee, plus certain labelling requirements (in particular the description of the product) and advertising.

The report on fish and meat pastes, the latest of the series, recommends raising the minimum content of pastes from 55 to 70 per cent, which is the same level as in the existing regulation for fish pastes. Moreover, as in the proposals for other meat products, it is suggested that the amount of fat which can be reckoned as meat be limited. Clarification of any misunderstandings over the description of pastes on the label is covered by certain proposals.

The Food Standards Committee is also considering whether it should prescribe standards for canned and powdered soups.

Proposed regulations on the composition and labelling of butter, margarine, coffee and coffee products, salad cream and mayonnaise were also published recently, with proposed amendments to the Food Standards (Ice Cream) Regulations. A minimum standard for cheese and requirements for labelling and advertising it become legally effective this year.

The committee will shortly embark on a similar investigation of jams and preserves to propose amendments to a Food Standards Order made in 1953. It may also issue a report recommending certain regulations governing the making of dietetic claims on labels.

### Procedure for Revision

When the Food Standards or Food Additives Committee initiates a new investigation, interested parties are invited to submit evidence. The completed report on recommendations and proposals goes to the Ministers of Agriculture and Health for approval and from it proposals for regulations,

where necessary, are drawn up for distribution to interested companies, which are then invited to make representations. These are considered before the final Draft Order is submitted to Parliament. In general, one or two years' grace is given to manufacturers and traders to comply with the regulations.

Through all these stages the Agricultural Counsellor, London, main-

tains close liaison with the Ministry of Agriculture, particularly where Canadian interests may be affected. Inquiries from Canadian companies may be directed to him at the Commercial Division, Office of the High Commissioner for Canada, No. 1 Grosvenor Square, London W.1., England, or to the Chief, Commonwealth Division, Department of Trade and Commerce, Ottawa.



## Sudan Confronts Its Problems

THE SUDAN continues to depend chiefly on agriculture and particularly on cotton, which brings in over 65 per cent of its foreign exchange earnings. Two new dams are expected to extend the amount of arable land through irrigation and efforts will be made to cultivate other cash crops, such as wheat, peanuts, sesame and sugar cane, to reduce the dependence on cotton alone. The Khashm El Gibra Dam, completed last year, will irrigate some 500,000 acres and the Roseires Dam, to be finished in 1967, will irrigate an additional three million. Wheat is to be grown to meet the rising demand for flour, now being provided commercially by the EEC countries and by the United States under a PL 480 agreement.

Industry is still in the early stages; industrial production accounts for only 9 per cent of total domestic output. A number of small industries have, however, been set up in the last few years and others are planned, including a second cement plant; another sugar factory is now building. A fertilizer plant, a paper mill that will use papyrus, and a sack factory are under study, but the shortage of skilled labour continues to be the main obstacle to industrial expansion.

The Government is currently revising the Ten Year Development Plan, 1962-71, and will submit it to the National Assembly for final approval. It calls for expenditures of S£560 million—including S£299.8 million for agriculture, livestock, forestry and fishing. Foreign aid required is estimated at S£197.5 million. The hope is to raise gross domestic product by 65 per cent in the ten years and to increase per capita income by 23 per cent (from S£30 to S£37 per year).

In the past ten years, the Sudan's deficit on foreign trade has continued and foreign exchange reserves are low because of the need to offset these deficits. Two factors contribute to this situation—the declining demand for the traditional exports such as cotton and the rise in imports resulting from the development program and the slowly rising standard of living of the people.

In 1964, exports from the Sudan dropped to S£68.3 million from S£78.7 million in the previous year, a decline of about 15 per cent, mainly because of smaller cotton sales. Imports totalled only S£93.2 million in 1964 compared with S£97.6 million in 1963, the result of a decrease in private imports following credit restrictions imposed early in 1964 because of the economic difficulties.

The EEC countries were the Sudan's main market in 1964, followed by Britain, India and Japan. Britain comes first as a source of Sudanese imports, with the EEC countries, India and Japan next, in that order. Trade with the Soviet Union declined in 1964.

Trade between Canada and the Sudan has never been large; in 1964 our exports to the Sudan reached \$113,487 compared with \$172,867 in 1963 and consisted chiefly of agricultural implements, automotive vehicles and parts, plastic and synthetic rubber, and ready-mixed paints. The Sudanese sold us peanuts, amber, and gum arabic, to a value of \$113,191 in 1964 (\$148,385 in 1963).

Despite the Sudan's current difficulties, there may be opportunities to supply capital goods and equipment and companies in these fields should follow developments there from time to time.

—M. KARKEGI,  
*Commercial Assistant, Cairo.*

# German Chemical Industry Expands Overseas

Increasing competition from abroad and rising costs at home are forcing the German chemical industry to expand its foreign production facilities to maintain its share of world markets. Latin America is getting the lion's share of this new investment.

