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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

How to Sell in Czechoslovakia

Protecting Trade-Marks in Foreign Markets

Using Industrial Distributors II

Foreign Trade Service Abroad

FOREIGN TRADE

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COMING—SPOTLIGHT ON SOUTH AFRICA, IN THE APRIL 16 ISSUE

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How to Sell in Czechoslovakia

Czech producers are now participating more actively in foreign trade and drive to modernize industry means better opportunities for Canadian sales. Visiting Prague and discussing products with state trading corporations are the essential first steps in selling.

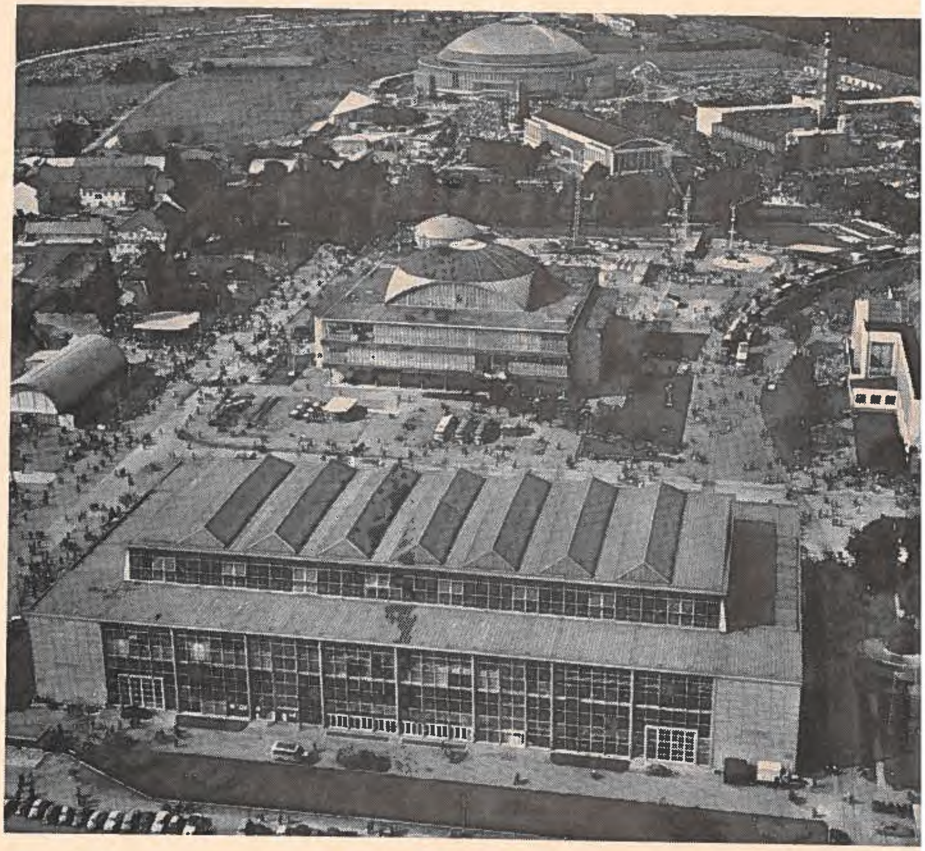
R. G. GODSON, *Assistant Commercial Secretary, Vienna.*

PATIENCE and perseverance are two of the most important qualities in developing business in Czechoslovakia which, next to the Soviet Union, is Canada's most important trading partner in Eastern Europe.

Czechoslovakia represents a market of over 14 million people with total imports in 1964 valued at $2.62 billion. Last year, according to figures just released, the volume of foreign trade went up over 9 per cent, with an increasing percentage supplied from Western countries. Significantly, imports went up about 13 per cent but exports increased only about 5 per cent.

This trend reflects the constant need for substantial imports of raw materials and agricultural produce and also of modern equipment, particularly welcomed by Czechoslovak producers. Imports of engineering goods also rose considerably, with nearly 50 per cent of the increased imports coming from Western countries. Altogether trade with the West went up more than 11 per cent last year, though Soviet Bloc countries are still Czechoslovakia's main trading partners, accounting for over 72 per cent of the goods exchanged.

Czechoslovakia is comparatively short of raw materials. There are sizable deposits of coal, uranium ore, magnesite and clays, but most of its requirements have to be imported. All imports of oil and much of the iron ore come from the Soviet Union. Wool, cotton, rubber and wheat are imported in large quantities. Czechoslovakia's twin goals are to improve efficiency in agriculture and to increase the quantity and quality of industrial production for export.



These buildings house the annual International Trade Fair in Brno, Czechoslovakia. The 15-day exhibition leans heavily towards engineering products and services; is an excellent way to introduce yourself to potential Czech buyers. The Canadian Government will have a composite exhibit at this year's fair opening in September.

State Trading Only

Imports into Czechoslovakia are planned and handled by state trading companies, each with a specialized field of economic activity centered around specific products and commodities. A single organization thus buys a particular range of products for the whole country.

Each trading company draws up an annual import plan which is subject to the Government's approval. Because the foreign trading corporations do not use the products they import but act as agents for the manufacturers or wholesalers, the annual import plans take into account the demands of the end users, who are often referred to as "clients".

A Canadian businessman must therefore contact the trading company which handles his product and be prepared to conduct all subsequent dealings with it. This includes negotiations on quality, price, terms of sale and delivery. Protracted and exhaustive negotiations usually precede the placing of firm orders. All foreign trade organizations carry on correspondence and negotiations in English and interpreters are always available, if necessary, during visits.

Promoting the Product

Building up sales takes time and effort. It is necessary to cultivate contacts within these organizations and eventually, through them, to meet and discuss the products with the end users. With few exceptions, this involves at least one personal visit.

It is often useful to deliver lectures and show technical films to groups of experts and to advertise in the national press or in one of the country's 50 or more monthly technical journals. Recently, a new corporation called "Made in Publicity" was established to help foreign businessmen make their products known in Czechoslovakia.

Another way of introducing your products in this market is by entering trade fairs. The principal one is the Brno International Trade Fair held annually in September. It lasts about 15 days and features mainly engineering goods organized on a commodity and company basis rather than by national pavilions. This year, the Canadian Government intends to sponsor an exhibit in the Pavilion of Nations.

Controlling Imports

Czechoslovakia has no general import licensing system. About the same effect is achieved, however, by the annual import plan. This plan, which is not published, indicates the total quantity and quality of the goods required to be imported during the year. Within these limits the trade corporations may buy from the supplier offering the best quality, prices and terms. Products not included in the plan are effectively excluded.

Payment for goods imported from abroad is made by the Commercial

Czechoslovakia's Foreign Trade Corporations

THESE are the main Czechoslovak foreign trade corporations and the types of products they handle:

ARTIA
Cultural commodities, books, gramophones, records, music, jewellery.

CENTROTEX
Textile raw materials, semi-finished and finished goods, felts, leather and leather goods, footwear.

CHEMAPOL
Chemical raw materials and products, rubber, mineral and lubricating oils, pharmaceuticals.

FERROMET
Metallurgical products, rolled materials, wire and wire products, forgings, pressings, specialty steels.

KOOSPOL
Agricultural products, seeds, tobacco, canned and preserved foods.

KOVO
Precision engineering products, electrical equipment, radio, television and telephone equipment, optical instruments, textile and footwear machinery.

LIGNA
Timber, paper and wood products, musical instruments, furniture.

METALIMEX
Ores and metals of all kinds.

MOTOKOV
Vehicles and light engineering products, agricultural machinery, domestic and household appliances, hand tools.

ONMIPOL
Aircraft, sporting arms and ammunition, fission materials, equipment and instruments for nucleonics.

POLYTECHNA
Purchase and sale of patents, conclusion of licensing agreements.

PRAGOEXPORT
Haberdashery and tailors' requisites, fishing tackle, smokers' requisites, travel articles, artificial flowers, rubber goods, sports articles, toys, pens and pencils.

STROJEXPORT
Machines and machinery equipment, heavy diesel engines, electronic power equipment, rail vehicles, pumps and compressors.

STROJIMPORT
Machines and industrial plant; heavy electrical engineering for the chemical, paper and food industries; machinery for production of glass, ceramics and cement; machine tools.

Bank at the request of foreign trade corporations. An annual foreign currency plan follows the annual import plan. If the import is in accordance with this plan, no special currency permit is required. In ordering goods from abroad, however, the foreign trade corporations are under a statutory obligation to consider the foreign exchange position, and the Commercial Bank is responsible for supervising the working of the foreign currency plan. It may be taken for granted that if the trade corporations place an order, the necessary currency will be available at the right time. Their record in meeting terms of payment, usually involving short-term credit, is excellent.

Central Plan Modified

The new system of economic management which started coming into operation at the beginning of this year envisages generally more of a guiding than a controlling role for the central plan. It suggests greater responsibilities for the actual managers of plants, etc., with more attention to the principles of supply and demand. Producers will be allowed to participate more actively in foreign trade and users will work more closely with the foreign trade organizations.

The recent decline in Czechoslovakian industrial growth has been causing the authorities considerable concern. They attribute this slowing down to a number of factors, including over-diversification, obsolete and inefficient plants, poor quality production, and a serious shortage of labour. An extensive modernization program is now being instituted with increasing emphasis on automation, the use of computers, and the search abroad for technical knowhow. This drive for modernization presents improving opportunities for technical exchanges and licensing arrangements.

As for consumer goods, the standard of living is still the highest in Eastern Europe and the range and quality of these goods are likely to improve under the current emphasis on management reforms.

Canadian exports to Czechoslovakia in 1964 reached $54.2 million, but $50.1 million represented sales of wheat under the five year agreement signed in October 1963. The remaining exports were made up mainly of barley, rye, flaxseed, rapeseed, tobacco, hides and skins, synthetic rubber, copper shapes, asbestos, textile machinery and aluminum.

Selling on the Spot

Canadian producers who want to try personal selling will find that travelling to Czechoslovakia is now relatively easy. There are direct airline connections between most European capitals (including London and Vienna) and Prague. Business visitors require a visa, but can obtain one quickly; they are now available at Czech airports and border points. After arrival in Czechoslovakia the duration of a visa can be extended if necessary.

The unit of currency is the Czechoslovak Crown which is divided into 100 halers. At the official rate of exchange, one Crown is worth about 15 cents but this has little practical application for business visitors. From the first of January 1965, a bonus of 125 per cent on the exchange rate has been granted to encourage foreign visitors to come to Czechoslovakia. A condition of this bonus is that the visitor spend a minimum of $3.30 a day for the duration of his visa. This condition is not onerous because the average hotel bill alone exceeds this amount.

Czechoslovak currency may not be taken into or out of the country and banking facilities are available at border points for changing money. As in all East European countries, foreign exchange is eagerly sought. The TUZEX company with headquarters in Prague has specialized Czechoslovakian goods for sale at discount prices when payment is in foreign currency.

There are a number of first-category hotels in Prague; the average cost is $10.00 for a single room with bath, inclusive. Meals are à la carte. There are a number of restaurants of varying standards in the city with prices roughly equivalent to those in similar establishments in Toronto or Montreal.

Hotel accommodation should be booked in advance, and foreign trade organizations will normally do this on behalf of visitors whom they expect. Our office in Vienna can also assist in making these and other arrangements.

It is advisable for a Canadian businessman interested in the Czechoslovak market to contact the Commercial Division of our Embassy in Vienna. Personnel from this office make frequent visits to Prague. If possible, the businessman should arrange to stop in Vienna for discussions before going to Czechoslovakia.

It is apparent that a personal visit is the most effective way of promoting sales in the Czechoslovakian market. Plenty of time is needed for discussions and delays are unavoidable. The Canadian businessman should therefore set aside at least a week for his visit. An effective method of consolidating the results of a trip is to consider appointing as representatives one of the many Austrian firms centered in Vienna who cover Czechoslovakia regularly. These contacts can be arranged through our office in Vienna.

Doing business in Czechoslovakia may take extra effort and a new approach to selling unique to Eastern Europe, but it can prove worthwhile.

Horns to Solve a Dilemma

CANADIAN COWS are becoming almost as famous in Spain as Spanish bulls are throughout the rest of the world. Holstein Friesian cattle can take the credit.

An official delegation from the Livestock Division of the Spanish Ministry of Agriculture visited Canada in 1965 with a view to buying Holstein Friesian breeding stock as part of Spain's livestock improvement program. They were pleased with the Canadian herds and placed substantial orders.

The first shipment of 756 cows (plus several calves born en route) arrived in Vigo, northwest Spain, on September 25, 1965, and the second of 1,100 (plus an additional 17 calves born at sea) reached the northern port of Gijon on October 11. Further shipments are expected to bring the total up to 5,000.

Canada became the top cattle supplier to Spain in 1965 and because the Spanish Government plans to import enough animals to make up its present 40,000-ton-per-year beef deficit, chances are that Canadian sales will remain strong.

Spanish farmers are being offered the cattle on easy payment terms and the Government gives an extra cow free with each one purchased. The only stipulation is that the farmer must hand over to the Ministry the first female calf born from the stock.●

Vancouver Consultants Do Business in the Developing Countries

Consulting engineering contracts in Ecuador, India, and Ceylon and a growing volume of business both at home and abroad—that's the five-year achievement of T. Ingledow & Associates. An interview with several of its executives serves to highlight its methods of looking for and obtaining foreign work.

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

SEVERAL months ago a Canadian firm of consulting engineers handed over to the UN Special Fund and to the Government of Ecuador a completed study of the hydrological resources of the province of Manabi, in Ecuador's coastal region. Today it is busy designing the Poza Honda dam on the Ayacucho River, one of the projects recommended in the study. Other commercial contracts may follow.

Thousands of miles away in Ceylon, the same company is supervising the construction and equipping of Stage I of the Maskeliya Oya development, which it also designed. In nearby India's Nilgiris Hills, Madras, it has designed, is overseeing the building of, and obtaining the equipment for Stage III of the Kundah hydroelectric development being financed in part by the Canadian Government under the Colombo Plan.

This firm of consultants, T. Ingledow & Associates Limited, of Vancouver, came upon the scene only in 1961. But though the company itself is young, many of its executives are seasoned engineers. The president, Dr. Thomas Ingledow, was for many years vice-president of B.C. Power Corporation and president of its subsidiaries, International Power and Engineering Consultants Limited. When the B.C. Government took over B.C. Power in 1961, Dr. Ingledow and a number of his associates formed the present firm.

