DECEMBER 24. 66

FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

Engineered Buildings Bids for Export Business

Don't Neglect Nebraska

Head Office Directory

FOREIGN TRADE

DECEMBER 24, 1966 Vol. 126 No. 13

Estoblished in 1904. Published fortnightly by the Deportment of Trade and Commerce.

The Hon. ROBERT H. WINTERS, Minister.

J. H. WARREN, Deputy Minister.

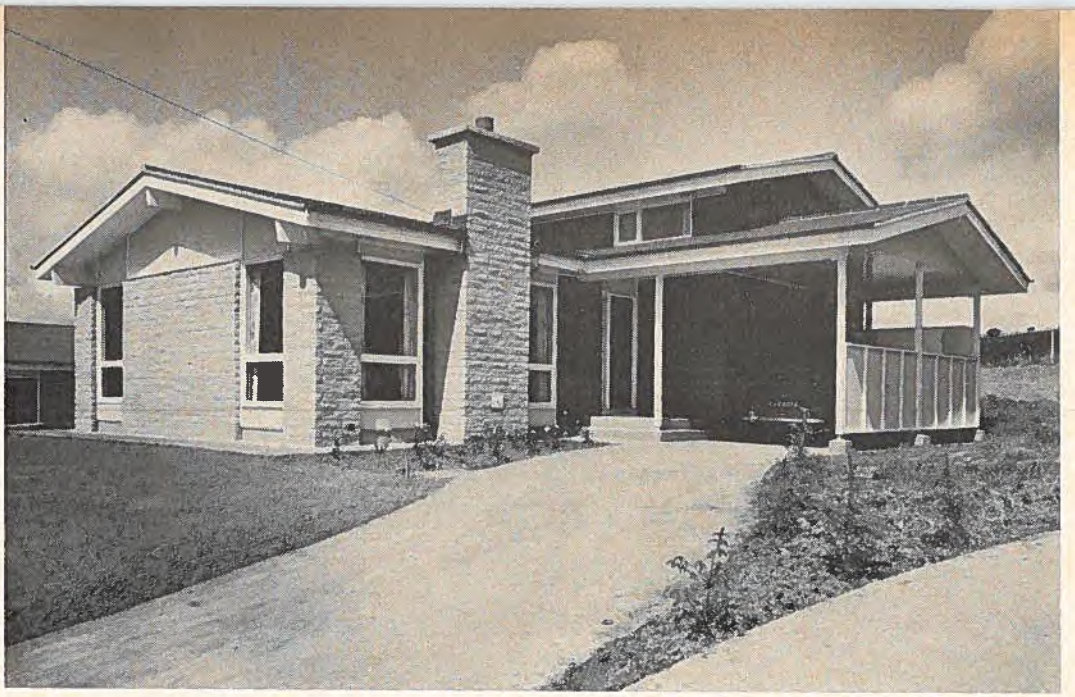
O. MARY HILL, Editor.

Subscription: $5.00 o yeor in Canodo
$7.00 abrood.

Single copies: 25 cents eoch.

Please forword oll orders to: Queen's Printer, Government Printing Bureou, Ottowa.