H. MAHNCKE,  
*Commercial Officer, Duesseldorf.*

THE chemical industry in Germany has been undergoing a fundamental change in the past decade. Steady price increases in coal and coke gas have made oil much more popular as a chemical feedstock and practically all manufacturers have switched over to it or are in the process of doing so. To meet their demands—and those of German motorists—large refineries are springing up along the Rhine River and in Southern Germany. Because of the European pattern of demand, there is a surplus of light distillates available for the expanding chemical industry

and new procedures and bigger manufacturing units are strengthening its competitive power.

Nevertheless, in the first nine months of 1965 the growth of the main branches of German chemical exports slackened considerably. Total chemical exports increased by only 10.5 per cent over the first nine months of 1964 for a total of \$1.9 billion, compared with a growth of 15 per cent in the January-September period of 1964. Although the export dollar value of industrial chemicals rose from \$367.5 million to \$392.5 million, the percentage of over-all chemical exports dropped from 22.1 to 21.4 per cent. Exports of synthetic aniline dyes also showed a below-average

growth and increased by only \$6 million over the 1964 figure. Plastics and pharmaceutical exports took up some of the slack, increasing by over \$30 million and \$41 million respectively.

## Chemical Imports Rose

Imports of chemicals into Germany, on the other hand, rose by 22 per cent to a total of \$885 million during the past year. There are many signs that the German industry is faced with increasing competition from chemical producers in other countries. Its position has deteriorated lately because of increased costs, caused mainly by cuts in working hours. This is aggravated by the enormous burden of interest

### GERMAN PRODUCTION OF ORGANIC INDUSTRIAL CHEMICALS

	1964 (million DM)
Aliphatic and aromatic hydrocarbons	224
Alcohols including ethylene oxides	495
Ester	526
Softener	260
Organic acids, including salts and anhydrides thereof	460
Intermediates for the manufacture of tar, paints, pharmaceutical products, etc.	416
Industrial oils, acids of animal, vegetable and synthetic origin	269
Others	1,152
<b>Total</b>	<b>3,802</b>

### GERMAN EXPORTS OF ORGANIC INDUSTRIAL CHEMICALS

	1964 (million DM)
Aliphatic and aromatic hydrocarbons	109
Alcohols, including ethylene oxides	160
Ester	131
Organic acids including salts and anhydrides thereof	150
Intermediates for the manufacture of tar, paints, pharmaceutical products, etc.	382
Others	636
<b>Total</b>	<b>1,568</b>

### GERMAN IMPORTS OF ORGANIC INDUSTRIAL CHEMICALS

	1964 (million DM)
Aliphatic and aromatic hydrocarbons	223
Alcohols including ethylene oxides	121
Halide hydrocarbons including monomer vinylchlorides	56
Organic acids including salts and anhydrides thereof	45
Intermediates for the manufacture of tar, paints, pharmaceutical products, etc.	52
Refined and purified natural resins, including refined turpentine oils	75
Others	275
<b>Total</b>	<b>847</b>

payments on the highly capitalized industry. Germany's biggest competitors in the field of chemicals—the United States and Switzerland—have maintained stable operating costs and this has enabled them to expand their exports and foreign activities.

### Overseas Branches Set Up

Germany faces some difficulties in exporting chemicals to developing countries because of their foreign exchange problems, and manufacturers in the Bundesrepublik are thus faced with the alternative of establishing their own factories in these areas or giving up the market altogether. German firms establishing branch plants in these new countries must, however, assume the risks involved. Only very large firms like Bayer, Hoechst and Badische Anilin- und Sodafabriken are able to do this.

The largest German investor in chemical plants in foreign countries is Farbenfabriken Bayer. This huge company, located between Cologne and Duesseldorf on the Rhine River, manufactures 2,500 chemicals, 3,500 dyes, 700 pharmaceutical products, 130 different types of insecticides and pesticides, and 1,500 different photographic articles. It holds more than 40,000 German and foreign patents and more than 2,000 registered trademarks on the many products developed in its laboratories.

Farbenfabriken Bayer AG, the first company to produce aniline dyes, exports nearly half of its production to 153 countries. It considers Latin America one of the world's most promising markets and has placed half of its investment on that continent. Responsible for investing abroad is Farbenfabriken Bayer in Leverkusen or Bayer Foreign Investment Ltd. (Bayforin) in Toronto. Most investments have been made in Brazil, with the largest in Rio de Janeiro, where Bayer do Brasil Industrias Quimicas S.A. was founded in 1956. In Bayer's two plants at Belford Roxo and Cidasa dyes are being manufactured; so are sodium bichromate, synthetic organic tannin, sulphuric acids, and various other products. Bayer also operates in Belford Roxo a bichromate plant, the first in Latin America, which supplies sodium and potassium bichromate and chromic acids to nearly all of the 600 tanneries in that country.