Dr. Ingledow believes that his group of consultants is rather unique because it obtained its first and most important contracts in foreign countries. Only now, after five years, is its business in Canada beginning to assume the same importance. None the less, part of its success overseas has been obtained by applying "home-grown" techniques to the foreign situation. One example is the design and construction of high-voltage transmission lines and the novel use of helicopters for this purpose. L. H. J. Cook, the Ingledow vice-president who heads up this work, reports that "there is wide interest abroad in our Canadian experience and we have recently secured a major contract for transmission-line design in South America".

Some of Ingledow's original assignments fell neatly into its lap: part of the engineering for the Kundah project, for example, had been completed by a B.C. Power subsidiary before the provincial government takeover. Ingledow & Associates then inherited the job. But for most of the business it has obtained abroad it has worked hard and steadily and spent time, money and energy freely.

Because its primary interest is power projects, it has concentrated most of its efforts on the developing countries, where the need for sources of energy is dominant and acute. D. D. Mears, one of the company's vice-presidents, points out that it keeps a close tab on what is happening in the power field everywhere.

Its engineers study carefully news reports, engineering and other periodicals, papers published by engineering societies, and releases from various international financing agencies. Often this pays off. A lead picked up in an engineering journal resulted in a contract for a small job for a utility company in southern Ecuador. This breakthrough in South America has since led to other assignments there, including the hydrological study mentioned earlier. The firm keeps in close touch with the Canadian Trade Commissioners stationed abroad and with Commodity Officers of the Department of Trade and Commerce in Ottawa, who can pass on intelligence about projects mooted in various countries and invitations to tender.

Looking for Opportunities

But Ingledow engineers quickly learned that trying to get work through correspondence or printed sources alone doesn't work. Business comes to the man who gets out and looks for it. "Whenever an Ingledow man is in an area," says Mr. Mears, "he takes the opportunity to expand his field of interest." If the Kundah project takes him to India, for instance, he may stop over briefly in Ceylon. First he will call on the Trade Commissioner for a quick run-through on the country and its development plans, and then make the acquaintance of the people responsible for getting power projects under way. This method of proceeding,

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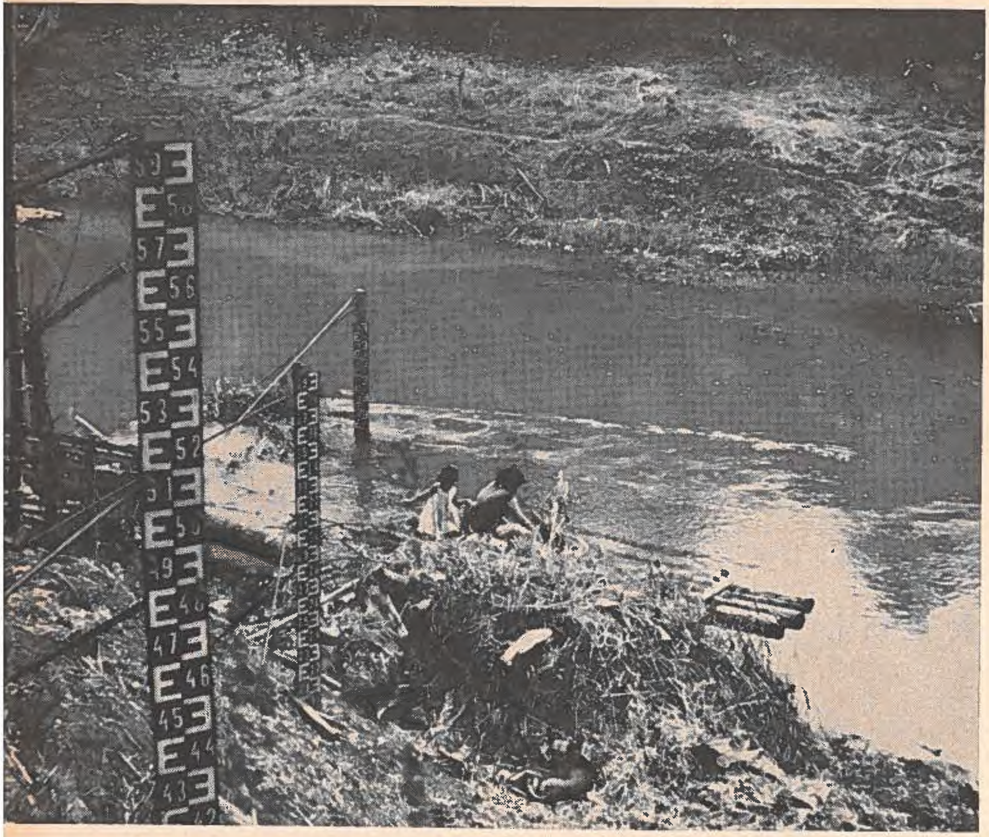
Mr. Mears emphasizes, is particularly useful in the Middle East and Africa, as well as in Asia; in all these areas, personal contacts count heavily.

If and when personal investigation reveals current or future engineering opportunities in a country, the company looks for a good representative. Ordinary commercial agents seldom prove suitable and more often the firm selects an engineer, a group of engineers, or perhaps a lawyer. It is important that the representative chosen be a national of the country, favourably known to and respected by local businessmen and government officials. His main functions are to pass on information and to follow up commercial intelligence or rumours of impending projects. He can also see that his principal gets notices of tenders quickly and obtains some of the information needed for tendering. Today there are Ingledow representatives in 13 different countries on three continents.

So many of the development projects depend on a degree of international financing that the firm considers it essential to cultivate close relations with the World Bank, the Inter-American Development Bank, the UN Special Fund, and similar international financing organizations. Although it is the client in the aid-receiving country who ultimately chooses the consultant, it is helpful to be well and favourably known to those providing the money.

Determining Priorities

One of the reasons why engineers of Ingledow & Associates stress personal contacts is that the developing countries so often need advice on development priorities and on how to plan. "If they knew exactly what they wanted," says Mr. Mears, "they would scarcely need consulting engineers. A big part of our job is studying the situation and suggesting what ought to be done first." And these priorities depend not only on what is technically feasible but also on what is economically possible. A project in a developing country must make economic sense: it must be within the country's capacity to pay for (with foreign aid included) and its capacity to support when the work is finished. In preparing pre-investment studies or feasibility reports, the firm bears this in mind and staff members skilled in economics and administration work side by side with the professional engineers. Final reports often say: "Don't build this; do build that," or "Build the first stage now; don't try to complete everything at once."



This is a gauging station on the Portoviejo River in Ecuador, part of the hydrological survey that T. Ingledow & Associates has carried out in the Province of Manabi.

Cultivating Contacts

Occasionally engineering firms look askance at small jobs in a foreign country and turn them down because they don't appear worth the effort. This may be shortsighted. The small job of designing a dam and a storage reservoir for a utility in the south of Ecuador led to further contracts from the same company. More important, when Trade and Commerce brought to the attention of Ingledow and Associates the hydrological resources survey that the UN Special Fund was financing, the firm already knew and was known in Ecuador and had a group of Spanish-speaking engineers ready to operate there. These advantages helped it to win the contract.

At the moment, Ingledow engineers have obtained the contract for Ecuador's Poza Honda dam and reservoir mentioned earlier and are working on two other projects there sponsored by the Inter-American Development Bank. One involves the complete study of a utility company to determine what further hydroelectric developments are needed, how these should be financed, how administration and accounting procedures could be improved, and what service tariffs should be charged to put the company on a sound financial footing. The other is a pre-investment study to establish the feasibility of adding to the generating facilities of a hydroelectric operation in the province.

Ceylon Is Example

The Maskeliya Oya project in Ceylon illustrates how long and patient cultivation of a potential client can bring results. News of a proposed hydroelectric development for supplying power to the city of Colombo seeped through to B.C. Power and its subsidiaries in 1957-58. After the 1961 breakaway from B.C. Power, Ingledow & Associates' engineers going back and forth to India went to Colombo now and then to check on the stage that the proposal had reached. The time came when things began to move. Ingledow engineers then were dispatched to Ceylon to find out exactly what the project involved, to inspect the site, and to have some preliminary studies done. Then costs were worked out and a tender submitted. The contract, which included provision for long-term financing through Canada's Export Credits Insurance Corporation, was finally signed in April 1963, about six years after the Canadians first got wind of the proposed development. Detailed designs for the storage dam, diversion dam and works related to these took another twelve months. Today the company is analyzing the bids for the civil engineering work; all the equipment used will be Canadian and Canadian General Electric is providing a major share of it. Actual construction will take about two years and the number of Ingledow and Associates' engineers in Ceylon will increase as work begins.

The Vancouver firm also prepared for the Government of Ceylon a study of the transmission and distribution of hydroelectric power throughout the country, how it could be expanded to meet forecast demands up to 1980, and what specific developments should be undertaken. This study too was financed under Section 21 A of the Exports Credits Insurance Act.

Winning Contracts

Bearing in mind the experience that the company has gained in the developing countries, I asked Dr. Ingledow what in his opinion are the vital factors in obtaining consulting engineering contracts. His answer was prompt: "Technical competence allied with ethical practices; one without the other is meaningless. Then, good client relations—and this is the most difficult." In the developing countries particularly, these relations require time and thought and usually a special approach. When Dr. Ingledow was about to make his first visit to India, for example, he spent some hours with India's High Commissioner to Canada learning about the country's history, political system, religions, economic problems, and so on. But it takes time for Indians to accept even the well-informed stranger. Dr. Ingledow has found that his first trip is invariably difficult, the second is easier, and on the third, he receives a warm welcome. And this applies to many countries besides India.

In the developing countries the North American has to learn to curb his impatience. "We do in a day what they do in a week," says Dr. Ingledow, "or in a week what takes them a month." The foreign engineer has to be both patient and tolerant, and must prove that he is understanding and well-intentioned. Because it takes time to build up these essential personal relationships, the firm has its executives specialize in various geographical areas; this makes for continuity and mutual confidence.

Meeting Problems

Working in the developing countries, Canadian engineers invariably are faced with some problems. One of the most difficult in the company's view is the serious lack of persons with technical and management skills. This means that its engineers often become involved in work that is not, strictly speaking, within their province. But when helping with the administration and management of a project is essential, they turn to and provide assistance and advice.

Political problems crop up almost as often as administrative problems but they call for a different approach. In Ecuador, for example, the firm has worked under three different reorganizations of government. The only possible response to political difficulties is, says Mr. Mears, to keep on doing the job with the greatest possible degree of technical competence. This practically guarantees that one's services will be retained despite upheavals.

The stiff competition for business in the developing countries isn't a problem peculiar to consulting engineers, but they must reckon with it. In the engineering field, the Canadians have found that their keenest competitors come from the United States, because they use basically the same North American techniques and offer the same types of competence. But engineers from Britain, France, Italy, Germany, and latterly Japan are out eagerly scouting for contracts.

In the five years since it was founded, Ingledow & Associates has made a reputation abroad in the power field and advertises its readiness to undertake hydro, thermal and nuclear power projects. It has also accumulated experience in the use of water, water conservation, flood control, and irrigation. According to members of the firm, its most urgent need now is to broaden its base and branch out—into industrial development, municipal and structural engineering, the transmission and distribution of gas and oil, and other areas. (It does not undertake pulp and paper projects.) Already it is working in a number of these fields. The next five years should see it make even more substantial progress both in Canada and overseas.

Air Traffic 'Down Under'

IF CURRENT PREDICTIONS come true, Australia's control tower operators are going to spend the next 10 years as busy as a one-armed juggler. The Department of Civil Aviation says that annual international arrivals and departures will reach at least 970,000 by 1970 and over 2.5 million by 1980. The 1964 figure was a relatively slight 371,000. Domestic traffic is expected to reach 4.5 million by 1970—a one million increase over 1964.

To cope with the increased flow, the Australian Government is spending £6.15 million on extensions to Sydney's Kingsford-Smith airport, and a completely new airport is now being built at Tullamarine, near Melbourne, at a cost of £17 million.

The boom so far has meant clear skies and a good tail-wind for Qantas Empire Airways. The government-owned airline's revenue for the year ended March 31, 1965, was £54.6 million, compared with a mere £15.9 million in 1955. The latest figure is up 20 per cent from the previous year and meant a return of 10.4 per cent on the Government's £20 million investment in Qantas. Traffic on scheduled services was more than 27 per cent above 1963-64 and for the first time reached 200 million ton-miles. The two main domestic airlines, Ansett-ANA and Trans-Australia Airlines, also had record years.

The flight plan for Australian aviation seems to read, "Ceiling and Visibility Unlimited." ●

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How to Win World Markets 22

A trade-mark can be an exporter's most valuable asset, but it must be protected against piracy. An expert in this field explains the whys and hows of registration abroad and some related problems.

Protecting Trade-Marks in Foreign Markets

ALAN SWABEY,
Alan Swabey & Co., Montreal.

EXECUTIVES of a number of the world's best known corporations got a shock this past January on learning that their trade-marks were among the more than 300 that had been registered in the Principality of Monaco by a Doctor Aries and two companies, Prochim and Marques et Protection.[1] These opportunists had used a new law in the pocket state to pierce the legal armour of many international firms despite their normal vigilance in protecting their property at home and abroad. The Monaco affair may be an extreme case, but to a lesser degree this kind of thing can and does often happen.

How can you be sure it will not happen to your trade-mark? Because our law does not compel registration, Canadians may be slow in seeking protection abroad. Here, the mere use of a trade-mark gives rise to squatters' rights. For example, in a recent case decided by the Registrar of Trade Marks, a Canadian concern which had first used the trade-mark "Tre Stella" on cheese but had not bothered to register it was able to block a later application for registration by the Italian originator of the trade-mark.

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[1]*United States Trademark Association Bulletin.* Volume 21, Number 3, February 7, 1966. (Quoting from *New York Times* of January 27, 28, 30, February 1 and 4, 1966, and from the *Wall Street Journal,* February 1, 1966.)

But in many countries (Latin America especially) there is no registration and no comeback—or at least the road can be rough. Remember too that in some jurisdictions, infringement of someone else's registration may be a criminal offence with the chance of a stiff fine or jail, to say nothing of seizure of the goods. So registration is a must and there is a rush to get there first.

Apart from self-defence, the exporter should register trademarks at home and abroad for the following reasons:

(1) To comply with a legal obligation like the Canada *Precious Metals Marking Act* which requires that precious metalware must carry a trade-mark which has been registered or applied for in Canada to qualify for import.

(2) To protect an export mark in Canada against other exporters, even though the mark is not used on the domestic market.

(3) As a basis for guarding product identity by stopping the sale of others' goods so marked that the public cannot tell them from yours.

(4) To protect the goodwill in trade-marks in places where the marked goods are not sold, but have become known through advertising flowing across a border.

(5) To set up a "reservoir" of trade-marks ready for use on new products.