COMING—DEVELOPMENT AND TRADE IN SOUTH AMERICA, JAN. 7 ISSUE



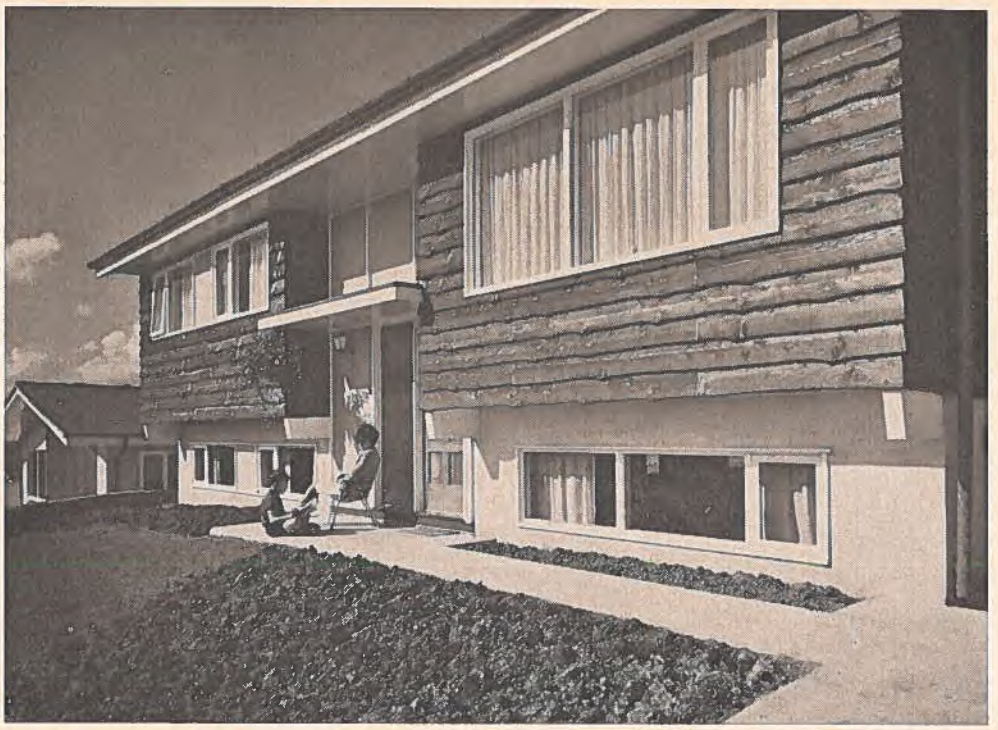
Engineered Buildings Bids for Export Business

Fifteen months ago, a Canadian company that specializes in industrialized building opened a plant in Wales. Careful planning had preceded this move and vigorous sales promotion followed it. The results: encouraging, despite some initial problems.

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

IN SEPTEMBER 1965 a Calgary company moved into a renovated plant at Abercrave, Wales, on the edge of the Brecon National Park. For Engineered Buildings Limited, this represented a long-planned and essential step in breaking into the market for industrialized or factory-built homes in Britain, and perhaps later on the Continent.

The entry of this firm, launched in Canada in the late forties, into the British housing field was made easier because of the Canadian Government's continuing campaign to sell the idea of timber-frame housing to the British public, and in particular to the British housing authorities, as one answer to the housing shortage. In the summer of 1963, when Engineered Buildings was already carrying on negotiations about a possible joint venture in Britain, the Department of Trade and Commerce sponsored a Housing Mission from Britain. It was led by Sir Donald Gibson, Director General of Research and Development at the British Ministry of Public Building and Works, and included both government officials and delegates from private organizations concerned with housing and the timber trade. The objective was to familiarize the members with Canadian homes and building techniques, and especially with timber-frame construction and how it speeds up housebuilding.



Houses like these—the Cavalier on the left and the Seaforth on the right—are among the models that Engineered Homes offers to its British clients. Although they are not unusual by Canadian standards, they represent a breakthrough in Britain. Note the different types of exterior finish that can be used. The interior of each features a planned kitchen, storage-wall closets, and, of course, is centrally heated. All models turned out by the company at its Abercrave, Wales, plant, are of timber-frame construction.

In the following year, the Department brought a second mission over to look at housing here; this one consisted largely of architects and builders. In addition to conventional homes, the mission studied industrialized building and the many types of houses that this system could produce. Meantime, following a suggestion made by the Gibson mission, six Canadian-style timber-frame homes were going up at three sites in Britain to demonstrate this method.

Contacts Made

These housing missions helped Engineered Buildings to make further contacts in Britain. In Calgary, Sir Donald Gibson's mission visited three homes built by Engineered Buildings which were actually being lived in. The members then were shown the actual manufacturing process and were particularly impressed by the drywall application technique.

In October of 1963, a representative of Engineered Buildings was asked to accompany a mission on housing organized by the British Columbia Government and to give lectures in Britain on industrialized building methods. Composed of actual builders or those in the lumber supply business, the mission spent three weeks in Britain. So great was the interest aroused by the lectures that queues formed after each to ask questions. Engineered Buildings is still following up some of the contacts it made at that time.

Step three was a mission on factory-built housing, led by a vice-president of Engineered Buildings and sent by the Department of Trade and Commerce in the spring of 1964 to Spain, France, West Germany and Britain. This mission met government housing authorities in the various countries and members gave talks and conducted discussions with interested builders in each. When the report of the Mission was published, it contained some advice that Engineered Buildings has since carried out to the letter: "Mission members felt that it would be essential to set up some form of organization in Britain to do the planning and development work or to work with an established land developer. It is equally important that the people doing this market development be thoroughly familiar with local conditions and experienced in the house-building field."