### CANADIAN INDUSTRIAL CHEMICAL EXPORTS TO GERMANY

	Jan.-Aug. 1965	
	Quantity (cwt)	Value (dollars)
Essential oils, natural, synthetic	275	6,780
Gum, wood & vegetable extracts, n.e.s.	250	125
Calcium metal	88	8,460
Chemical elements, n.e.s.	22	10,865
Iron oxides, natural or synthetic	130	1,170
Metallic salts or inorganic acids, n.e.s.	242	17,561
Alcohols and their derivatives	3,316	63,813
Organic acids, anhydrides and derivatives	49	37,078
Nitrogen-function compounds n.e.s.	599	7,444
Organic chemicals n.e.s.	56	6,340
Polyethylene resins, not shaped	6,241	76,371
Polystyrene resins, not shaped	1	52
Plastics scrap and waste	166	990
Plastic & synthetic rubber, not shaped n.e.s.	.....	2,691,233
Dyestuffs, pigments, lakes and toners	.....	100
Industrial chemical specialties & explosives	.....	25,990
<b>Total</b>	<b>11,435</b>	<b>2,954,372</b>

The other two German chemical enterprises, Farbwerke Hoechst and Badische Anilin- und Sodafabriken (BASF), have also realized the opportunities that the Brazilian market offers. BASF has developed a process to produce sulphuric acid by means of catalysts and the firm's process for making ethylene from crude oil and acetylene from natural gas and light petrol has been licensed in various countries.

The company, which will invest \$175 million in 1966 (approximately half of it abroad), is in close contact with the developing areas. Last year it sold 15 per cent of its production to Asia, 14 per cent to Latin America, and 3 per cent to Africa. In Brazil it operates the Companhia Produtos Quimicos, located at Guaratingueta, making reducing agents for the textile industry. The introduction of the new foam plastics has revolutionized insulation techniques in many tropical countries.

Farbwerke Hoechst produces dye-stuffs at Rio de Janeiro's Fongra Pro-

dutos Quimicos and was able nearly to double its production in the last year. Hoechst makes thousands of products in various industrial fields. The firm also designs and builds chemical plants and has erected factories in several countries. Research expenditures last year alone amounted to \$45 million. The company invested \$9 million in the erection of new production units in 1964, of which \$5.25 million was used for new petrochemical projects in Spain, India and Australia. Of the total investment, approximately one half went into the developing countries of Latin America, Asia, Africa and Southern Europe. In Brazil three Hoechst factories produce plant protective agents, solvents, pharmaceuticals and polyvinyl acetates.

German investors have been attracted not only to the Brazilian market but also to Argentina. Here again, Bayer is leading, producing azo-dyes, phenol and synthetic tannin. Farbwerke Hoechst manufactures polyvinyl acetates and light-sensitive tracing paper, as well as vaccines against foot and mouth disease. BASF holds half of the shares of the Argentine company Fulfusud Fabrica Argentina, which supplies the market with hydro-sulphides and other reducing agents for the textile industry. Next to Latin America, the German industry has invested heavily in Asia, particularly in India and Pakistan.

### Progress Stressed

The chemical industry is the most progressive of modern industries. No other invests as much in research and development and no other industry must depend so much on research and development if it wishes to remain competitive.

The significance of the West German chemical industry and its contribution to the economy are steadily increasing but the postwar growth of the American and European industries has not allowed Germany to recover its former international dominance. Although the "classicals" have retained their importance within the trade, new branches of production have sprung up like mushrooms. Through their raw material requirements, organic synthetics will eventually set the pace for the whole German chemical industry. ●

# 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.

**Britain**—M. R. Bell, Assistant Commercial Secretary in London:

Montreal—June 13-15	Southwest Ontario— June 20-22
Toronto—June 16-17	Winnipeg—June 23-24

E. L. Bobinski, Assistant Commercial Secretary in London, who will be posted to Manila, Philippines, as Consul and Assistant Trade Commissioner:

Winnipeg—June 14	Vancouver—June 30
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**Colombia**—J. C. Bradford, Assistant Commercial Secretary in Bogota, who will be posted to Cleveland, Ohio, as Vice Consul and Assistant Trade Commissioner:

Quebec City—June 23	Niagara Falls, St.
Montreal—June 27-30	Catharines—July 7
Toronto—July 4-6	Hamilton—July 8

**Germany**—W. F. Hillhouse, Commercial Counsellor (Agriculture) in Bad Godesberg, who will be posted to Washington with the same title:

Montreal—June 16-18	Winnipeg—August 25-26
Toronto—July 6-8	

**Guatemala**—P. D. Donohue, Assistant Commercial Secretary in Guatemala City:

Toronto—June 13-17	Vancouver—June 22-24
Winnipeg—June 20-21	Hamilton—June 27

**Hong Kong**—R. K. Thomson, Senior Trade Commissioner in Hong Kong, who will be transferred to Duesseldorf, West Germany, as Consul:

Vancouver—June 27 and 28	Montreal—September 6-7
Winnipeg—June 29	

**India**—W. G. Roberts, Assistant Commercial Secretary in New Delhi:

Toronto—July 27-29	Montreal—August 1-3
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**Italy**—J. H. Stone, Commercial Counsellor in Rome:

Montreal and Toronto—September 6-16

**Lebanon**—V. G. Lotto, Assistant Commercial Secretary in Beirut, who will be posted to San Francisco, California, as Vice Consul and Assistant Trade Commissioner:

Toronto—June 27-30

**New Zealand**—C. A. Carruthers, Assistant Commercial Secretary in Wellington, who will be posted to Boston as Vice Consul and Assistant Trade Commissioner.