(6) As a cornerstone for licensing goodwill and knowhow to supplement patents or where there are no patents.

All these results cannot be achieved everywhere because the laws differ from place to place and the trademark possibilities of each territory have to be assessed on their own merits.

What Is a Trade-Mark?

The definition of a trade-mark also differs to some extent from country to country. By and large, a trade-mark is a tag a merchant puts on his goods or services so that customers can pick them out from others. The term "trade-mark" takes in not only design marks like the "Esso" oval or the "Texaco" star, but also word marks (which the public calls brand or trade names) like "Coca-Cola", "Kodak", "Lucky Strike", nicknames like "Coke" and "Fridge", initials like "GM", or "BP", odd containers like the "Haig and Haig" pinch bottle, and gadget-shaped products like the cereal with the hole in it. An entire label or part of it, a coloured band on a pencil, a multi-coloured drug capsule, a contrasting dot on the tip of a ski, special shaped or coloured panels on machinery or aircraft—in fact, any marking which helps customers to tell one maker's product from another can be a trade-mark. But to what extent, if any, a mark is protectable is often a legal conundrum and the answer may differ from one jurisdiction to another.

Taboos

There are certain general and local taboos which provide some signposts to follow in ruling out marks which you cannot call your own. Among these are:

- **Descriptiveness**—Words which merely describe the character or quality of the goods are said to be "descriptive" (or if they describe it in reverse "misdescriptive") and thus are not protectable. The theory is that everyone has a right to the normal use of language to describe his goods. In Canada, "Select" and "Perfection" are descriptive.

- **Generic Usage**—Words which were at one time trade-marks but which the public has come to use as the names of the goods are said to be "generic". The United States considers that "aspirin" and "cellophane" fall into this class. Canada does not. However "yo-yo" has just been held generic by the Supreme Court. "Shredded wheat" is generic in both countries.

- **Geographical Terms**—These are terms like "London" and "Montreal" which anybody located there has the right to use. There are places famous for a product, for example "Champagne" or "Burgundy", and only genuine products made there have the right to use that term.

  Little-known places with no link with the goods may have no strings attached. Then there are the exceptions which long use or marriage with another word or other feature has made distinctive. Examples are "Canada Dry", "Hawaiian Punch", and "Paris" garters.

- **Immoral or Obscene Words**—Propriety deters me from giving examples.

- **Symbols Used by a Government or Public Authority**—Examples are the Red Cross and the Royal Arms Crest or Standard, or the Canadian Flag. Armed Forces or university badges and crests or emblems which have been published by the Trade Marks Office are also outlawed as trade-marks.

These "dont's" vary from place to place; a taboo in Canada may not exist abroad and vice versa. Check for any special religious beliefs or local superstitions. Some countries have their sacred cows; in others, the peacock is a bad luck symbol. Language is always a problem. A perfectly harmless English word may cause foreign eyebrows to rise. So before we seek registration in a country, we always ask our resident associate: "Does this trade-mark have for you any meaning preventing it from use or protection as a trade-mark?"

Each country has its own ideas on what machinery (or lack of it) there should be for protecting trade-marks. The major federations have a central registry. In countries such as the United States, where one can obtain state registration as well as federal, there may be some decentralization. In others, pre-registration in a mother country is required. With the coming of independence to new territories, this is breaking down and the splinter areas (for example, in Africa) have to be covered by separate registrations. As common markets like the EEC and EFTA and the Africa-Malagasy group come into being, collective registrations may be possible, even though it may be wise to maintain concurrent local registrations.

Even in countries with formal registration there are still variations in the procedure. Sometimes it is wise to have informal searches made before applying for registration, as insurance against infringing someone else's trade-mark or spending money on a mark already taken. The formal application to the registering authority is usually made by a specialist in the territory, acting on instructions of the Canadian trade-mark agent. It may be necessary to make several registrations abroad to cover goods which extend into more than one official class, even though a single registration does the job in Canada, where there is no classification system.

In countries with no examination system, your application may be recorded as a matter of course, "sans garantie du gouvernement". Prominent countries which follow this system are France and Italy. This type of system is certainly simple, but the disadvantage is that registration does not really tell you whether you actually have any valid rights or whether you are treading on somebody else's toes. It is left to the courts to decide. Canada and the United States follow the examination system. An examiner screens your application for formal defects or conflicts with prior registrations. As in Canada, many countries provide the right of opposition and you may find that you have to fight for your rights with a competitor before you get your registration.

Because the procedure varies from country to country, it would be wise to ask your trade-mark agent about the type of examination, whether there is opposition by other parties, and so on. You should also find out how much time may elapse between the application and the grant of the registration. Costs should also be discussed so that you will not be surprised later at the expense; it may be quite out of line with what you would expect in Canada. You should also have some idea in advance about your chances of success and of any dangers of using a given trade-mark in a given territory.

International Registration

Is there no international registration which will cover you without having to register in each country? The nearest thing to this is the *Madrid Agreement*. You first seek registration in your own country. Then, applications are sent to the other member countries for approval and if there are no local objections, the mark is registered there. Many European and South American countries belong to this Agreement and use its facilities regularly. Canada and the United States are not members.

The International Convention, to which we do belong, links many of the industrial countries of the world, giving members priority and other rights not open to others. For example, before the U.S.S.R. joined the Convention last summer, Soviet industrial units could not register in Canada a Soviet mark not yet used here. Now that the Russians are members, their use and registration in the U.S.S.R. give them the right to register in Canada. However, the Convention does not extend protection to a foreign country automatically. Though members are privileged, they still have to apply separately in each country.

Marking

The fact that there is no special marking prescribed in Canada to show that a trade-mark is registered may also tend to tranquilize the Canadian trader to the often stringent requirements abroad. In Chile, Mexico, Peru and Portugal, for instance, marking is a must. The first three require "Marca Registrada". Portugal demands "M.R.". In the United States, the usual marking is "R" in a circle. In most countries marking is not compulsory but recommended and even where it is optional, special wording must be used. Because of the wide variation in the rules, the marking requirements in each country should be carefully checked and adhered to.

Furthermore, the indication that a trade-mark is registered may be a legal offence if marked goods are imported into a country where the mark is not registered. In Germany unfair competition laws have real teeth, and competitors may use false statements as a basis for legal harassment. In some countries falsely marked goods may even be stopped at the border.

Assignment

The normal cost and ease with which assignments of trademarks can be registered at home may be a snare to Canadians who intend to transfer this type of property abroad. Foreign fees can be staggeringly high by Canadian standards. In some countries, there are time limits within which a change of title must be recorded or heavy fines will result. Special documents and legalization may be required, and in some cases a real consideration based on the value of the property must be named and commensurate fees are levied. So it is wise to try to register a trade-mark in the name of the ultimate owner in the first place and avoid any unnecessary change of title.

Licensing

Before you let anybody use your trade-mark, you should check to make sure that the law lets you do it, and get someone who knows the ropes to arrange the terms. Up to 1953, licensing was fatal to trade-marks in Canada. Foreign companies quite often had to assign their trade-marks to their Canadian subsidiaries or agents and to make sure that all goods came from the same corporate source. Under our present Act, licensees can be legally appointed provided they are made Registered Users. The red tape, though, is strange to the businessman and if he gets off on the wrong foot he may damage his rights beyond repair. Specialists had hoped that when the new Act came into force, the courts might be easy on those who did not follow the rules exactly, but these hopes were dashed last year by the Supreme Court of Canada in the case of Cheerio v. Dubiner[2]. In contrast, many countries have no roadblocks at all against trade-mark licensing.

Longevity

Unlike a patent, which is granted for a limited term, a trade-mark according to Canadian practice and that of most countries is good forever if all goes well. But it must not be neglected; it needs constant care. Some of the steps you can take to create and guard trade-mark rights in all markets in which they appear are:

(1) Select a legally strong mark[3]. In choosing a word trade-mark, one could not go far wrong in following

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[2]*Cheerio v. Dubiner*, Supreme Court of Canada. Not yet published.

[3]"How to Select a Brand Name", Alan Swabey. *Packaging News*. Volume 13, Number 2. Published by "Cellophane" Division, Canadian Industries Limited, Montreal. 1951. *Why Did They Name It . . . ?* Hannah Campbell. Published by Fleet Publishing Corporation, New York, 1964.

the advice of George Eastman, the originator of "Kodak". Mr. Eastman said: "I chose that name because I knew a trade name must be short, vigorous, incapable of being misspelled to an extent that will destroy its identity, and, in order to satisfy trade-mark laws, it must mean nothing."

(2) Find out before you go too far with plans to use a mark if someone else is already using or has registered a similar mark, or if there are any companies with corporate names which might conflict.

(3) Watch for and oppose any application to register a similar mark.

(4) Take prompt action to stop the use of a similar mark by competitors. Delay may injure or kill your rights.

(5) Do not change a mark too much or too fast or you will confuse customers and lose sales. If you change your mark, be sure to check registrations to see whether they cover the changed versions. You may have to re-register.

(6) Do not combine one mark with another or you will dilute both.

(7) Try to avoid merging the mark with somebody else's—for instance, in a joint venture. Its identity may be lost forever.

(8) Register and take any other steps needed in territories of interest and renew the registration when it expires.

(9) Set up an "early warning system"—first, to keep watch on the official publication of applications for registration of trade-marks in countries of interest so that damaging applications can be opposed in time; second, watch trade publications, newspapers, television, radio, and goods on the market to nip in the bud any damaging use of similar marks; third, educate salesmen, advertising and detail men in the importance of your trade-mark so they will report promptly any suspected infringement; fourth, alert the Canadian Foreign Trade Service and your commercial agents abroad of your trade-mark registration in their territory in case they spot infringing marks.

(10) When changing ownership or licensing of a trade-mark, find out promptly what obligations there may be to record it and take steps to do so where you have to.

(11) Don't let anybody else use your mark without first finding out if you can allow this legally; before licensing a trade-mark make sure that the terms of the licence are permissible under the laws of the licensee's country.

(12) Have your labels checked by a trade-mark agent to make sure that the trade-marks are properly used, displayed and marked.

(13) Be sure any compulsory or recommended notice of registration appears with the trade-mark.

(14) Where possible, use with your trade-mark a generic term to describe the article. For example don't just say "ABC", say "ABC" camera or whatever the product is. This deters people from using the mark as the name of the goods.

(15) Put your trade-mark in quotes, write it in distinctive form or in caps, and mark it.

(16) If dictionaries or articles in the press use your trade-mark as a generic term, get after them and have them publish a correction.

(17) Do not let agents or licensees use your trade-mark in their corporate name. For example, if your mark is "GEM" used on plastics, it is bad to have a company called Gem Plastics Limited owned by someone else.

(18) Be sure you have a good trade-mark agent and put him fully in the picture with carte blanche to do a thorough job.

The task is not easy, but your trade-mark may be your greatest asset, perhaps worth more than all others put together.

Detailed Information

There are specialist handbooks which contain a summary of the laws of all countries; these give a good general idea of the protection requirements[4]. However, the laws are subject to change without notice—witness the Monaco affair. Don't be half safe; have your trade-mark agent check for up-to-date information with his associate in any country of interest.

There are also many organizations which follow all aspects of trade-marks and which have forums and publications on the subject. Of these, the United States Trademark Association merits special mention. It caters to the businessman as well as to specialists. The USTM executive is made up of trade-mark attorneys and businessmen and has an energetic permanent secretary. It also has fine publications, periodic forums, and an inviting annual meeting at a resort area[5].

The Patent and Trademark Institute of Canada also serves the Canadian trade-mark profession well, as does the Chartered Institute of Trade Mark Agents (U.K.). Most Canadian trade-mark specialists belong to this organization and a few to the Canadian group of the AIPP[6] and to the ASIPI.[7] Many

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[4]*Trademarks Throughout the World*, White and Ravenscroft. $12.00. Published by Trade Activities, Inc.

International Trademark Protection, Eric D. Offner. Published by Fieldston Press, New York, 1965.

Canadian Law of Trademarks. Second Edition. Harold G. Fox. The Carswell Company, 1956. $13.00.

[5]*Trademark Management*, a handbook, and *The Trademark Reporter*, a monthly journal, published by the United States Trademark Association, New York.

[6]International Association for the Protection of Industrial Property.

[7]Inter-American Association of Industrial Property.

corporations to which trade-marks are important abroad also belong to the Canadian Council of the International Chamber of Commerce. All these organizations are actively trying to improve trade-mark conditions on an international basis and issue publications on trade-marks. So does BIRPI[8], the Bureau that administers the International Convention.[9]

An Eye to the Future

It would be a mistake to regard today's concepts of trade-marks as static.[10] The opposed forces of socialism and private enterprise at work within a climate of intra- and inter-governmental attempts to improve economic conditions are bound to produce change. Just when, what, or how much is anybody's guess. As an example, the handwriting is already on the wall disputing the well-established principle that a trade-mark right in one country is quite separate from the right to the same trade-mark in another. In the Grundig-Costen case[11], the European Economic Commission stepped in to prevent rights in the trade-mark "Grundig" from being used to stop movement of goods of one distributor into the territory of another. So what goes today may not go tomorrow, and the foreign trader needs the proverbial crystal ball to foresee the future. ●

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[8]United International Bureaux for the Protection of Intellectual Property, Geneva.

[9]*Industrial Property*. Monthly review relating to patents, trade-marks and industrial designs, published by the United International Bureaux for the Protection of Intellectual Property, Geneva. $10.00.

[10]*Future Development of Industrial Property Law*. Gordon F. Henderson, Q.C. A paper read to the Third Commonwealth and Empire Law Conference, Sydney, Australia, August 30, 1965. Published by The Carswell Co. Ltd., Toronto.

[11]*Trade Marks, Patents and Designs Federation, Monthly Report*. February 1965, Part I, and article by Pierre Regimbeau et al in *Trade Mark Reporter*, Volume 55, Page 195, March 1965, entitled "Regulation of Distribution and Sales Agreements in the Common Market".

Registering Trade-Marks and Designs in Britain

International trade-mark regulations today are in a state of flux bu there are many registration rules that change little. This articl gives these ground rules for registration in Britain.

D. L. STEVENS, *Commercial Assistant, London.*

TRADE-MARKS registered in Canada have no legal standing in Britain unless they are registered with the Registrar of Trade Marks at the Patent Office, London.

A Canadian company wishing to protect its trade-mark in Britain should contact an international trade-mark agent before sending any goods or samples to a prospective buyer or commercial agent. In many instances, companies have been unaware of the difficult position in which they have placed themselves until a foreign competitor registers or starts using the same or a similar trade-mark. If a trader lets a foreign commercial agent register his trade-mark in the latter's name and at some future date wishes to appoint an additional or alternative distributor under the same mark, the new agent would be infringing the trade-mark that the former agent registered.