Planning the Venture

Engineered Buildings had already reached the decision that Britain was the logical place to enter the export market. There was no language problem; there were government-supported housing schemes; the firm had contacts there; the need for housing was acute. The essential first step was to set up a plant; it simply was not practical to ship over bulky and expensive prefabricated sections from Canada. At this stage, a number of questions had to be thoroughly discussed and decisions made. Among these were:

1. Should Engineered Buildings go into this British operation alone or in collaboration with a local firm? It had already been negotiating with a number of building and supply groups in Britain on a possible joint venture.

2. Where should a factory be set up? It should be near a good deep-water port to which Canadian lumber could be shipped and well placed for the eventual shipment of parts of prefabricated homes throughout Britain and

perhaps later to the Common Market countries.

3. What areas offered the best pool of available labour?

4. How much capital would be needed to set up the British operation and sustain it until it could turn a profit?

5. Would it be difficult to gain acceptance for the standards to which the homes were built from the appropriate authorities? This acceptance, the company knew, was vital. It meant acceptance also from the building industry and from the ultimate owner of this new type of home.

6. A three-part briefing was prepared in Calgary by officers of Engineered Buildings in conjunction with British financial consultants. This briefing covered research, marketing, and finance and became the basis for the start of operations in Britain.

Beginning at Abercrave

The first question was settled when Engineered Buildings decided to "go it alone" in Britain. Next, a not-too-long search for a site ended happily in Wales. Abercrave, the place chosen, is only 15 miles from Swansea and well placed for communication by road with the Midlands, with the southwest via Severn Bridge, and with the motorways that lead to the North and to Scotland. And Abercrave, an EB official discovered, had a plant that was closing down but could be adapted without too much trouble. There was a good supply of labour close by that only needed retraining. The Welsh miners have since proved to be good workers, learning the needed skills quickly.

In July 1964, two companies were incorporated in Britain—Engineered Homes (Great Britain) Limited, and Mechanical Drywall Limited, both as wholly-owned subsidiaries of Engineered Buildings in Calgary. By the end of August, operations at Abercrave were beginning. (Mechanical Drywall, it should be explained, has the exclusive franchise for a mechanical tool that applies the interior finish to gypsum board and the company also supplies all accessories and materials needed for use with it. Mechanical drywall application was a new concept in Britain and the company had to conduct training schools for those who planned to use the tool, not only in Britain but also in the Netherlands and West Germany. The drywall process is a major element in the time-saving feature of timber-frame construction.)

To get the Abercrave plant functioning meant bringing over from Canada staff to supply the knowhow, right down to the blue-collar level and including a plant superintendent, a drywall expert, administrative personnel, and others. A three-month supply of lumber and plywood was shipped over from Canada as a start, plus a large proportion of the other housing components, such as door and cabinet parts and even the asphalt shingles. Another aspect of entering the market was drawing up the basic design of the homes to be sold and preparing brochures about them for the British consumer. These brochures stressed features of these homes that Canadians regard as normal but the British consider exceptional—central heating, built-in storage-wall closets, modern bathrooms, and planned kitchens.

"Allied Builders" Preferred

In Canada, Engineered Buildings has essentially two methods of operation. One is to develop a site entirely on its own: prepare the land, put in the on-site services, put up and finish the homes, sell them, and hand over the keys to the buyers. It has followed this system in building a number of subdivisions in the West, such as Laurier Heights in Edmonton, Lakeview in Calgary, and Harbour Village in Vancouver. The other method—and the one that the company preferred for the British market—was to establish an "Allied Builder" organization. An Allied Builder is an independent home-builder who buys from Engineered Buildings the design of and the components for the house, and even promotion material for selling it. In other words, the independent contractor buys packaged homes, erects and finishes them, then sells them as his product. And about 50 per cent of the finished house does represent his own work.

In Britain, the company has chosen the "Allied Builder" method. It began by erecting several homes which the builder could examine and the public could visit. ("See for yourself" is the best form of promotion.) As a start, a builder might buy one house and watch it being erected and finished, then place other orders, and finally decide to become part of the EH Allied Builder organization. Today that organization consists of about 30 builders. Engineered Homes offers them four "packages" and they may buy any or all of them. They are:

Package 1—Floor joists, sub floor, and foundation posts.

Package 2—Complete timber-frame house with the roof on.

Package 3—Interior finish completed.

Package 4—Exterior finish.

Builders invariably buy packages one and two, 90 per cent buy the first three, and 80 per cent buy all four. Every builder does his own electrical and plumbing work.