Vancouver—June 22-25	Hamilton—July 11-12
Winnipeg—June 29-30	Montreal—July 13-22
Toronto—July 4-8	

**Pakistan**—R. D. Sirrs, Commercial Secretary in Karachi, who will be posted to Guatemala City as Commercial Secretary:

Montreal—June 24-30	Winnipeg—August 11-12
Toronto—July 4-8	Calgary—August 15
Hamilton—July 8	Vancouver—August 17-19

**United States**—N. L. Currie, Consul and Trade Commissioner in Cleveland, who will be posted to Lagos, Nigeria, as Commercial Secretary:

Montreal—June 13-16

W. R. Hickman, Commercial Counsellor (Agriculture) in Washington, who will be posted to Copenhagen, Denmark, with the same title:

Vancouver—September 1-2	Delhi—September 9
Winnipeg—September 6	Montreal—September 26
Toronto—September 7-8	

W. A. Stewart, Consul and Trade Commissioner in Boston, who will be posted to Santo Domingo, Dominican Republic, as Commercial Secretary:

Montreal—July 22-26	Halifax—August 3-4
Florenceville—July 28	Lunenburg—August 5
Fredericton—July 29	St. John's—August 7-12

K. D. Taylor, Consul and Assistant Trade Commissioner in Detroit, who will be posted to Karachi as Assistant Commercial Secretary.

Peterborough—July 18-19	Winnipeg—August 8-9
Montreal—August 4-5	Vancouver—August 22

**U.S.S.R.**—W. J. Collett who will be posted to Moscow as Commercial Secretary:

Winnipeg, Toronto, Montreal—August 15-19

## Temporary Duty in Ottawa

**R. C. Anderson**, Consul and Trade Commissioner in Manila, Philippines, August 8-19. Contact Asia and Middle East Division, phone: 992-5642.

**M. B. Blackwood**, Commercial Counsellor in Mexico City, September 6-20. Contact Latin American Division, phone: 992-7641.

**J. C. Bradford**, Assistant Commercial Secretary in Bogota, Colombia, June 8-21. Contact Latin American Division, phone: 992-7641. Mr. Bradford will be posted to Cleveland as Vice Consul and Assistant Trade Commissioner.

**G. A. Browne**, Commercial Counsellor in Stockholm, Sweden, July 4-15. Contact European Division, phone: 992-8727.

**L. D. Burke**, Commercial Secretary in Kingston, Jamaica, September 6-9. Contact Commonwealth Division, phone: 992-2421.

**C. A. Carruthers**, Assistant Commercial Secretary in Wellington, New Zealand, July 25-August 5. Contact Commonwealth Division, phone: 992-2421. Mr. Carruthers will be posted to Boston as Vice Consul and Assistant Trade Commissioner.

**W. J. Collett**, who will be posted to Moscow, U.S.S.R., as Commercial Secretary, August 22-26. Contact European Division, phone: 992-8727.

**R. M. Dawson**, Commercial Secretary in Madrid, Spain, July 5-15. Contact European Division, phone: 992-8727. Mr. Dawson will be posted to San Francisco as Consul and Trade Commissioner.

**R. H. Gayner**, Consul and Trade Commissioner in Chicago, June 6-17. Contact United States Division, phone: 992-5176. Mr. Gayner will be posted to Wellington, New Zealand, as Commercial Secretary.

**J. E. G. Gibson**, Assistant Commercial Secretary in Mexico City, June 13-July 15. Contact Latin American Division, phone: 992-7641. Mr. Gibson will be posted to Canberra, Australia, as Assistant Commercial Secretary.

**W. R. Hickman**, Commercial Counsellor (Agriculture) in Washington, September 12-23. Contact United States Division, phone: 992-5175. Mr. Hickman will be posted to Copenhagen, Denmark, with the same title.

**W. F. Hillhouse**, Commercial Counsellor (Agriculture) in Bad Godesberg, June 19-30. Contact European Division, phone: 992-8727. Mr. Hillhouse will be posted to Washington with the same title.

**W. J. Jenkins**, Commercial Secretary in Rome, Italy, June 13-24. Contact European Division, phone: 992-8727. Mr. Jenkins will be posted to Islamabad, Pakistan, as Commercial Counsellor.

**V. G. Lotto**, Assistant Commercial Secretary in Beirut, Lebanon, July 4-15. Contact Asia and Middle East Division, phone: 992-5642. Mr. Lotto will be posted to San Francisco as Vice Consul and Assistant Trade Commissioner.