Search Is Essential

It is essential, before registering a trade-mark to decide on the basic design and to ensure that any words or devices are suitable to the country of registration.

Effective registration begins with enlisting the services of an international trade-mark agent who, by searching the Register for similar marks, will save his client the time and expense of filing an application that has no chance of acceptance. A search also eliminates the possibility of infringing an existing mark. If registration is required in more than one of the 34 listed classes of goods, a separate application must be made for each. When an application is filed and accepted, it is advertised in the *Trade Marks Journal* so that any person or company may object. Objections must be raised within a perioc decided by the Registrar, and a hear ing is then arranged and a rulin given. This ruling may be contested i the High Court or even the House o Lords but the cost of such actions i generally prohibitive.

Once the trade-mark is accepte for registration and the prescribe fees paid, a certificate is issued fo each application. This gives the pro prietor sole right to use the trade mark. If, however, the mark has bee used but not registered by anothe company before the date of registra tion, then that company has a right t continue using the mark. Should th owner of a trade-mark wish to assig it to another person or company, th Registrar must be consulted. He ha the right to refuse the assignment if in his opinion, it could lead to mor than one person using similar trade marks for the same or similar goods

Problems Arising

Trade-mark law relating to in fringement and passing off is to complex a subject to deal with i broad terms. Any company wishin to object to another's use of a trade mark similar in design to its own should place the case in the hands of a trade-mark agent and on no account deal directly with the offending company.

The registration fee covers the use of a trade-mark for a period of seven years, after which it can be reviewed for successive periods of 14 years. If, however, the mark is not used by the proprietor (or a registered user) for a continuous period of at least five years, a third party may make application for its removal from the Register.

To reduce the possibility of registering trade-marks which would conflict with those in use or registered, there are organizations that will, for a reasonable fee, scan the *Trade Marks Journal* for new applications. Through this service, a company using an unregistered trade-mark may be able to reach a settlement with a new applicant, thus preventing the unpleasantness and confusion that could arise later.

Registering Designs

A subject closely allied with trademarks is that of registered designs*. The expression "design" is defined by the Registered Designs Act 1949 as "features of shape, configuration, pattern or ornament applied to an article by any industrial process or means, being features which in the finished article appeal to and are judged solely by the eye, but does not include a method of principle of construction of feature of shape or configuration which are dictated solely by the function which the article to be made in that shape or configuration has to perform". This definition indicates that there are two kinds of designs: those which relate to shape or configuration, such as furniture and metal objects, and those which relate to pattern or ornament, such as textiles and wallpaper.

To obtain a valid registration the design must be original, must not have been registered by anyone else, or used or advertised in Britain before application for registration is made. The registration gives the owner the sole right to apply the design to the article for which it is registered.

In proceedings for the infringement of a registered design, damages will not be awarded against a defendant who proves that at the date of the infringement he was not aware and had no reasonable grounds for supposing that the design was registered. It is therefore essential that an article which is covered by design registration should be marked with the word "Registered", or the abbreviation "Regd.", followed by the registration number.

The registration of a design lasts for an initial period of five years and may be subsequently extended for two further periods of five years each. •

*Protecting industrial designs in general will be treated in a later article in *Foreign Trade*.

The AIA Building, Kuala Lumpur's newest and most handsome office building, houses the office of the High Commission for Canada and its Commercial Division.

Kuala Lumpur Office Opened

CANADA'S TRADE INTERESTS in the Southeast Asian countries—Malaysia, Thailand and Burma—were represented officially for a number of years by the office of the Canadian Government Trade Commissioner in Singapore. With the growing commercial importance of these countries, it became apparent that it was no longer possible for one office to cover effectively such a vast and varied territory. The Department of Trade and Commerce therefore decided recently to attach a Commercial Division to the staff of the Canadian High Commissioner in Kuala Lumpur, staffed by a Commercial Counsellor, Philip Stuchen.

The separation of Singapore from the Federation of Malaysia on August 9, 1965, created political and economic changes which would in any case have made it desirable to have a separate Trade Office in Kuala Lumpur to cover Malaysia. Though these political developments were not anticipated when the decision was taken, the appointment of a Commercial Counsellor to Kuala Lumpur is particularly appropriate under the circumstances.

The office in Singapore, which was established in 1934, is now headed by a Commercial Counsellor with the title of Acting High Commissioner. His territory for trade promotion purposes is the new Republic of Singapore and Thailand. The Commercial Counsellor in Kuala Lumpur covers Malaysia (which includes the mainland of Malaya and the Borneo states of Sarawak and Sabah), the separate Sultanate of Brunei, and Burma. This rearrangement of territories will provide better servicing of Canadian trade interests in both Singapore and Malaysia and, at the same time, enable the Trade Officers to visit Thailand and Burma more frequently and thus give exporters to those countries more assistance. •

Bolivia Offers Some Opportunities

Development continues slowly, with currency stable, industry springing up but economy still dependent on tin. Revision in import licensing has opened up market; Canadians could sell more, especially to state-owned tin-mining enterprise.

Bolivia's rugged terrain yields many minerals; the photo shows the Colquiri mine.

ANTHONY T. EYTON, *Assistant Commercial Secretary, Lima.*

BOLIVIA is rich in natural resources but poor in everything else and its future, both economic and political, remains uncertain. At the same time, because of under-development and because it needs to import all of its capital goods and a large proportion of its consumer goods, it remains a useful market for competitive Canadian exporters.

Obstacles to Development

One of the obstacles to development is the country's rugged topography. The altiplano area, upon which 60 per cent of the population lives, because of its altitude is barren and difficult to reach by road. The yungas (eastern slopes of the Andes) are semi-tropical and fertile and support 30 per cent of the population. The small remainder lives in the eastern lowlands (jungle) which contains 70 per cent of the land area. Bolivia is landlocked, and roads are not cheaply or easily built because of the terrain.

A second obstacle is perhaps more general and applies to all developing countries—a lack of the necessary factors of production, such as natural resources, skilled labour, capital and entrepreneurs. Bolivia has only the first of these. As a result, the economy is developing very slowly. A rough estimate of the gross domestic product in 1965 in U.S. $458 million (at 1958 prices).

Agriculture Needs Attention

It is agriculture that most needs improvement and that offers Bolivia its best long-term hope. No more than 2 per cent of the total arable land is under cultivation; although two thirds of the labour force is engaged in agriculture, the sector generates only one third of the gross domestic product. However, jungle access highways (now in the financing stage) and planned colonization schemes should bring improvements. The recently established Banco Agricola specializes in making improvement loans to farmers and U.S.-financed farmer education programs are currently being implemented in an effort to enhance farm productivity.

Mining Is the Key

Tin is Bolivia's most important mineral resources (15 per cent of world total) and at present there is a world deficit in tin production. Unfortunately, COMIBOL (Corporacion Minera de Bolivia), the state-owned tin mining and refining enterprise, has encountered labour troubles. In mid-1965, it successfully cut wages back to reasonable levels and rid itself of Communist union leaders. The resulting strike was quashed by the military and the workers were beginning to fall in line. Excess labour was dismissed. COMIBOL's initiative, which succeeded in turning a mid-year's deficit of $5 million into a year-end profit of approximately $1 million, has unfortunately been lost because the Government subsequently offered the miners a wage bonus. COMIBOL was forced to accept the bonus—under its terms, absenteeism will be encouraged, productivity lowered, and demands increased.

Another unfortunate consequence of COMIBOL's plight is the fact that the three partners of Operation Triangle (the U.S., West Germany and the IADB) are reluctant to continue their commitment under Part III of the Plan to donate a further $10 million to COMIBOL in an effort to rehabilitate and modernize it.

COMIBOL is the focal point of the entire economy; it accounts for 10 per cent of GDP and 70 per cent of foreign exchange earnings. Depending upon the degree of success it achieves in coming to grips with and solving its labour problems without political interference, it should make a reasonable profit on operations in 1966.

The recent resurgence of the small private mining companies is also interesting. Because their individual production is not large enough to warrant automated machinery, these companies present lucrative sales opportunities for manufacturers of less sophisticated mining machinery and tools. The recently promulgated Mining Code, designed to encourage investment, liberalizes many mining taxes and eliminates the Banco Minero's monopoly on the purchase of minerals from small miners. This should stimulate investment in the private mines.

Manufacturing Encouraged

Looking at the GDP figures for this sector in Table I, it is obvious that manufacturing is not a mainspring of the Bolivian economy. A number of institutions, however, financed largely by the U.S., may be able to stimulate manufacturing activity. One is the Industrial Productivity Centre, designed to enlighten businessmen and factory managers on all phases of management which will lead to increased productivity. Then there is the Banco Industrial, set up two years ago to extend loans to established or new businesses. Thus far it has approved loans totalling over $3 million. There are also funds available from the Institute for Investment Promotion (set up under the Investment Incentive Law). At the end of November approved loans stood at $350,000, although applications involving a further $8 million are currently being considered.

TABLE I

GROSS DOMESTIC PRODUCT*
IN BOLIVIA

	1960	1962	1964
	(millions of U.S. $)		
Agriculture	121.9	136.4	146.8
Minerals	33.8	35.5	40.5
Petroleum	14.6	14.2	17.4
Manufacturing	44.6	48.1	52.0
Transportation	31.4	37.0	39.7
Commerce and finance	47.3	45.6	49.8
Construction	5.4	6.5	7.7
Government	31.9	34.5	40.5
Other services	38.6	39.2	42.4
Total	**369.5**	**397.0**	**436.8**

Source: IMF Statistics "Bolivia—1965 Article XIV Consultations".
*At 1958 prices.

Further encouragement to industrial growth may come from the new Investment Law approved in October 1965, which offers:

- Exemption from taxes and duties on imports of machinery and parts for use in establishing new enterprises.
- Exemption from import duty of raw materials not available in Bolivia.
- Doubling of the present allowable depreciation rate on fixed assets.
- Exchange convertibility.
- Guarantees against taxes on profits for five years.

The net result of these measures will undoubtedly be favourable and manufacturing should become increasingly important in Bolivia. This development spells special opportunities for Canadian exporters of capital goods and warrants careful investigation.

With the help of U.S. AID, Bolivia's inadequate transportation system is being expanded and modernized. Plans have been approved for building two major roads linking the existing road system with important river ports in the tropical lowlands. Other roads will give access to the mining regions of the west and to tropical lands slated for colonization.

In addition, plans have been drawn up to consolidate the six state-owned railway lines, and to reorganize the national airline—Lloyd Aereo Boliviano (LAB).

Financial Position Sound

The Bolivian peso has been held stable for the last seven years, a fact which prompted a recent IMF visitor to observe that it is one of the most stable currencies in South America. Foreign exchange reserves have reached a new high of $30 million, reflecting the new confidence in the Bolivian currency.

The financial situation in the public sector is also encouraging. Revenues are increasing faster than expenditures, thanks to increasing efficiency in tax administration and enforcement. Nonetheless, foreign loans and grants are still needed to balance the budget.

A responsible banker in Bolivia has estimated that official aid declined to some $35 million in 1965 (as opposed to the projected figure of $43.5 million). On the other hand, private investment decreased steadily between 1958 and 1964. However, as a result of the construction of an oil pipeline between Caranda and Sica Sica, private investment will be up $20-25 million for the years 1965 and 1966. It is hoped that the recently promulgated Investment Law and the Mining Code will further stimulate foreign investment.

The Trade Picture

In 1964, Bolivian gross exports totalled $114 million, of which tin accounted for $81 million. The substitution of aluminum for tin plating, however, will cut into this market in time. Other mineral exports (lead, zinc, tungsten, silver, antimony and gold) should also increase marginally in 1966.

In 1964 imports stood at $107 million and they are estimated at $136 million in 1965. The August 1963 decree-law, which instituted an import licensing system covering a wide range of imports and which favoured U.S. sources of supply, was drastically revised in February 1965. Import licensing now applies only to a small list of commodities, including certain petroleum products, live animals and meat, wheat for milling, rice, wheat flour, sugar beet and sugar cane molasses, barium sulphate, raw cotton, and certain vehicles using diesel fuel. In 1964, more than 50 per cent of imports came from the United States, 26 per cent from Europe, and 9 per cent from Latin America. The U.S. share of the market is expected to decline substantially in the future as a result of the revision of the import licensing system.

Looking to the Future

Bolivia's future is promising. The gross domestic product, which has been expanding at an average yearly rate of 4 per cent, will continue at a rate possibly slightly above this figure. The present Government, a military one, came to power in the November 1965 revolution. Spurred on, perhaps, by the example of Peru's revolutionary Government in 1963, it is planning to hold constitutional elections on July 3, 1966. In the meantime, the Government is making efforts to improve the Bolivian economy and has instituted public measures in all sectors to stimulate growth. Depending first on the outcome of the July elections and second on the performance of COMIBOL in increasing its exports and holding down its production costs, and third on the reaction to the new Investment Law and Mining Code, it appears to be a reasonable assumption that Bolivia's economy will improve in 1966.

Possibilities for Canadians

What are the possibilities for Canadian exports to Bolivia? Table II compares Canada's exports to Bolivia with Bolivia's total imports and supplies part of the answer.

In 1964 Canada supplied a little less than 1 per cent of total Bolivian imports. In the first nine months of 1965, our exports to Bolivia stood at $1.4 million and they are estimated to have exceeded $1.8 million for the full year. Although this increase is encouraging, Canadian participation could certainly be much greater. It is easy to find good representatives, import needs are expanding, import licensing no longer is a factor, and Canadian products are competitive in price.

COMIBOL is by far the largest single buyer of foreign products. Not only does it order bulk quantities of chemicals, machinery and equipment, but it also buys every conceivable type of consumer product in carload quantities—even sardines and ketchup. COMIBOL's import needs for the coming years are expected to be large. However, a foreign company must have a Bolivian agent in order to be eligible to bid on these lucrative contracts—all of COMIBOL's purchasing is conducted through calls to tender issued only to authorized representatives residing in La Paz.