Before widespread selling began, the Canadian company had to ensure that its houses measured up to British standards for housing construction. This was difficult because of the novelty of industrialized building. Engineered Buildings had gradually built up its own standards in Canada, based on our National Building Code. These standards it collected and bound into one volume, then presented it to the British for approval. The fact that many of the British housing officials had been in Canada and seen the firm's work there expedited the approval process.

Subsidized Housing Market

The original plan was to concentrate on the private home market in Britain only but experience proved that the demand wasn't great enough and the firm began to investigate the public (subsidized) housing field. This meant obtaining approval from the National Building Agency to use this system of building in public housing sponsored by Local Authorities. This presented problems. The Technical Director of Marketing for the firm in Britain put it this way: "Let no one have the idea that it has been easy to project this Canadian concept and Canadian system into the hearts of the Local Authorities in the United Kingdom. It has meant three years of hard, energetic salesmanship and hundreds of thousands of British road and air miles to even scratch the sur-

face of this enormous United Kingdom housing problem."

In convincing the British, the Demonstration Homes built by the Canadian Government at three sites in 1964 helped. Now the Harlow Development Corporation in Harlow, Essex, is building 173 Canadian-designed, timber-frame homes in one area; Canada's Central Mortgage and Housing Corporation, as the nominated architect, designed the project and is supervising the construction. With this and other developments the executives of Engineered Homes feel that the "British are now ready and anxious to accept a higher standard of living in their houses and are prepared to accept the fact that a system tried and proved . . . in the climatic rigours of Canada is second to none."

The outcome of this concentrated promotion work was that the National Building Agency gave to Engineered Homes Approval No. 30 for its building system to be used on work for Local Authorities. Since then, according to the company, hundreds of city aldermen, councillors and mayors have visited the Abercrave factory and have inspected some of the EH houses that are now eligible for Ministry of Housing subsidies. For this market, Engineered Homes supplies mainly two-storey, three-bedroom, semi-detached models, one and two-bedroom houses for senior citizens, and small four-unit flats.

Progress Has Problems

If the casual reader has the impression that the measure of success that the firm has achieved in the British market came easily, that impression is wrong. It has been difficult, taxing and expensive work. Moreover, competition (especially from local British firms), negligible at first, is increasing and the financing of this pioneer effort has taxed resources. At times, the company was not sure that the venture would succeed. Any firm in this field thinking about moving into the British market from Canada would have to have sufficient capital to carry the operation for two or even three years without showing a profit, if Engineered Buildings' experience is any guide.

Its financial problems were eased recently when British-American Construction and Materials Limited, a large Winnipeg-based building and building supply company, acquired the operations of Engineered Buildings Limited in Canada and of Engineered Homes in Britain. This merger brought new capital into the business and as a result, operations at Abercrave are being expanded. Smaller industries may be set up later in the Swansea Valley to make some of the fittings and components now imported from Canada. Another change, planned from the start, is also going forward. This is the gradual replacement of Canadian with British staff. By early 1967, all members of the team that originally set up the factory will have returned to Canada and the Abercrave operation will be managed and supervised by British personnel.

Across the Channel

The English Channel does not mark the boundary of Engineered Homes' sales interests. Some of its houses are already being ferried across the Irish Sea to an Allied Builder in Belfast and others go to a Dublin contractor. Meantime, the company has been receiving inquiries from France, the Netherlands, Switzerland, Italy, and West Germany and it has made a few sales. A short time ago, it also surveyed the South African market. Interest on the Continent will undoubtedly be quickened by the Canadian Government display outdoors at the Utrecht Fair in March 1967. It will consist of two homes built in the Abercrave plant. One will be erected, then fully finished and decorated; the other will be only partly finished and used to display Canadian products in the building field.

When it first entered on its British operation, Engineered Homes set a target of 450 houses a year. This target has been trebled and probably will be doubled again by the end of 1967. Basic in this achievement, says one EB executive, is the knowhow that the company acquired before it ever attempted foreign selling. Couple this with a product that has sales appeal and that conforms to British standards of desirability and quality, price it competitively, promote it vigorously—and persevere. That's the secret of success. •

Peru Protects Your Retail Sales

ONE of the drawbacks of instalment selling in any country is the difficulty of repossessing merchandise if payment is defaulted. Court orders, police intervention and other steps are costly, time-consuming and often unsatisfactory. Peru has approached the problem logically and effectively and Canadian companies considering instalment sales would do well to examine this approach closely.