**J. E. Montgomery**, Commercial Secretary (Agriculture) in Paris, France, July 18-29. Contact European Division, phone: 992-8727.

**F. M. Mulkern**, Assistant Commercial Secretary in Singapore, August 2-12. Contact Commonwealth Division, phone: 992-2421. Mr. Mulkern will be posted to Madrid, Spain, as Assistant Commercial Secretary.

**J. H. Nelson**, Commercial Secretary in Guatemala City, November 18-December 1. Contact Latin American Division, phone: 992-7641. Mr. Nelson will be posted to Liverpool, England, as Trade Commissioner.

**J. P. Richards**, Assistant Commercial Secretary in Rio de Janeiro, Brazil, June 13-24. Contact Latin American Division, phone: 992-7641. Mr. Richards will be posted to Sydney, Australia, as Assistant Commercial Secretary.

**R. L. Richardson**, Commercial Secretary in Sydney, Australia, July 5-22. Contact Commonwealth Division, phone: 992-2421. Mr. Richardson will be posted to Ottawa.

**W. G. Roberts**, Assistant Commercial Secretary in New Delhi, India, July 13-20. Contact Commonwealth Division, phone: 992-2421.

**R. D. Sirrs**, Commercial Secretary in Karachi, Pakistan, June 6-17. Contact Commonwealth Division, phone: 992-2421. Mr. Sirrs will be posted to Guatemala City as Commercial Secretary.

**W. A. Stewart**, Consul and Trade Commissioner in Boston, June 8-17. Contact United States Division, phone: 992-5176. Mr. Stewart will be posted to Santo Domingo, Dominican Republic, as Commercial Secretary.

**J. H. Stone**, Commercial Counsellor in Rome, June 28-30 and September 19-23. Contact European Division, phone: 992-8727.

**K. D. Taylor**, Consul and Assistant Trade Commissioner in Detroit, July 20-August 3. Contact United States Division, phone: 992-5176. Mr. Taylor will be posted to Karachi, Pakistan, as Assistant Commercial Secretary.

**R. K. Thomson**, Senior Trade Commissioner in Hong Kong, September 8-23. Contact Commonwealth Division, phone: 992-2421. Mr. Thomson will be posted to Duesseldorf, West Germany, as Consul.

## In Territory

**Chile**—Z. W. Burianyak, Assistant Commercial Secretary in Santiago, will visit La Serena, Antofagasta, Iquique and Arica July 11-18.

**Korea**—R. A. Food, Assistant Commercial Secretary in Tokyo, Japan, will visit Korea July 4-8.

**South West Africa**—D. H. Leavitt, Assistant Trade Commissioner in Cape Town, South Africa, will visit Windhoek, Swakopmund and Walvis Bay July 13-20.

**Michigan**—H. S. Hay, Consul and Trade Commissioner in Detroit, will visit the entire northern peninsula of the State and the northern part of the southern peninsula June 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 Market in Colombia and Ecuador



**JAMES C. BRADFORD**, just back from a tour of duty as Assistant Commercial Secretary in the Bogota office, assesses the potential of these two markets. Difficult economic problems have led to import restrictions, though Colombia has eased these recently. Sales in Ecuador may possibly slump this year.

## Colombia

COLOMBIA experienced a severe economic setback during late 1964 and most of 1965. The country began 1966, however, on a note of optimism and most sources expect a return to more buoyant levels of trade and business. The pent-up demand for imports, so severely restricted during 1965, is currently being satisfied, as import permits to the value of U.S.\$209.0 million were issued for the January 1-April 30 period of this year. This is much higher than the programmed level of \$43.0 million per month established for 1966. It was hoped that export revenue, plus present and expected foreign aid, would suffice to maintain foreign exchange reserves so that no further import restraints would be necessary. However, because Colombian exports this year have fallen slightly below anticipated figures and imports to date have been very large, there is a possibility of future import restraints.

After the October 1964 devaluation of the Colombian peso on the free market from 10 to the U.S. dollar to rates fluctuating between 17 and 20 by mid-1965, Colombian business confidence weakened and the outflow of flight capital, coupled with a drying-up of foreign investment, resulted in an extreme shortage of foreign exchange. Pressure was applied to imports in the form of the most severe

restrictions of recent years—and exchange permits for the year totalled only U.S.\$396.5 million compared with \$455.8 million for the previous year.

### Restrictions Affect Sales

Canadian exports to Colombia were valued at \$17.4 million during 1965, a 20 per cent reduction from the 1964 totals. The most severe restrictions were applied between June and October 1965 and imports from all sources reached a low of U.S.\$22.0 million during the month of August. Although our sales dropped 20 per cent from last year, many foreign suppliers suffered even greater export reductions. In fact, only some non-traditional sales of Canadian wheat and oat groats prevented the decline in our trade from being even larger. However, in view of the improvement in Colombia's economic posture, this year could see a return to higher Canadian sales figures and may prove rewarding for Canadian exporters with experience in this market.