Representatives from the Embassy in Lima, Peru, make several trips to La Paz each year and would be pleased to try and locate a suitable agent for your products. Give Bolivia some thought. Send us catalogues and a schedule of your c.i.f. prices Arica in U.S. dollars. Think also of extending your terms up to at least 90 days after acceptance of draft to conform to normal Bolivian import practice. We will then be in a position to analyze the prospects for marketing your product in Bolivia.●

TABLE II

BOLIVIA'S IMPORTS BY COMMODITIES

	World Total			Canada only		
	1960	1962	1964	1960	1962	1964
	(U.S. $'000)			(Can. $'000)		
A. Consumer goods						
Live animals, foodstuffs & beverages						
Lard	1,400	2,200	2,800	....	....	....
Sugar	2,200	1,900	200	....	....	....
Flour	6,100	10,100	11,000	2.5	....	....
Other	4,200	6,300	7,800	25.8	9.3	122.9
Subtotal	13,900	20,500	21,800	28.3	9.3	122.9
Raw materials (including milk powder)	1,600	1,900	1,600	3.2	1.8	156.2
Manufactured goods						
Automobiles & spare parts	2,700	3,500	3,700	9.5	4.9	.7
Pharmaceuticals	2,800	3,000	3,300	38.0	44.3	19.2
Textiles	1,900	2,900	3,100	1.3	.1	.5
Other	7,100	13,100	14,300	40.0	44.8	66.8
Subtotal	14,500	22,500	24,400	88.8	94.1	87.2
Total	**30,000**	**44,900**	**47,800**	**120.3**	**105.2**	**366.3**
B. Goods for industrial use						
Raw materials	4,300	13,200	13,300	23.4	67.6	34.5
Manufactured goods	10,600	11,000	12,000	22.0	65.5	232.5
Total	**14,900**	**24,200**	**25,300**	**45.4**	**133.1**	**267.0**
C. Investment goods						
Construction equipment	600	3,500	2,700	....	....	5.0
Mining equipment & machinery	7,500	1,900	1,700	11.6	13.2	137.6
Textile machinery	500	600	500	....	.3	4.2
Other machinery	4,400	6,600	9,000	103.9	44.3	113.9
Vehicles & spare parts	5,000	5,500	8,200	23.4	61.1	1.0
Iron tubing	2,500	2,800	4,500	....	....	....
Other	6,100	7,700	3,000	18.2	5.5	90.4
Total	**26,600**	**28,600**	**29,600**	**157.1**	**124.4**	**352.1**
Total imports (A, B & C)	**71,500**	**97,700**	**102,700**	**322.8**	**362.7**	**985.4**

Source: IMF Bulletin "Bolivia—1965 Article XIV Consultations"
DBS statistics for 1960, 1962, 1964.

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II Using Industrial Distributors in the U.S.

The second half of this two-part article discusses general trends among industrial distributors, the trade associations to which they belong, and the publications that cater to them. Most important, it stresses how to develop a sound distributor sales policy.

MALCOLM ROWAN,
Consul and Assistant Trade Commissioner, Chicago.

FOUR distinct trends are apparent among the more progressive industrial distributors in the United States. These are:

1. Increased specialization.
2. Growth of professional management.
3. Closer manufacturer-distributor relations.
4. Closer distributor ties with customers.

Specialization results from the need to provide specialized sales and service and to concentrate resources on a product mix that suits a particular market area.

The three major types of specialized distributors are:

- The product-family type, which includes specialists in bearings, power transmissions, material handling, fluid power, etc.
- The key-line specialists, who concentrate on ten to forty major lines, not necessarily related.
- The departmentalized operation, which segregates its product groupings by department.

Professional Approach Needed

With the growth of professional management, it is becoming increasingly important for manufacturers to make a professional approach to distributors and contact them only after doing a full market survey of the potential and after formulating a well-defined sales policy. Professional distributor management in the Chicago area will not consider manufacturers who do not have an equally professional approach to marketing.

Closer distributor-manufacturer relations are inevitable as a result of co-ordinated order processing, the need for faster and more efficient shipping, joint stock control procedures, more joint promotion programs, and more single-line distribution.

The trend to long distance data communication to give faster customer service is bound to bring distributors and manufacturers closer together. Manufacturers who are not prepared to accept these innovations will be forced to accept second-rate distributors or sell to end users direct.

Many U.S. manufacturers are now providing their distributors with sales leads and market studies, all designed to improve the distributor's effectiveness and, at the same time, make him feel obligated to the manufacturer. This sense of obligation and the close relationship resulting from it is hard for a Canadian firm just breaking into the market to overcome.

More and more industrial end users are insisting that distributors provide them with new services, such as contract purchasing, inventory control and component assembly. These new services promote closer distributor-customer ties and make it more difficult for new manufacturers to sell to end users, except through the distributor whom the end user knows well and patronizes.

Trade Publications

One of the best ways to obtain background information on the industrial distribution industry is to become familiar with its major trade publications. Among these are the following:

Industrial Distribution†
A McGraw-Hill publication
330 West 42nd Street
New York, New York

Mill and Factory and
Purchasing Magazine-
both publications of
Conover-Mast Publications
205 East 42nd Street
New York, New York.

Industrial Distributor News
Ames Publishing Company
1 West Olney
Philadelphia, Pennsylvania.

Industrial Supply Times
Horton Publishing Company
317 Howard
Evanston, Illinois, 60202.

Trade Associations

There are two national distributor trade associations and one national manufacturers association for firms selling through industrial distributors. There is a close working relationship between the manufacturers' and distributors' associations.

The National Industrial Distributors' Association (NIDA) or the Southern Industrial Distributors' Association (SIDA) by no means have as members all, or even the majority of, industrial distributors. But they do have the best and most progressive firms. The basic criteria for membership in NIDA and SIDA are that a distributor must do a minimum of $400,000 worth of business annually; have been in business for at least three years; maintain an inventory of self-owned supplies of not less than $75,000, and have at least three full-time outside salesmen.

Checklist for Building a Distributor Organization

Preparation

1. Establish well-defined distribution policies and objectives.
2. Develop and publish a distributor sales agreement.
3. Help the distributor determine what it costs to sell your product.
4. Provide training for distributor salesmen.
5. Establish performance evaluation procedures.
6. Educate your own sales force on the value of the distributor in your marketing effort.
7. Co-operate with your distributors in developing over-all market potentials and sales quotas.
8. Provide the distributor with an adequate profit.
9. Develop efficient channels of communication with distributors.

Maintenance

1. Contact and know your distributor management.
2. Hold regular meetings with distributor management.
3. Stress the value of sales call reports.
4. Assist the distributor in establishing territorial quotas for his salesmen.
5. Make certain that the distributor holds regular and effective sales meetings.
6. Demonstrate the value of your product manuals and promotion material.
7. Promote continued training for distributor salesmen.
8. Provide for the regular display and merchandising of your products.
9. Give assistance and guidance to distributors on inventory management.
10. Stimulate the distributor to use your advertising and promotion aids.
11. Have your own salesmen develop a working program for each distributor.

At the annual Triple Convention (NIDA - SIDA - ASMMA)* conference, booths are available so that manufacturers and distributors can discuss industry problems. Product solicitation displays or catalogues are allowed but most manufacturers prefer to meet their present distributors to discuss marketing problems and to meet other distributors who are not already handling their line. New distributor appointments are usually left until later, because this can best be done on field trips after the convention.

Membership in ASMMA indicates to the distributor that the manufacturer is committed to sales through distributors. At the present time ASMMA has no Canadian members but the question of the eligibility for membership of Canadian firms will be raised at the next ASMMA board meeting to be held in May.

In addition to the national associations, there are regional distribution associations, such as the Central States Industrial Distributors' Association. It has 63 members drawn from distributors in Illinois, Iowa, Nebraska, Wisconsin and Indiana and also meets once a year on the same basis as the national group.

†See also *Industrial Distribution's* "Directory of Industrial Distributors".

*American Supply and Machinery Manufacturers' Association.

Direct contact by the manufacturer with the distributor‡ is without doubt the best way to work. But if the manufacturer cannot guarantee immediate and continued service to the distributor or if the cost of doing so is too high, he should think of appointing a manufacturers' representative. Even then, it is not enough just to appoint a manufacturers' representative without giving him the support and assistance he needs to set up and service good distributor outlets. Too often, Canadian firms appoint distributors and representatives in the United States and then do not return for months, hoping that the distributors will put in a stock and will sell from that stock. No effort is made to help the distributor sell or to motivate him to sell. From past experience, distributors have learned to avoid this kind of manufacturer, whether Canadian or American, and they refuse to take on his line.

Preparation Needed

Before approaching a distributor, review the summary checklist on building a sound distributor organization provided elsewhere in this report. Come and see us at the Canadian Consulate General in Chicago to discuss the right type of distributor for your product, the best firms to contact, and whether it is desirable to contact manufacturers' representatives to assist you in your marketing program. Representatives can be invaluable in providing continuity of contact with distributors and in providing suggestions about the best market approach.

Product evaluation is also necessary because this will modify the approach to distributors. If the product has "key line" potential, then you will have to consider promotion programs and staff training more seriously than if the product has only "second line" potential.

Canadian Products Accepted

After contacting dozens of industrial distributors and manufacturers' representatives calling on industrial distributors in the Chicago area, we are convinced that Canadian industrial supplies can find almost universal acceptance here. It is not product origin or lack of quality which make it difficult for Canadian firms to sell through distributors—it is their reluctance to formulate a distributor sales policy.

The degree of acceptance by industrial distributors of Canadian suppliers is usually not in direct proportion to the price advantage offered, quality being equal. Industrial distributors give considerable emphasis to possible delays in delivery and lack of marketing assistance. A parallel situation exists in the United States steel market and it is well summed up in the following quotation from the November 27, 1965, issue of *Business Week*, page 32:

"Nobody has a corner on technology any more. It just depends on whether the steel user wants to go through the uncertainty of delivery and forego the marketing and technical services the domestic supplier can provide [in order to buy foreign steel]".

A Canadian manufacturer must convince distributors that he is a good businessman and can give service equal to that offered by his U.S. competitors—apart from the fact that he also has a good, competitively priced product. There is no substitute for a sound marketing program in obtaining distributor acceptance of your product. We think we can help you develop this program to its fullest capacity.

‡See *Foreign Trade* of March 19, 1966, for Part I of this article.

Asian Development Bank Set Up

THE establishment of an Asian Development Bank with an authorized capitalization of U.S.$1 billion was approved in Manila on December 4, 1965, by 26 countries, including Canada. The Bank will provide funds to finance development projects in South and South East Asia and will be predominantly Asian in character and management. It will, however, be composed of both regional and non-regional members—including Canada, Japan, the United States, Britain, Australia, New Zealand and a number of European countries. The regional countries will subscribe 65 per cent and the non-regional members 35 per cent of the capital stock. This is in contrast to the African Development Bank, whose membership is restricted to African countries, and the Inter-American Development Bank, which admits only members of the Organization of American States.

The projected initial capitalization of U.S. $1 billion has now been subscribed. Of this, Canada has offered to provide U.S. $25 million. One-half of the Bank's subscribed capital will be paid in over a five-year period and one-half will be callable as a guarantee for the Bank's borrowing operations on the world capital markets.

The use of the Bank's paid-in capital, borrowed funds and net income will largely be patterned after the World Bank and these operations will be known as the Bank's "Ordinary Operations". The Bank will also be empowered to engage in so-called "Special Operations" under which it may make available soft loans on more flexible terms and conditions. Up to 10 per cent of its unimpaired paid-in capital may be allocated to these Special Operations and up to 10 per cent of paid-in capital, reserves and surplus to equity investment. Provision is also made for the Bank to administer, as part of its Special Operations and on terms and for purposes agreed upon with the donor, any bilateral aid funds put at its disposal by donor governments. In the first five years of its operation it will also be authorized to spend up to 2 per cent of its paid-in capital for non-reimbursable technical assistance.

The Bank, with its headquarters in Manila, is expected to begin operations by mid-1966. Except in special cases, procurement under loan agreements using the Bank's own funds will be limited to member countries, including Canada.

It is too soon to know precisely the types of projects to be financed by the Bank except to say that they will be of a high development priority in South and South East Asia. However, businessmen should follow the development of this new source of financing for the region in order to take advantage of the opportunities that may arise.●

Assistant Trade Commissioners Posted Abroad

The fourteen young men in the 1965-66 class have received their first postings and the majority of them will leave Canada this summer. Before they go they will complete their coast-to-coast tour, visiting Canadian industries and meeting Canadian businessmen. As with other classes, they split into two groups to make the tour and covered the first half last September and October. The spring tour begins this month—Eastern Canada April 4 to May 20, Western Canada, May 5 to June 30.

Dennis B. Browne

Born: Winnipeg, Manitoba.

Educated: University of British Columbia, B. Comm. 1964, LL.B. 1965.

Posting: Oslo, Norway, as Assistant Commercial Secretary.

Deane J. Browne

Born: South Porcupine, Ontario.

Educated: University of Western Ontario, B.A. (Bus. Admin.) 1962.

Posting: Guatemala City, as Assistant Commercial Secretary.

C. Donald Caldwell

Born: Wayne, Alberta.

Educated: University of Alberta, B.Sc. (Agri. Econ.) 1965.

Posting: Wellington, New Zealand, as Assistant Commercial Secretary.

Roch J. Ledoux

Born: Magog, Quebec.

Educated: Seminary of Sherbrooke, B.A. 1961; Laval University, B.Soc.Sc. 1962, M.A. (Econ.) 1965.

Posting: Accra, Ghana, as Assistant Commercial Secretary.

Alan L. Lyons

Born: Edmonton, Alberta.

Educated: University of Alberta, B.A. (Econ.) 1956; University of British Columbia, LL.B. 1959.

Posting: London, England, as Assistant Commercial Secretary.

Richard J. P. Archambault

Born: Montreal, Quebec.

Educated: University of Montreal, B.A. 1955, B.Ps. 1960.

Posting: Detroit, as Vice Consul and Assistant Trade Commissioner.

Pierre W. Aubin

Born: Montreal, Quebec.

Educated: University of Montreal, B.A. 1961; University of Sherbrooke, B. Comm. 1964, M. Comm. (Admin.) 1965.

Posting: Beirut, Lebanon, as Assistant Commercial Secretary.

Roger B. Blake

Born: Hemel Hempstead, Herts., England.

Educated: Royal Military College, Electrical Engineering Diploma 1961; University of Alberta, B.Sc. (EE) 1962.

Posting: Los Angeles, as Vice Consul and Assistant Trade Commissioner.

Kenneth G. DeWolf

Born: Montreal, Quebec.

Educated: University of Toronto, B. Comm. 1965.

Posting: New Delhi, as Assistant Commercial Secretary.

Bernard A. Gagosz

Born: Val d'Or, Quebec.

Educated: Waterloo Lutheran University, B.A. (Hons. Bus. Admin.) 1964.

Posting: Brussels, Belgium, as Assistant Commercial Secretary. (Temporary duty in Vienna.)

Paul E. Labbé

Born: Buckingham, Quebec.

Educated: University of Ottawa, B.Sc. (Pol.Sc.) 1960, B.A. 1961; McGill University, B.C.L. 1964.