For a reasonable fee, a branch of the Ministry of Finance (Registro Fiscal de Ventas a Plazos) will undertake to keep track of instalment payments and in the event of serious default, take the necessary measures.

The procedure is relatively simple. Once the purchaser has signed a sales contract, the vendor registers the sale with the government agency. This registration takes place before the goods are delivered and before any payment is made. As soon as the sale is registered, the vendor collects the cash payment or first instalment and delivers the goods to the buyer. Assuming that all payments are made on time, the government agency takes no action other than to receive payment from the vendor for its services.

If, however, the purchaser defaults on three consecutive instalments, the Registro Fiscal notifies him that he must bring his payments up to date within ten days from the date of notification. Immediately the ten days expire, if the purchaser has not complied with the order the government agency seizes the goods, puts them up for auction, and hands over the proceeds to the vendor. Proceeds exceeding the amount of the purchaser's debt to the vendor are turned over to the purchaser.

A retailer is under no obligation to register every sale. The fee for each sale registered is one per cent of the value up to Soles 20,000 (Can.$800) and one half per cent thereafter. On a large refrigerator worth $1,000 (this is not an exaggerated example) the fee would be $9.00. This seems a relatively modest sum to pay for the comfort of immediate government intervention in the event of default.

—KENNETH G. RAMSAY,
Commercial Counsellor, Lima.

92937—2½

Don't Neglect Nebraska

One of a series covering the market in individual states, this report on Nebraska describes its economic base as a guide to sales possibilities there. Its chief city, Omaha, is recognized as a leading U.S. test market—potential Canadian exporters please note.

D. H. CHENEY,
Consul and Senior Trade Commissioner, Chicago.

NEBRASKA, the Cornhusker State, lies almost dead centre on the map of the United States. Made the 37th state of the Union in 1867, its chief product is corn and hence the nickname, which has been adopted officially by the state legislature. And although Canadian sales in this prosperous state remain small, they could be increased through systematic promotion.

Fifteenth in size among the states, Nebraska covers 77,200 square miles and has a population of just under 1.5 million. The eastern section just west of the Missouri River contains fertile farmland where prosperous farmers grow corn, grain sorghum, rye, wheat, oats, sugar beets and alfalfa, raise hogs, and fatten cattle for market. The countryside resembles Iowa, Illinois and other Corn Belt states. The western part recalls the range-cattle country of Wyoming and Montana. Great herds of beef cattle graze on the large ranches of the north central section and wheat fields stretch to the horizon on the high plains of western Nebraska.

The state has few resources apart from soil and water. Estimated ground-water reserves are 547 trillion gallons and these supply two-thirds of the three million irrigated acres and operate 33 hydroelectric power stations, providing 15 per cent of the power needs. Small amounts of petroleum and natural gas are mined in the far west. Sand, gravel, brick clays and pumicite are produced in significant quantities, primarily for use by local industries.

Agriculture Leads

Agriculture ranks as Nebraska's leading industry in both numbers employed and in production value. Farms average 528 acres. The largest are the cattle ranches of the sandhills north of the Platte River valley, some of which cover more than 50,000 acres. About 35 of every 100 farmers own their own land and another 29 own part of the land they work. The remainder are tenant farmers. Beef cattle provide the largest source of farm income and only Texas and Iowa exceed Nebraska's beef production. The western ranchers ship calves and yearlings to "feeders" in the eastern corn-raising areas where they are fattened before being sent on to Omaha for market. Hog production ranks next to cattle in value and is centered primarily in the eastern Corn Belt. Turkey farming is an important activity in the central part of the state.

The irrigated area of eastern Nebraska raises huge crops of corn, the leading income-producing field crop. Wheat ranks next; most of it is grown on the high plains of the west, where dry-farming methods are used extensively to conserve moisture. The native grasses of this area provide an important "wild hay" crop. Farms in the Platte River valley also grow large crops of alfalfa, beans, corn, potatoes, grain sorghum and sugar beets. Fruit growing is relatively unimportant. Apples are the main crop, but cherries, grapes, peaches, pears, plums and strawberries are raised in some areas.

Manufacturing Income

Agricultural materials contribute directly to the employment of 26,000 people in the processing of food and kindred products, or approximately 40 per cent of total employment. Total value added by manufacture amounted to $743 million in 1963*, an increase of 39 per cent in five years. All manufacturing employees, some 64,800*, represent 11 per cent of the labour force.