### Situation Improves

Government measures to help stabilize the Colombian economy were enacted by decree legislation; the first measures were passed in September 1965. Much-needed fiscal, monetary

and taxation reform has been carried out and has met with a favourable response abroad. An IMF standby credit of \$36.5 million has been authorized to bolster Colombia's foreign exchange reserves. The U.S. AID has granted a program loan of \$102.5 million and \$67 million will be used to finance commodity imports tied to U.S. sources of supply. Other international organizations (such as the World Bank and the Inter-American Bank) are also in the process of extending long-term credits for specific projects. All this is creating an upsurge in business activity and a return to confidence in the currency, thus brightening the economic picture.

Relative stability is also returning to the political scene. Colombia elected a new Congress in March of this year and the National Front party's candidate, Dr. Carlos Lleras, was elected President by a substantial majority in May. Although the new Government will not be installed until August, a stronger and more effective leadership than in the last few years seems indicated. However, the National Front still lacks the two-thirds majority in the Congress that is required to pass legislation. Whether sufficient minority support can be obtained or whether the new Government will have to revert to the emer-

agency powers used by the present Government has yet to be seen.

### Free List Set Up

In line with commitments made to the IMF, Colombia has freed 50 per cent of all imports by value from prior import licence restriction. This is known as the "free list" and these products may be imported into Colombia without quantitative restriction but subject to the customs duties in effect. These items are brought in at the so-called "intermediate" rate of exchange of Ps 13.50 per U.S. dollar. Some products paying the intermediate rate are still subject to previous licence restriction but government policy is to free progressively imports paying this rate.

A "preferential" rate of exchange of Ps 9.00 to the U.S. dollar is applied on a list of imports subject to previous licence restriction. In addition, some imports may be paid for at either 13.50 or 9.00, subject to free or restricted import. But in no case may an import at the preferential rate be brought in without a previously issued import licence.

Considering a free market exchange rate of Ps 18.00 to the dollar,

the multiple import exchange rates of 9.00 and 13.50 are being maintained by the Government to prevent the cost of living from increasing too sharply. Moreover, dollar export earnings from major exports such as coffee and petroleum must be exchanged at specific rates controlled by the Central Bank, (8.94 and 7.67). Earnings from minor exports formerly could be exchanged at the free market rate but now must use the 13.50 rate in calculating their dollar proceeds. This measure has reduced excessive profit-taking but is also limiting the performance and competitiveness of this class of Colombian exports in markets abroad.

Although the recent inflow of foreign aid plus increased government leadership should result in higher levels of business activity and imports this year, lack of continuing supplies of foreign exchange and the dependence on one crop, coffee, (about 65 per cent by value of all exports) will mean that Colombia must budget its import and foreign debt commitments carefully for some time to come. Thus it remains a relatively closed market, subject to high rates of duty and import restrictions on foreign supplies.

Agreement quota for the year and must reduce sales accordingly in 1966.)

The principal reason for the decline in foreign exchange reserves experienced in Ecuador in 1965 was the unprecedented increase in imports. The former Government imposed higher taxes and duties during the last six months of the year but these did not substantially reduce imports. A new and higher schedule of duties was announced in March of this year, shortly before the overthrow of the military Government, but these were subsequently discarded. Unless Ecuador receives substantial economic support in the near future, a serious foreign exchange shortage seems likely.

### Effect on Canadian Sales

Canadian export trade with Ecuador has in recent years averaged about U.S.\$4.5 million a year. In 1964, thanks to large sales of wheat, our exports totalled U.S.\$5.7 million, compared with a lower and more representative figure of U.S.\$4.7 million for 1965. Wheat is by far the most significant Canadian product entering Ecuador and constitutes between \$2.3 and \$3.5 million of our annual export trade. Canada may lose a good portion of this wheat trade in 1966 and for the foreseeable future because of the sale of Ecuador's largest flour mill to U.S. interests.

Ecuador is becoming a more restricted market for foreign goods as import duties and tariffs have been raised and are likely to be increased further. However, a wide range of consumer goods can be imported and international competition is keen in this price-conscious market. Therefore there will continue to be opportunities for Canadian manufacturers whose prices can meet the competition.

In view of the uncertain political situation and the possible effects on business and trade, 1966 does not look promising for Ecuador's economy and in view of the likelihood of the loss of Canadian wheat exports, Canadian trade with Ecuador may be smaller in 1966 than in the last few years.

## Ecuador

THE recent overthrow of the military Government in Ecuador and its replacement by a temporary civilian régime, pending elections, has created an atmosphere of great uncertainty and some loss of business confidence. A reduction in banana earnings in 1965 which has continued into this year and an increase in imports are affecting the former relatively sound foreign exchange position. In fact, disagreement between the business community in Guayaquil and the former Government in Quito over a new and higher schedule of import tariffs resulted in a general strike that coincided with the March demonstrations that finally led to the changeover in government. Ecuador, however, seems to have a certain inherent economic stability and has weathered political storms in the past without too much economic disruption. In spite of the

deteriorating political and economic situation, imports during the first quarter of 1966 were at record levels, largely because of the building-up of inventories in anticipation of steeper customs tariffs and impending political troubles.