Posting: Paris, France, as Assistant Commercial Secretary.

Archibald D. McArthur

Born: Saskatoon, Saskatchewan.

Educated: University of Saskatchewan, B.Com. (Hons. Bus. Admin.) 1965.

Posting: Mexico City, as Assistant Commercial Secretary.

Wayne A. McKenzie

Born: Stanmore, Middlesex, England.

Educated: University of Toronto, B.A.Sc. (Eng. Phys.) 1962; post-graduate work in Business Administration.

Posting: Melbourne, Australia, as Assistant Commercial Secretary.

David J. S. Winfield

Born: Chesterfield, England.

Educated: University of Alberta, B.A. 1963; University of Western Ontario, M.A. (Int. Pol.) 1964.

Posting: To be announced September 1966.

What's current in commodities?

Plastics

West Germany—The plastics market is booming, but competition is fierce. Bulk shipments of plastic raw materials and finished products offer the best opportunities for us.

J. A. ELLIOTT, *Consul, Duesseldorf.*

THE West German plastics industry has increased its production sevenfold in the last ten years and now contributes about DM 3.66 billion (Can. $1 billion) annually in raw plastics to the national economy. The value of the finished and semi-finished plastic goods sold in 1964 added $1.4 billion more.

Germany imported raw plastics worth DM 440 million and exported DM 1.3 billion worth in 1964. The swing to larger and more economical installations is continuing, leading to lower prices in some fields and helping to maintain Germany's strong position in international markets.

European countries took some 78 per cent of Germany's plastics exports and supplied 70 per cent of its plastics imports. France alone bought DM 140 million worth of German plastics and sold DM 60 million worth. Only the large-scale plants of the United States seemed able to push exports in volume over the 40 per cent customs barrier protecting the German and European producers of polyethylene and polystyrene. This 40 per cent includes a countervailing or reprisal anti-dumping duty.

Canadian producers succeeded in selling polyethylene resins worth $81,121 and polystyrene resins worth $338 in West Germany in 1964. These are small figures compared with our $4 million exports to Germany of "plastic and synthetic rubber, not shaped, n.e.s." and nearly $500,000 in plastic film and sheet.

The German domestic industry, however, is particularly interesting. Germany is now second only to the United States in world plastic production and holds first place in per capita production. German production is rising at a rate 50 per cent higher than either the U.S. rate of growth or the world average. This growth rate should continue in the foreseeable future—in part at least, as a side-effect of the swing towards petrochemicals which in 1957 were the raw materials for only 29 per cent of Germany's organic chemical production, as opposed to some 90 per cent of the U.S. production in 1962. The German figure will probably approach 75 per cent by 1966 and a large share of the increase will be in the form of plastics.

TABLE I

GERMANY'S FOREIGN TRADE IN PLASTICS IN 1964

	German Exports (DM millions)	German Imports (DM millions)
France	139.2	67.9
Netherlands	119.8	63.7
Britain	103.7	37.7
Italy	92.0	75.1
Switzerland	87.0	22.9
Belgium/Luxembourg	81.3	30.3
Austria	73.9	10.3
Sweden	67.8	9.9
Denmark	54.8	4.6
United States	44.0	123.2
Others	434.7	19.2

German statistics divide plastics into three categories—products of polymerization, condensates, and cellulose derivatives. The first class has 56 per cent of the total volume (972,000 tons in 1964) but a 24 per cent increase gave it 60 per cent of the 1964 rise. The condensates increased by 24 per cent to supply 37 per cent of plastic production (650,000 tons). The cellulose derivatives increased by only 2 per cent to 120,000 tons. (See Table II for detailed product figures.)

TABLE II

GERMAN PRODUCTION OF PLASTICS IN 1964

(in 1,000 metric tons)

Plastics from cellulose derivatives	**122.6**
Acetyl cellulose	28.0
Nitro cellulose	18.1
Celluloid	3.6
Casein based	1.0
Condensation products	**645.8**
Thermosetting phenol based	46.2
urea based	1.1
melamine based	14.6
Glue resins, phenol, urea and melamine based	206.4
Modified and non-modified paint resins, phenol, urea and melamine based	35.7
Polyester resins	222.8
Polyamides, polyurethanes and other condensation and addition synthetic resins	68.5
Thermoplastic phenol based moulding stock	36.2
Thermoplastic urea based moulding stock	10.0
Other condensation moulding stock	4.5
Polymerization products (primary production)	**971.5**
Polyvinylchloride	341.2
Polyacrylo and polymethacrylo acid esters	52.1
Polyolefines	241.6
Mixed polymerisates	49.9

There is some question whether the domestic market will grow rapidly enough to maintain the present absorption levels, now equivalent to 80 per cent of German production. Probably even larger volumes will be available for export, particularly in polymers.

As far as competitive advantages over other countries go, Germany's plastics industry relies mainly on its technical skills, particularly in machinery, because it has no particular advantage in the form of raw material or cheap energy sources. In spite of relatively poor access to these raw materials (oil and natural gas) and energy sources, Germany has made itself a leader in the world plastics market and is working strongly to maintain this position.

As the international raw plastic market becomes more and more competitive and production is concentrated more and more in giant-scale facilities (whether in the U.S., Japan or Germany), Germany is pinning its hopes on the developments in its domestic plastic products industry. The two fields arousing the greatest interest at present are packaging and building products.

Packaging

Production of plastic bags rose by 46 per cent in 1963 and 48 per cent in 1964. The total of plastic packaging materials produced (including tubes, bottles, etc.) rose only 27 per cent in 1964 to a total of DM 657 million ($165 million). This growth rate may decline in future as the paper manufacturers are sharpening their pencils and intensifying the competition. They expect to limit plastics' gain in their market, and some optimistic firms have expressed the hope that they can recover some of the market which it has already taken. One of their most successful tactics to date involves some collaboration with the enemy—in bonding plastic film to paper to retain the best features of both materials. This competition is most sharply focussed on the market for fertilizer bags which are now 99 per cent paper in Germany, while Italian fertilizer bags are almost all made from PVC film. This is regarded as a key market where the contest will be decided one way or the other in the next few years.

Building Products

Building products now absorb nearly 22 per cent of Germany's plastics production. Although residential building is expected to fall off somewhat next year, the rise in commercial construction should more than offset this drop. For the plastic industry, in fact, commercial building has always been a better market than the more traditional and conservative residential building market. Among the items showing particularly strong growth in this sector are flooring materials (including under-flooring), sheeting (including PVC and polyester-coated fibre-based sheetings) and extruded items such as stair treads and weather stripping. Plastic piping has not grown as rapidly as expected because of its tendency to "knock". It has, however, continued a slow but steady growth. About 70 per cent of these pipes are made from PVC and only about 20 per cent from polyethylene. Plastic plumbing fixtures (toilets, bathtubs, washbasins, etc.) are coming into use in cheaper-class housing, but still have only a very small fraction of the market. The use of plastic in all phases of the construction industry is expected to increase as the last sceptics are convinced that plastics are an acceptable, economical material, and as improved plastics are developed which can meet the rigid German safety standards.

Opportunities for Canadians

Although the competition (both local and international) is fierce, Canadian manufacturers can gain a share of this immense market. Manufacturers of raw plastics in bulk should appoint a local agent and keep him supplied with up-to-date price lists and delivery schedules. An alert agent will be able to work your products into the delivery gaps that occur, making your supply position better than your competitor's. These opportunities come along fairly regularly and are a godsend for foreign suppliers breaking into the market. They are caused by Germany's overwhelming labour shortage which leads to production tie-ups and delivery snarls.

Manufacturers of finished plastic goods have a better chance because it is possible for them to promote the unusual or unique features that their products possess. Price comparisons are also much more difficult than with bulk plastics. Although it requires a larger outlay of time and money to promote a new, different and attractive product. the prospects for these finished goods are bright enough to justify this outlay, particularly in the housewares field.

One of the best avenues for the plastic products manufacturer to explore is exhibiting at a German trade fair. The specialized fairs offer an excellent way of sizing up the market, meeting prospective agents, and introducing goods to the public—all at a reasonable cost. In addition to the general industrial fairs at Frankfurt and Hannover, there are vertical fairs in 1966 for sporting goods, furniture, household goods and hardware items, packaging and hospital equipment.

In October 1967, Düesseldorf will be host to the "Kunststoffe" (German for plastics) Fair. This is probably the world's leading plastics show. It is devoted solely to plastics and plastic-working machinery and covers the field with remarkable thoroughness. Held only every fourth year, the last fair had 737 exhibiting firms, 223 of them from outside Germany. It covered 72,800 square metres (nearly 750,000 square feet) and was visited by 307,000 people, almost all of them in the trade.

Canada's Federal and Provincial Governments sponsor exhibits at several of these fairs, so you should contact them before planning to participate on your own—although this is possible too and the Canadian Trade Offices in Germany would be happy to help you.

Partly because of the German tax structure, the country has not developed the sophisticated component parts market familiar to us in North America. The "make or buy" question (when it is even asked) is more frequently answered with "make". In addition to their unfamiliarity with the purchasing of components, German manufacturers are reluctant to tie themselves to a supplier whose deliveries are subject to the vagaries of ocean freight. In spite of these drawbacks, the Canadian Trade Offices in Germany would like to hear from components manufacturers who can assure a regular supply (possibly through European warehouses) and are competitive in price.

Prospects for marketing Canadian plastic end-products are good here, with price, design and conformity to applicable standards the criteria. Bulk plastics are saleable—depending on price and delivery schedules, but component parts would have to be substantially cheaper than European products in order to find a market. ●

Leather

West Germany—Market for hides and skins is holding up well, despite inroads of substitute materials. It may grow, if rise in population and standard of living stimulate demand.

R. W. BLAKE, *Consul General, Hamburg.*

THE LEATHER INDUSTRY in West Germany consists of leather processing or tanning and the manufacture of leather goods. Over 1,000 manufacturers are engaged in the production of leather goods, mainly in the Frankfurt area; most of them are small or medium firms employing 20 persons or less, with a few very large operators. As in other countries, the industry is fighting the competition offered by synthetic materials, some of which have been improved to the point where they about equal real leather in performance and even surpass it in appearance. And they have the added advantage of being cheaper.

The leather industry is challenging this increase in the use of substitute materials and is conducting a campaign advertising the "quality" of leather. The chairman of this campaign is the most important tanner and the second largest shoe manufacturer in Germany. He says that the time is "five minutes before twelve" for the industry and is himself switching to making shoes almost wholly from synthetic material. He recently announced the production of a synthetic upper leather equal in quality to the U.S.-made "Corfam" but at half the cost.

Real leather still has an aura of prestige for affluent Germans and others and this will no doubt help to keep up the sales of leather products indefinitely. The rising standard of living and the growth in population mean an expected expansion in the demand for shoes and fancy "leather" goods, whether they are made of substitutes or genuine leather. Under these circumstances, the demand for hides should at least equal the supply, provided that prices for the "real thing" do not get too far out of line with those for substitutes.

The turnover in the leather-producing industry increased from about DM 500 million in 1953 to DM 1,187 million in 1964 but part of this probably resulted from higher prices. Although the number of persons in Germany engaged in the industry has remained almost constant and the working week has been reduced, production has risen, thanks to better techniques and the use of labour-saving machines. The turnover per working hour rose by 9.3 per cent in the first half of 1965 compared with the same period in 1964 but wages and salaries also rose by 6.5 per cent and their share of the total turnover increased to 23.3 per cent.

The high quality maintained by the German leather goods industry has enabled it to compete successfully against foreign suppliers so far, but the competition is becoming keener all the time and other countries are now gaining a foothold in the market.

Before 1914, about 75 per cent of leather goods produced in Germany was exported but the proportion has now dropped to about 10 per cent because of the introduction of synthetics and keener competition abroad. The figure is still substantial and in 1964 exports of leather goods totalled approximately DM 114 million. These figures were made up of exports to Common Market countries (DM 35.2 million), EFTA (DM 51 million), United States (DM 21.7 million), and other countries (DM 6 million). (Included in the latter figure is DM 2.4 million to Canada.) During the period January-May 1965, total exports increased by about DM 3.6 million, with a gain of DM 1.13 million in those to the U.S. alone.

Imports of leather goods, including travel articles, increased by almost 45 per cent to DM 27 million during the first half of 1965; they came mainly from France, Italy, the Netherlands, Britain and Austria.

Hides and Skins

The section of the German leather industry of most interest to Canadian suppliers is the hides and skins required for processing. Imports fluctuate with local production and the varying needs of the industry. In 1961 there was a noticeable down-trend but imports rose again in 1964 and reached DM 285.9 million in value. This was DM 37.2 million higher than in 1963, when they were the smallest since 1955, at DM 248.7 million. Imports of cowhides and calfskins were responsible for most of the rise in 1964. Approximately 7 per cent of the raw hides and skins imported in 1964 were re-exported or forwarded in interzonal trade. The item "green cattle skins" accounts for almost 47 per cent of total imports of hides and skins, approximately DM 133.3 million in 1964. Imports of calfskins were valued at DM 41.6 million, sheepskins DM 40.0 million, and lambskins DM 25.4 million. The remainder was made up of goatskins, kidskins, horsehides, tanned sheep and goatskins, and even fish and reptile skins.

• *Green Cattle Skins*—The value of green cattle skins imported in 1964 increased by 27 per cent and the weight by 33 per cent over 1963. The average import price of DM 1.32 per kilo was 5 per cent lower. The quantity of these imports, at 101,300 tons, was above the years 1960 to 1963, but slightly less than the 1959 figure (105,600 tons). The main supplier was Europe (DM 53.2 million) though all other supplying countries contributed to the 1964 increase. Principal sources of imports were:

• *France,* with DM 8.6 million, 65 per cent over 1963.

• *Belgium-Luxembourg,* DM 7.8 million, 10 per cent over 1963.

• *The Netherlands,* DM 7.4 million slightly less than in 1963.

Imports from the Western Hemisphere in 1964 increased by 35 per cent to a total of DM 67.8 million which, however, was not sufficient to make up the losses suffered in 1963. The United States and Canada together were the main contributors to this increase. Canada exported green cattle skins to a total of just over DM 9.0 million and the U.S. to a total of DM 37.9 million, twice as much as in the previous year. Argentina, which used to be the most important source of cattle hides, recorded losses because of depletion of herds due to a drought even worse than in 1963, and at DM 14.9 million supplied about half of the total for 1962. Uruguay increased its supply to DM 4.1 million; Paraguay and Brazil also shipped small quantities. Australia exported approximately DM 7.0 million worth and New Zealand just over DM 4.0 million.