### Foreign Earnings Slump

Ecuador experienced two very good years in 1963 and 1964, based largely on export earnings from the booming banana trade. In 1965, however, banana sales slumped because of price competition in world markets and also as a result of the maritime strike affecting U.S. ports. Although sales picked up during the latter part of the year, a total export figure of U.S.\$133 million was made possible only by increases in exports of coffee and cacao. (Ecuador exceeded its International Coffee



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 .9286

## Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent May 27	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2197	4.56	
Argentina	Peso	Free	.0057	176.68	
Australia	Dollar		1.2024	.83	
Austria	Schilling		.0417	23.98	
Bahamas	Pound		3.006	.33	
Belgium and Luxembourg	Franc		.0216	46.25	
Bermuda	Pound		3.006	.33	
Bolivia	Peso		.0915	10.92	
Brazil	Cruzeiro	Official Free	.0005	2,053.39†	
Britain	Pound		3.006	.33	
British Honduras	Dollar		.7515	1.33	
Burma	Kyat		.2261	4.42	
Ceylon	Rupee		.2255	4.42	
Chile	Escudo	Bank rate	.2786	3.59	
		Free	.2356	4.25	
Colombia	Peso	Free	.0619	16.42	
		Certificate	.1197	8.40	
Congo, Republic of	Franc		.0072	139.50	(1)
Costa Rica	Colon		.1625	6.15	
Cuba	Peso		†	†	
Czechoslovakia	Koruna		.1496	6.68	
Denmark	Krone		.1556	6.41	
Dominican Republic	Peso		1.077	.93	
Ecuador	Sucre	Official	.0598	16.72	
		Free	.0501	20.00	
El Salvador	Colon		.4308	2.32	
Fiji	Pound		2.7081	.37	
Finland	Markka		.3365	2.97	
France, Monaco, etc.	Franc		.2197	4.56	(2)
Franco-African Republics, etc.	Franc		.0044	227.79	(3)
French Pacific	Franc		.0121	82.64	(4)
Germany	D Mark		.2684	3.72	
Ghana	Cedi		1.2525	.80	
Greece	Drachma		.0359	27.86	
Guatemala	Quetzal		1.0769	.93	
Guyana	Dollar		.6262	1.60	
Haiti	Gourde		.2154	4.64	
Honduras	Lempira		.5384	1.86	
Hong Kong	Dollar		.1879	5.30	
Hungary	Forint	Official	.0921	10.86	

†The Cruzeiro was devalued November 16, 1965; the Central Bank of Brazil is expected to issue soon the new cruzeiro. One new cruzeiro will then equal one thousand old cruzeiros.

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

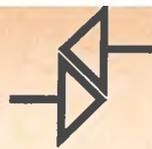
Country	Unit	Type of Exchange	Can. dollar equivalent May 27	Units per Canadian dollar	Notes (see below)
Iceland .....	Krona .....	Official .....	.0250	40.00	(1)
India .....	Rupee .....	.....	.2255	4.42	
Indonesia .....	Rupiah .....	.....	#	#	
Iran .....	Rial .....	.....	.0142	70.04	
Iraq .....	Dinar .....	.....	3.0135	.33	
Ireland .....	Pound .....	.....	3.006	.33	
Israel .....	Pound .....	.....	.3590	2.78	
Italy .....	Lira .....	.....	.0017	581.06	
Japan .....	Yen .....	.....	.0030	335.37	
Lebanon .....	Pound .....	Free .....	.3478	2.87	
Malaysia .....	Dollar .....	.....	.3518	2.84	
Mexico .....	Peso .....	.....	.0862	11.61	
Morocco .....	Dirham .....	.....	.2154	4.65	
Netherlands .....	Florin .....	.....	.2967	3.38	
Netherlands Antilles .....	Florin .....	.....	.5710	1.75	
New Zealand .....	Pound .....	.....	2.9951	.33	
Nicaragua .....	Cordoba .....	.....	.1538	6.50	
Nigeria .....	Pound .....	.....	3.006	.33	
Norway .....	Krone .....	.....	.1505	6.64	
Pakistan .....	Rupee .....	.....	.2255	4.42	
Panama .....	Balboa .....	.....	1.0768	.93	
Paraguay .....	Guarani .....	Free .....	.0091	109.89	
Peru .....	Sol .....	Free .....	.0401	24.94	
Philippines .....	Peso .....	Free .....	.2770	3.65	
Poland .....	Zloty .....	Fixed-basic rate .....	.0448	22.32	
Portugal & Colonies .....	Escudo .....	.....	.0375	26.66	(5)
Sierra Leone .....	Leones .....	.....	1.5081	.66	
South Africa .....	Rand .....	.....	1.5030	.67	
Spain and Dependencies .....	Peseta .....	.....	.0180	55.55	
Sweden .....	Krona .....	.....	.2088	4.79	
Switzerland .....	Franc .....	.....	.2495	4.00	
Syria .....	Pound .....	Controlled rate .....	.2817	3.55	
Thailand .....	Baht .....	Free .....	.0525	19.12	(1)
Tunisia .....	Dinar .....	.....	2.0622	.49	
Turkey .....	Lira .....	.....	.1197	8.35	(1)
United Arab Republic .....	Pound .....	Official .....	2.4768	.40	
United States .....	Dollar .....	.....	1.0769	.93	
Uruguay .....	Peso .....	Free .....	.0166	59.88	
Venezuela .....	Bolivar .....	Official Free .....	.2396	4.17	
West Indies .....	Dollar .....	.....	.6262	1.60	(6)
Yugoslavia .....	Pound .....	.....	3.006	.33	(7)
	Dinar .....	Official .....	.0862	11.61	