The above figures show that the Western Hemisphere in 1964 accounted for more than 50 per cent of total imports of green cattle hides into Germany, a rise of over 2 per cent compared with 1963.

● *Dry Cattle Hides*—Imports of dry cattle hides are relatively small and in 1964 amounted to only DM 1.1 million in value, with Argentina supplying DM 448,999, Uruguay DM 185,000, and Africa DM 320,000.

● *Calfskins*—A total of DM 41.57 million worth of calfskins were imported in 1964, of which Europe supplied DM 37.7 million, the U.S. DM 2.23 million, and Australia DM 1.06 million. Canada's share was DM 55,000.

● *Sheepskins*—Of total imports of sheepskins valued at approximately DM 40.0 million, the main suppliers were South Africa with DM 6.62 million, Australia DM 6.27 million, Britain DM 6.02 million, Uruguay DM 3.0 million, and Belgium-Luxembourg, the Netherlands, Ethiopia, Indonesia, Argentina, the United States and New Zealand, each supplying more than DM 1.0 million worth.

Exports of various types of leather raw materials from Canada to Germany in 1964 and part of 1965 are shown in Table I.

Prospects for Selling Hides

The supply situation for hides is changing somewhat because of the slow progress being made in Argentina in restoring cattle herds to their previous numbers after the severe drought two years ago. It has also been affected by the different pattern of demand. Some under-developed countries are using shoes more and more and because most of these countries are in the tropical regions, leather is the best material to use

TABLE I

CANADIAN EXPORTS OF LEATHER TO WEST GERMANY

	1964	Jan.-Sept. 1965
	(in D Marks)	
Sheepskins in the wool	22,000	....
Calfskin, green	55,000	409,000
Bovine cattle skins, green	9,000,000	7,500,000
Boxcalf		844,000
Other calfskin leather, prepared		429,000

because of its "breathing" qualities. Substitute material tends to be too hot and unhealthy.

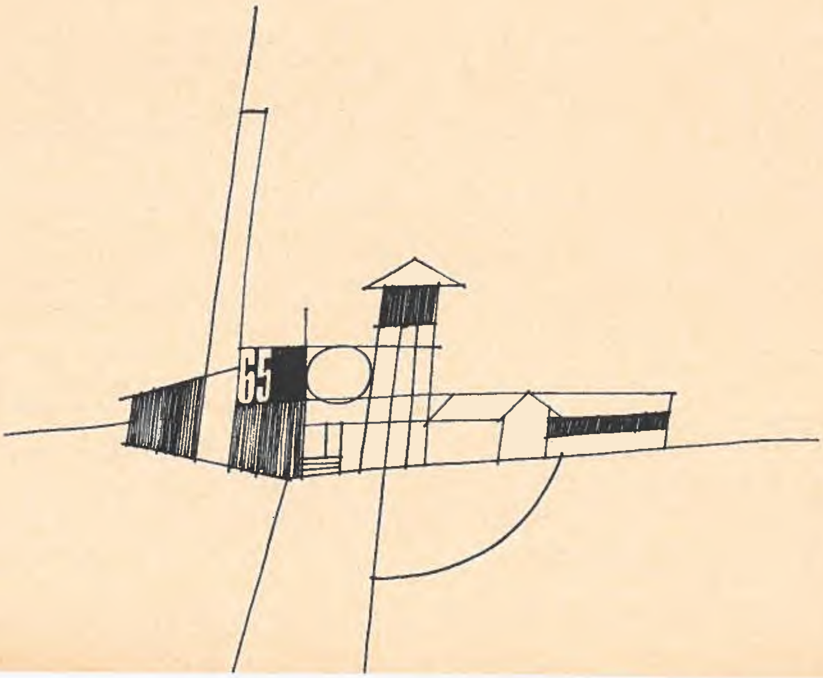
The leather industry is fully aware of the growing potential of leather substitutes and the danger of the price margin between the two materials becoming too wide. The lower grades of leather appear to be particularly vulnerable because of the incentive for using substitutes instead of leather in the cheaper large-volume articles where quality does not have the same appeal. On the favourable side are the ever-larger demands of a growing world population, whose needs rise even faster as higher standards of living are attained.

In Germany the market for sole leather is decreasing and that for rubber or synthetic sole material increasing. But real leather is still required for insoles for health reasons. An expert in the trade feels that Germany will be a continuing market for imports of hides and skins on a substantial scale and Canadian exporters could gain a larger share of the market if supplies are available at competitive prices. People in this trade in Canada should note that a fair is held twice a year, in February and August, in the heart of the leather manufacturing area. It is called the Offenbach International Leather Fair and all kinds of leather goods are displayed. Over 25,000 businessmen usually attend. Attendance at this Fair would help a supplier to assess the potential in Germany for the use of leather.

Selling Finished Goods

Germany is also a good market for finished leather goods, mainly coats and jackets, which are in common use. According to the trade, the finished leather for this purpose is imported from the United States from raw material brought from New Zealand and processed in the U.S. This leather is competitive in price despite a 16 per cent customs duty. During the past few years German leather factories have keen showing keen interest in importing semi-processed leather (pickled in blue) because of the difficulty in finding labour to do this kind of work. Uruguay and Argentina are getting into the market for this product and Canadian processors might also find it of interest.

The Canadian trade offices in Germany are always ready to provide additional information on this subject and arrange contacts with suitable agents for Canadian suppliers. ●



For Your Information

Department's Work Discussed

THE Minister of Trade and Commerce stressed in the House of Commons on March 1, in introducing the estimates of his Department, the necessity of promoting Canadian products in world markets.

"We must generate a climate in this country . . . that will be favourable to exports, to encourage secondary manufacturers to produce more goods of the kind that can find their way onto the markets of the world," he said; "and through the instrumentality of the Department of Trade and Commerce, and otherwise, we must see that the doors are open to the world markets. We are endeavouring to do that."

Mr. Winters stated that during his recent trip to Paris, the Trade Commissioners had "expressed the desire that more businessmen should visit their areas." He added: "... the officials of the department and I are planning programs to have the Canadian business community become more closely associated with the Trade Commissioners, so that they will know of the facilities offered by the Trade Commissioners, the opportunities available in the areas they represent, and so that the Commissioners in turn can be more closely attuned to what is going on in Canada, so as to be fully familiar with the products that are available for export."

The Minister urged reduction in costs, and in this connection indicated that he continued to be in favour of the abolition of the 11 per cent sales tax "at the earliest possible moment, when the government could do this consistently with its requirements for revenues or if needed to stimulate the economy of the country."

Citing the automobile pact as an example, the Minister pointed to specialization as a means to reduced costs and greater competitiveness. "I think we must concentrate on those things we do best," he said.—"It is difficult to pinpoint those commodities now, but I know that within good companies management seeks to do those things which they do best. I believe that in a country we must also seek to isolate the things we do best and concentrate on them. In this country we are blessed with abundant natural resources, more so than perhaps any other country in the world. It is natural and logical that the goods we produce should be related to our resource industries. The country is growing and we are developing more secondary manufacturing."

With reference to the Kennedy Round of trade negotiations, the Minister said that he regarded it "as one of the most hopeful avenues for the development of Canadian and world trade. Canada is in the forefront of the countries which are urging a successful conclusion to these negotiations. By the further reduction of tariffs and other impediments to our trade, we think Canadian industry can benefit substantially and that the flow of world trade can be greatly stimulated.

"In other areas we do what we can on a bilateral basis to stimulate trade. . . . We have increased the number of trade missions we are sponsoring abroad; we are increasing the number of trade fairs; we are trying to stimulate Canadian businessmen into greater awareness of the export markets that the world provides at the present time. Generally we are making every effort to promote the volume of our exports abroad."

With respect to the impact that the U.S. guidelines might have on Canadian industry, Mr. Winters said that consultations with certain companies have indicated no effect on their "financial programs, on their pattern of dividends, their pattern of payments to their parent companies, or their patterns of purchasing and exporting."

"The majority of the companies in this country can protect themselves against the guidelines," he said. "They are good, corporate Canadian citizens and wish to remain so. The imminent danger, if there is one, is for the small companies who are apt to feel more quickly the impact of any financing problems that might arise in the country, and may also be less likely to know how to conduct themselves as good corporate Canadian citizens within the framework of the Canadian economy. We are endeavoring to work out programs which will give these companies the guidance they might need as to how they should conduct themselves between the guidelines on the one hand, and what we regard as good corporate behavior on the other."

Regarding sales of uranium, the Minister stated that sales at present are confined to the stockpile and for the balance of the contract with Britain. "There are no contracts with the French Government and none are being negotiated at the present moment." Of the future, Mr. Winters said: "I believe the demand for uranium will increase. It has long been my view that as we go into the 1970's the demand around the world for uranium for peaceful purposes will increase considerably. The outlook for the uranium industry in Canada is a bright one."

The Minister also referred to Expo 67 as "a project that should be supported by all Canadians and one in which we should take great pride. It will reflect the best of Canada to the eyes of the world. We have a great many things we can show with pride. This will be the greatest exposition ever staged by any country in the world, and I can say that with confidence because there are many yardsticks to support that statement. I refer to the number of countries already signed up, the number of tickets sold in advance, and other yardsticks. Expo holds the promise of being the greatest exposition put on anywhere. It should be a matter of signal pride to Canadians and I urge everybody everywhere to get behind this great undertaking and support it in the best tradition of Canadians." ●

Resource Industries and Exports

IN an address to the Association of Professional Engineers of the Province of Ontario on February 26, the Minister of Trade and Commerce spoke on Canada's natural resources and the engineer's role in their development.

He said, "The resource industries, along with their related processing facilities, provide nearly 15 per cent of our total national product and about a quarter of the output of goods, this, without counting agriculture and fishing, two of our great basic industries. The influence of resources and energy is even more prominent in our exports.

"Sales of wheat and secondary products have been breaking records in recent years, and this is very welcome. But it should be remembered that 55 per cent of all merchandise exports continue to be derived from products based on our forest, mineral and water resources. Their importance in the near future is indicated by the $2½ billion investment in new resource facilities in 1965. This is a third of all business capital outlays and a half of all investment in commodity industries. It is little wonder that international corporations are sharing in this huge constructive effort. Its magnitude indicates why foreign capital is needed while this sector illustrates at the same time how well outside capital can be obtained, and combined with Canadian, without surrendering ownership and enterprise."

With regard to the risks in resource development, the vulnerability of commodity markets, Mr. Winters pointed out that "Everyone involved in resource projects is aware of the risks—natural, technical and commercial—which must be taken in individual enterprises. But the Canadian economy, and nowadays most corporations, are not dependent on one or two commodities. Canada produces and exports on a major scale a score of materials, apart from our valuable agricultural and fishery products. In short, the diversity and the mutuality of Canadian resource development has smoothed out the short-term disturbances and provided a powerful momentum for long-term growth.

"Further," Mr. Winters pointed out, "it is in resource specialties such as hydro plants, pulp mills and mineral operations that Canadian contractors and consultants have made their biggest impact abroad. I wish to commend the large number of consulting engineers who are carrying the Canadian flag and Canadian engineering to the nations of the world."

Mr. Winters referred to the structure of Canadian exports. "Some have expressed concern over the large share of primary products in our export sales. They point to the rapid rise in world trade in end products, the increasing sophistication of industrial production and of consumer requirements in the modern world. These trends are true and we hope that Canadian secondary industry will continue to gain an increasing share of world markets. The fact that world trade in manufactured goods has been rising faster than trade in basic materials in no way, however, diminishes the importance of sales of such materials and resource-based products. Quite the contrary, Canada needs the best possible export performance from all sections of our economy, and we must continue to work for the best possible access to foreign markets so that the scope for export expansion can be enlarged.

"This is why we attach such great importance to the Kennedy Round of tariff negotiations at Geneva. To take advantage of the new opportunities," continued the Minister, "we must ensure that our efficiency and productivity are right up to the mark—or ahead of it." ●

Canada-France Trade Discussed

IN an address to the Chambre de Commerce France-Canada in Paris on February 10, 1966, the Minister of Trade and Commerce said that despite France's and Canada's dynamic growth the level of trade between Canada and France is "surprising and disappointing. It's almost incredible, but true," Mr. Winters said, "that while you are the fourth leading trading nation and we are the sixth, our bilateral trade accounts for only one per cent of our world trade. While you remain our customers for our primary industrial materials, wheat and flaxseed, I am encouraged by the fact that our exports of manufactured goods have doubled since 1962, and now account for one-fifth of France's purchases from us.

"One thing is clear: Canada and France have seen ten years of exceptional progress—economic, social and technological," Mr. Winters pointed out. "Opportunities for greater trade and closer relations are growing in proportion. With the future economic goals which we both hope to realize, we must exploit those opportunities to the full.

"To assist in our gigantic national undertaking, Canada welcomes technology, capital and skilled labour from abroad. We would welcome a larger French role, not just for reasons of sentiment, of which there are many, but for reasons of mutual benefit which are becoming increasingly evident as we learn more about each other. My own Department's efforts have led to increasing Canadian participation in specialized commercial exhibitions in France, and more frequent trade missions to France.

"There has also been a welcome exchange of visits of Ministers between our two countries,—and the France-Canada Joint Economic Committee can provide a framework for continuing and useful exchanges on trade and economic matters between senior officials of our two countries."

Mr. Winters expects that the top-level Economic Mission which is going to go to France this spring will bring forward specific suggestions to further our growing economic and trade relationships, particularly in investment and technological exchange. "We are an open country for foreign capital and investment. We expect only that corporate entities established in Canada by foreign capital will act as good Canadian citizens and contribute towards the further growth and development of our country."

He "would like to see more travel between our two countries at all levels both for businees and for pleasure. The travel industry is now our third largest source of income after wheat and newsprint." The Minister said he was "particularly delighted with the keen interest shown throughout France in Expo and our Centennial Year Program in 1967. I urge French businessmen to take advantage of the services and facilities that will be available at the Exposition through the Business Development Bureau at the International Trade Centre". ●

trade lines

A $90 million Nigerian iron and steel industry will be established by the Nigerian Government and an international consortium composed of the following firms: Wellman-Smith-Owen Engineering Corporation of Britain; Koppers International CA and Westinghouse Electric International Company of the U.S., and Demag Aktiengesellschaft, Didier Werke A.G., and Ferrostaal A.G., all of Germany—Lagos.

The Soviet Union will build six new deep-water wharves at the Far Eastern port of Vanino, enabling it to handle 50 per cent more timber, according to press reports. Vanino has become one of the major timber export ports in the Soviet Far East, accounting for almost half of the timber shipments abroad. Despite the cold, ice-breakers keep the port working all year—Moscow.