\*As Indonesia is no longer a member of the International Monetary Fund, a realistic exchange rate is not available.

## 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.

# foreign tariffs and trade regulations



## Britain

**UNITED KINGDOM COMMONWEALTH PREFERENCE REQUIREMENTS**—The British Government has advised that arrangements are being made to waive the United Kingdom Commonwealth Preference direct consignment requirement for goods which cannot be shipped direct to Britain because of the British seamen's strike. This waiver will be conditional on H.M. Customs being satisfied that the goods were shipped from a Commonwealth port on or after May 16, 1966, and were at that time destined for Britain.

Normally, the direct consignment requirement is one of three basic conditions that must be satisfied in order that Canadian goods may claim preferential tariff treatment on import into Britain. The remaining two conditions are that a prescribed proportion of each article must be attributable to Canadian and/or Commonwealth expenditure, and that the essential character of the product must have been acquired in Canada or a Commonwealth country.

## Guyana

**TARIFF REVISION**—Several duty increases were included in the 1966 Guyanese Budget brought down recently. The customs tariff is to be substantially revised and consolidated and the present fifty ad valorem rate categories are to be reduced to eleven. Higher import duties have been placed on meat, tea, cocoa, vegetables, fruit, alcoholic beverages, cosmetics, shoes, cotton and rayon fabrics, and some paints. Duties on synthetic fibre fabrics have been reduced. Sulpha drugs, now dutiable at 20 per cent (preferential) and 36 per cent (general), will be admitted free of duty.

Many of the tariff changes, particularly on foodstuffs, substitute ad valorem rates for existing specific duties which have not kept pace with rising prices. No increases were recommended for diet staples, e.g., salt fish, pickled beef and pork, milk, flour, potatoes and split peas.

For details on specific products please contact the Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce, or the Commercial Secretary, Port-of-Spain, Trinidad, whose territory includes Guyana.

## Taiwan

**CUSTOMS TARIFF REVISED**—On August 24, 1965, a revised Customs Import Tariff of the Republic of China (Taiwan) was brought into effect. The main feature of the new customs tariff is that the import trade control regulations formerly included with each

tariff item have been withdrawn and collected in an appendix. (The general import status of commodities under the tariff items is indicated by designated signs in front of the tariff item number and reference is made to the appendix for particulars.)

Some 170 items have been affected by the revision. The rates of duty have been lowered on 108 items and increased on 19 others. About 27 items have been clarified by rewording of the text or by the addition of sub-items.

Goods of interest to Canadian exporters on which the rate of import duty is decreased include synthetic staple fibre, artificial fibre spun yarn, motor vehicles, air conditioners and parts, magnet blanks, sulphur, unspecified chemicals, medicines and drugs, varnishes, paperware and articles of paper.

Goods on which the rate of duty is increased include synthetic fibre spun yarn, files and rasps, tractors and trailers, ambulances, medicaments, stencil carbon paper.

As to import trade control, the new tariff schedule prohibits import of 40 items and relaxes controls on 23 others by transferring them from the category of controlled commodities (goods subject to individual import licence) to the schedule of permissible (freely licensed) goods. Eight items have been moved from the freely licensed to the controlled list. Two items formerly prohibited import are now subject to individual licence and one formerly prohibited item may now be imported freely. None of the commodities affected by the changes in the import control regulations is normally exported from Canada to the Republic of China.

Information on the rate of import duty on any particular item in the revised tariff schedule of the Republic of China (Taiwan) and on the import trade control regulations may be obtained from the Asia and Middle East Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

## Uruguay

**IMPORT EMBARGO LIFTED ON SOME GOODS**—Our office in Montevideo reports that in order to gradually allow the import of essential and non-luxury goods, Uruguay has lifted the import embargo from all items which are subject to surcharge of 60 per cent or less. The items subject to 30 per cent surcharge include a wide range of industrial materials, machinery parts, automotive parts, railway maintenance equipment and agricultural machinery parts. The items subject to 60 per cent surcharge include ammunition, refrigeration gas, air conditioning machinery, industrial plants, mixed chemicals, serums and vaccines for human use, vaccines for animal use and printers' ink.



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