Spain will build a new paper mill at Grado, in the north, at a total cost of Can.$18.2 million and with 50 per cent participation by U.S. capital. The mill will produce more than 4,000 tons of tanning extracts a year, using chestnut waste, and 180,000 tons of semi-chemical pulp, cardboard and corrugated medium for boxes and packing. Its own thermal station will supply the power. Expenditures will include Can.$1.8 million on wood pulp manufacturing plant and Can. $1.8 million on papermaking machinery—Madrid.

Rising incomes are helping German workers to "automate" their homes. The four-person family, typical of the industrial worker, now spends 157 per cent more a month on electricity than it spent in 1952, although the cost of power remains almost unchanged. A recent survey of 343 moderate-income families showed that 89 per cent have an electric vacuum cleaner, 83 per cent an electric refrigerator, and 40 per cent an electric mixer. In the same group, 60 per cent have electric washing machines (31 per cent of them automatic) and 47 per cent have electric dryers. In the entertainment field, 92 per cent of the families interviewed have radios, 62 per cent television sets, 35 per cent record players, 18 per cent combination radio-record-players, and 15 per cent projectors for films and coloured transparencies—Bad Godesberg.

Flights to Salonica from abroad will be permitted as a result of agreements signed between the Greek Government and Sabena and Austrian Airlines. Sabena Airlines will begin once-a-week flights in April, linking Brussels, Vienna, Salonica and Athens. Austrian Airlines will start once-a-week flights from Vienna to Salonica and Athens in June. Salonica, the second largest city in Greece, is rapidly growing in importance as an industrial, agricultural, trade and cultural center. The Esso Pappas $190 million industrial complex (oil refinery, ammonia, petrochemicals and steel mill) will be in production in March—Athens.

Yugoslavia's leather and footwear industry has been given the green light to expand its capacity by approximately 34 per cent over the period 1966-70. Because the livestock industry is not expected to expand very much, the industry will continue to depend on imported hides. Canadian companies currently supplying other Eastern European countries should be able to sell in this $10-million market for imported hides—Vienna.

Philadelphia expects to have a $3 million wholesale shoe distribution center by 1967. It will house up to 30 large shoe-jobbing firms and possibly some shoe accessory and supply dealers. A modern "soft goods" wholesale center housing 11 jobbers already faces the site of the future shoe center, and city authorities are also considering the eventual establishment of wholesale centers for the garment industry and for the graphic arts. These centers are financed by private funds and form part of a city-wide planning concept—Philadelphia.

Barcelona will install four large deep-freezing plants at a total cost of $6.7 million. These will be used to store imported frozen meat from South America. This is part of Spain's plan for a country-wide network of cold storage plants designed to improve the present defective food marketing system—Madrid.

Mitsubishi Electric of Japan has entered the western European market for the first time. Recently it reached an agreement with Messrs. A. Zanussi (the well-known producers of REX brand) to supply technical assistance in the production of micro-television sets. Mitsubishi Electric has already concluded contracts of this type with Mexico, Colombia, Thailand, and Formosa. The five-year agreement with Zanussi will supply technical assistance for the production of six to ten models of micro-televisions and will also supply some spare parts—Milan.

Natural gas distribution will be pushed in Venezuela by the Corporacion Venezulana de Petroleo (CUP) because up to 300,000 barrels of crude oil a day are going to waste in natural gas flares. The corporation sold 35.3 billion cubic feet of gas last year compared with 12.6 billion in 1961. Gas pipeline mileage is increasing and the number of industrial consumers has reached 150. Capital investment in a gas program will include the beginning of distribution lines in Caracas, Maracaibo, Valencia and Barquisimeto, at an approximate cost of U.S.$45 million in the next three years—Caracas.

Tenders have been called for an Australian generating and boiler plant for a large new power station to be built about 100 miles east of Melbourne. The power station, to be known as Yallourn "W", will comprise two 350 mw. generators, each served by a single boiler unit operating on brown coal. The boilers will be among the largest of their type in the world, consuming about 7 million tons of brown coal a year. The first unit will be in service in 1972 and it will be completed in 1974. Estimated total cost is £55 million—Melbourne.

Argentine interest in Canadian lumber is increasing, in spite of high tariffs and prior guarantee deposits. Recently an Argentine firm imported Douglas fir from British Columbia worth $6,000. This order will probably be followed by others because local customers are pleased with the quality of the lumber—Buenos Aires.

foreign tariffs and trade regulations

Argentina

CAPITAL GOODS—As a consequence of the adoption of Brussels Tariff Nomenclature, The Central Bank of the Argentine Republic has issued a revised list of materials coming under the heading of capital goods that may be imported only under the system of financial arrangements described on page 30 of the January 9, 1965, issue of *Foreign Trade*. A copy of this list is on file in the Latin American Division, Office of Trade Relations.

Jamaica

IMPORT RESTRICTIONS—The Jamaican Government has announced that, effective March 5, 1966, steel reinforcing bars, sizes $\frac{3}{8}$ of an inch to 2 inches, have been placed on the list of goods which require a specific import licence.

It is understood, however, that import of the above sizes of steel bars will continue to be allowed entry on a quota basis at the same level as that of last year's imports.

Peru

GOVERNMENT TO BUY FROM CHEAPEST SOURCE—Peruvian industrial circles are critical of Decree No. 497-H of December 31, 1965, which provides that local suppliers will no longer receive preferential treatment regarding international tenders for the procurement of industrial products and capital goods needed for public projects financed by foreign credits. The Peruvian industrialists emphasize that local private entities must be accorded special privilege under Article 55 of the Industrial Promotion Law (No. 13270), but the Government counters that recent budget cuts make it mandatory for Lima to buy goods and services from the cheapest source, whether foreign or domestic. (Rundt's *Weekly Intelligence*).

Trinidad

IMPORT RESTRICTIONS—The Government of Trinidad has announced that effective February 3, 1966, the following products have been placed on the list of goods which require a specific import licence:

Beet and cane sugar (refined and unrefined)
Shirts for men and boys (non-knitted)
Shirts for women and girls (non-knitted)
Packing tissue paper
Creped toilet tissue
Creped facial tissue
Creped napkin tissue
Wet creped towelling tissue
Machine-glazed bleached wrapping paper
Machine-glazed flat glazed tissues
Machine-glazed bleached grocery bag paper

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 .9297

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent March 21	Units per Canadian dollar	Notes (see below)
Algeria	Dinar		.2195	4.56	
Argentina	Peso	Free	.005718	174.89	
Australia	Dollar		1.2026	.8315**	
Austria	Schilling		.04163	24.02	
Bahamas	Pound		3.0064	.3326	
Belgium and Luxembourg	Franc		.02161	48.27	
Bermuda	Pound		3.0064	.3326	
Bolivia	Peso		.09143	10.94	
Brazil	Cruzeiro	Official Free	.0004867	2,054.65†	
Britain	Pound		3.0064	.3326	
British Guiana	Dollar		.6263	1.60	
British Honduras	Dollar		.7516	1.33	
Burma	Kyat		.2259	4.43	
Ceylon	Rupee		.2255	4.43	
Chile	Escudo	Bank rate	.2903	3.44	
		Free	.2423	4.11	
Colombia	Peso	Free	.05992	18.69	
		Certificate	.1195	8.37	
Congo, Republic of	Franc		.007171	139.45	(1)
Costa Rica	Colon		.1624	6.16	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1494	6.69	
Denmark	Krone		.1560	6.41	
Dominican Republic	Peso		1.07563	.9297	
Ecuador	Sucre	Official	.05976	16.73	
		Free	.05755	17.38	
El Salvador	Colon		.4303	2.32	
Fiji	Pound		2.7085	.3692	
Finland	Markka		.3361	2.98	
France, Monaco, etc.	Franc		.2195	4.56	(2)
Franco-African Republics, etc.	Franc		.004390	227.79	(3)
French Pacific	Franc		.01207	82.85	(4)
Germany	D Mark		.2680	3.73	
Ghana	Cedi		1.2527	.7983	
Greece	Drachma		.03585	27.89	
Guatemala	Quetzal		1.07563	.9297	
Haiti	Gourde		.2151	4.65	
Honduras	Lempira		.5378	1.86	
Hong Kong	Dollar	Free	.1873	5.34	*March 11
		Official	.1879	5.32	

**Australia introduced the decimal system on February 14, 1968.

†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. of Canadian banks at present.

*Latest available date.

Country	Unit	Type of Exchange	Can. dollar equivalent March 21	Units per Canadian dollar	Notes (see below)
Iceland	Krona	Official	.02501	39.98	(1)
India	Rupee		.2255	4.43	
Indonesia	Rupiah		*	*	(1)
Iran	Rial		.01420	70.42	
Iraq	Dinar		3.0118	.3320	
Ireland	Pound		3.0064	.3326	
Israel	Pound		.3585	2.79	
Italy	Lira		.001721	581.06	
Japan	Yen		.002970	336.70	
Lebanon	Pound	Free	.3474	2.88	
Malaysia	Dollar		.3514	2.85	
Mexico	Peso		.08605	11.62	
Morocco	Dirham		.2151	4.65	
Netherlands	Florin		.2970	3.37	
Netherlands Antilles	Florin		.5704	1.75	
New Zealand	Pound		2.9956	.3338	
Nicaragua	Cordoba		.1537	6.51	
Nigeria	Pound		3.0084	.3326	
Norway	Krone		.1504	6.65	
Pakistan	Rupee		.2255	4.43	
Panama	Balboa		1.07563	.9297	
Paraguay	Guarani	Free	.009143	109.37	
Peru	Sol	Free	.04010	24.94	
Philippines	Peso	Free	.2762	3.62	
Poland	Zloty	Fixed-basic rate	.04482	22.31	
Portugal & Colonies	Escudo		.03741	26.73	(5)
Sierra Leone	Leones		1.5059	.6841	
South Africa	Rand		1.5032	.6652	
Spain and Dependencies	Peseta		.01796	55.68	
Sweden	Krona		.2090	4.78	
Switzerland	Franc		.2478	4.04	
Syria	Pound	Free	.2817	3.55	
Thailand	Baht	Free	.05244	19.07	(1)
Tunisia	Dinar		2.0598	.4855	
Turkey	Lira		.1195	8.37	(1)
United Arab Republic	Pound	Official	2.4739	.4042	
United States	Dollar		1.07563	.9297	
Uruguay	Peso	Free	.01605	62.31	
Venezuela	Bolivar	Official Free	.2396	4.17	
West Indies	Dollar		.6263	1.60	(6)
	Pound		3.0064	.3326	(7)
Yugoslavia	Dinar	Official	.08605	11.62	

*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.

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.

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

Montreal—June 4-10
Toronto—June 10-17
Winnipeg—June 17-21
Vancouver—June 21-24

Italy—W. J. Jenkins, Commercial Secretary in Rome, who will be posted to Karachi, Pakistan, as Commercial Counsellor:

Montreal—May 30-June 4
Toronto—June 6-10

Pakistan—R. D. Sirrs, Commercial Secretary in Karachi, who will be posted to Wellington, New Zealand, as Commercial Secretary:

Montreal—June 24-30
Toronto—July 1-8
Winnipeg—August 11-12
Calgary—August 15
Vancouver—August 17-19

United States—G. E. Blackstock, Consul and Trade Commissioner in New Orleans, who will be posted to Berne, Switzerland, as Commercial Secretary:

Toronto—April 4-7
Windsor, London—April 12
Woodstock, Kitchener—April 13
Hamilton—April 14
Montreal—April 18-22

N. W. Boyd, Commercial Secretary in Washington, who will be posted to Johannesburg, South Africa, as Trade Commissioner:

Winnipeg—May 23-24
Montreal—May 25-26

M. R. M. Dale, Consul and Senior Trade Commissioner in Boston:

Toronto—May 1-6
Regina, Saskatoon, Winnipeg—May 9-13
Southern Ontario—May 23-27

A. W. Evans, Consul and Senior Trade Commissioner in Cleveland:

Toronto—May 1-7
Montreal—May 8-13

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

Toronto—May 26 and 27
Montreal—August 8-9

Temporary Duty in Ottawa

M. R. Bell, Assistant Commercial Secretary, London, June 27-July 8. Contact Commonwealth Division, phone: 992-2421.

G. E. Blackstock, Consul and Trade Commissioner in New Orleans, April 25-May 6. Contact United States Division, phone: 992-5176.

N. W. Boyd, Commercial Secretary in Washington, May 2-20. Contact United States Division, phone: 992-5176.

J. C. Bradford, Assistant Commercial Secretary in Bogota, Colombia, June 8-21. Contact Latin American Division, phone: 992-7641.

M. R. M. Dale, Consul and Senior Trade Commissioner in Boston, May 16-30. Contact United States Division, phone: 992-5176.

P. D. Donohue, Assistant Commercial Secretary in Guatemala City, May 24-June 3. Contact Latin American Division, phone: 992-7641.

A. W. Evans, Consul and Senior Trade Commissioner in Cleveland, May 14-17. Contact United States Division, phone: 992-5176.

W. J. Jenkins, Commercial Secretary in Rome, Italy, June 13-24. Contact European Division, phone: 992-8727.

R. D. Sirrs, Commercial Secretary in Karachi, Pakistan, June 6-17. Contact Commonwealth Division, phone 992-2421.

K. D. Taylor, Consul and Assistant Trade Commissioner in Detroit, July 25-August 6. Contact United States Division, phone: 992-5176.

In Territory

Afghanistan—R. D. Lee, Assistant Commercial Secretary in Karachi, Pakistan, will visit Kabul May 1-4.

Communist China—A. Blum, Assistant Trade Commissioner in Hong Kong, will visit the Canton Spring Export Commodities Fair May 11-15.

Costa Rica—J. H. Nelson, Commercial Secretary in Guatemala City, will visit San José April 23-27.

El Salvador—J. H. Nelson, Commercial Secretary in Guatemala City, will visit San Salvador April 17-20.

Honduras—J. H. Nelson, Commercial Secretary in Guatemala City, will visit San Pedro Sula and Tegucigalpa April 20-22.

Nicaragua—J. H. Nelson, Commercial Secretary in Guatemala City, will visit Managua April 22-23.

Panama—J. H. Nelson, Commercial Secretary in Guatemala City, will visit Panama City April 27-29.

Thailand—J. H. Bailey, Trade Commissioner in Singapore, will visit Bangkok April 10-15.

Texas—P. A. Savard, Consul and Trade Commissioner, New Orleans, will visit Dallas April 15-17 and Houston April 27-28.

Turkey—E. E. Price, Assistant Commercial Secretary in Athens, will visit Ankara April 18-30.

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

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