In addition, more than half of Nebraska's manufacturing income comes from processing farm commodities. The meat-packing industry is centered in Omaha, one of the world's largest processors of meat products. Omaha and Lincoln produce large quantities of butter, ice cream and other dairy products. More than a million tons of animal feed a year are turned out by the mills at Crete, Grand Island, Lincoln, Omaha and Scottsbluff (which also manufactures wheat flour). Nebraska City turns out large quantities of canned vegetables and other food products. Nebraska leads the states in production of dehydrated alfalfa from plants along the Platte River. Grand Island and Scottsbluff are important producers of refined beet sugar.

The dominant manufacturing centre of Nebraska is Omaha, which also

*1963 Census of Manufacturers.

produces beer, chemicals, farm implements, fertilizers, machine tools, refined lead, telephone equipment and truck bodies. Plants in Lincoln make bricks, motor scooters, railroad cars, rubber goods and telephone equipment. Printing and publishing are important industries. Other products manufactured in the state include bakery goods, cardboard containers, clinical thermometers, electronic equipment, furniture, irrigation equipment, leather and plastic products, prefabricated steel buildings, textiles and mobile homes.

Transportation Is Good

Six commercial airlines serve all parts of the state; it has some 170 airports, of which 80 are public. Private flying is a popular and often necessary activity for Nebraskans, especially for the wheat and cattle ranchers of the west. Ten railroad systems together have 5,700 miles of track and there are 61,300 miles of surfaced highways. Barges ply the Missouri River in northeast Nebraska carrying large quantities of grain, steel and other bulky commodities. Omaha and Nebraska City are the main river ports.

Distribution Centres

About 54 per cent of the state's population of 1.5 million live in the cities, and there are about 40 towns with populations of between 2,000 and 10,000. Most of these are market centers for surrounding farm areas.

As in a number of the sparsely populated grain states, one major city —Omaha—dominates the economy as a manufacturing, marketing and distribution center. With 521,000 people, it has a third of the entire population of the state and is growing rapidly. It is the world's largest livestock market and meat packing center; the fourth largest railroad center in the U.S.; the home of 600 manufacturing plants and 37 insurance companies, and headquarters of Strategic Air Command. Omaha's manufacturing output in 1965 was valued at $1.6 billion.

Traditionally Omaha has been recognized as one of the leading test markets in the United States for new products and sales techniques. Its transportation systems provide overnight access to Chicago, Denver, St. Louis, Minneapolis/St. Paul and Kansas City. Its excellent transportation services and central location have made it a leading center for the retail and wholesale trades. Because of the dominance of Chicago to the east, however, the influence of Omaha wholesalers is exerted more toward the western and mid-southwestern states. The value of wholesale trade in the five years 1958 to 1963 jumped 18 per cent—from $1.8 billion to $2.1 billion. In the same period retail sales increased 21 per cent—from $549 million to $667 million.

CONSUMER SPENDING IN OMAHA

	U.S.$'000	% growth 1955-1965
Food	145,405	+ 48.5
Home furnishings	40,670	+ 36.9
Clothing	39,641	+ 33.9
Automotives and automotive supplies	167,718	+ 27.5
Drug store sales	25,124	+ 61.8
Building materials and hardware	37,674	+ 26.1
General merchandise	122,910	+135.2

Within 100 miles of Omaha there is a population of 1.3 million, representing 382,000 households with an effective buying income of $2.8 billion. Within 200 miles there are 3.3 million people in over one million households with an effective buying income of $7 billion. Effective buying income per household is $8,895, more than $1,200 above the U.S. average and ahead of such important cities as St. Louis ($8,379), Indianapolis ($8,364), Kansas City ($8,363), Denver ($8,232), and Dallas ($8,125).

Omaha consumers increased their purchases significantly in the ten years 1955-1965, as the table to the left shows.

Sales Prospects Good

With the increase in wheat acreage allotments for U.S. farmers, the disappearance of surpluses, and the strong world demand and prices 1967 should be a prosperous year indeed for the U.S. grain states. These conditions will also make Nebraska an interesting market for Canadian exporters hunting for new sales possibilities.

Sporting goods, pleasure boats, OEM components, farm equipment and lumber are among products to promote in this market. The Canadian Trade Commissioner in Chicago covers Nebraska and has contact with representatives, distributors and retailers in that market. Two of his men will be visiting Omaha next March. Can they help you?●

Independent Singapore Advances

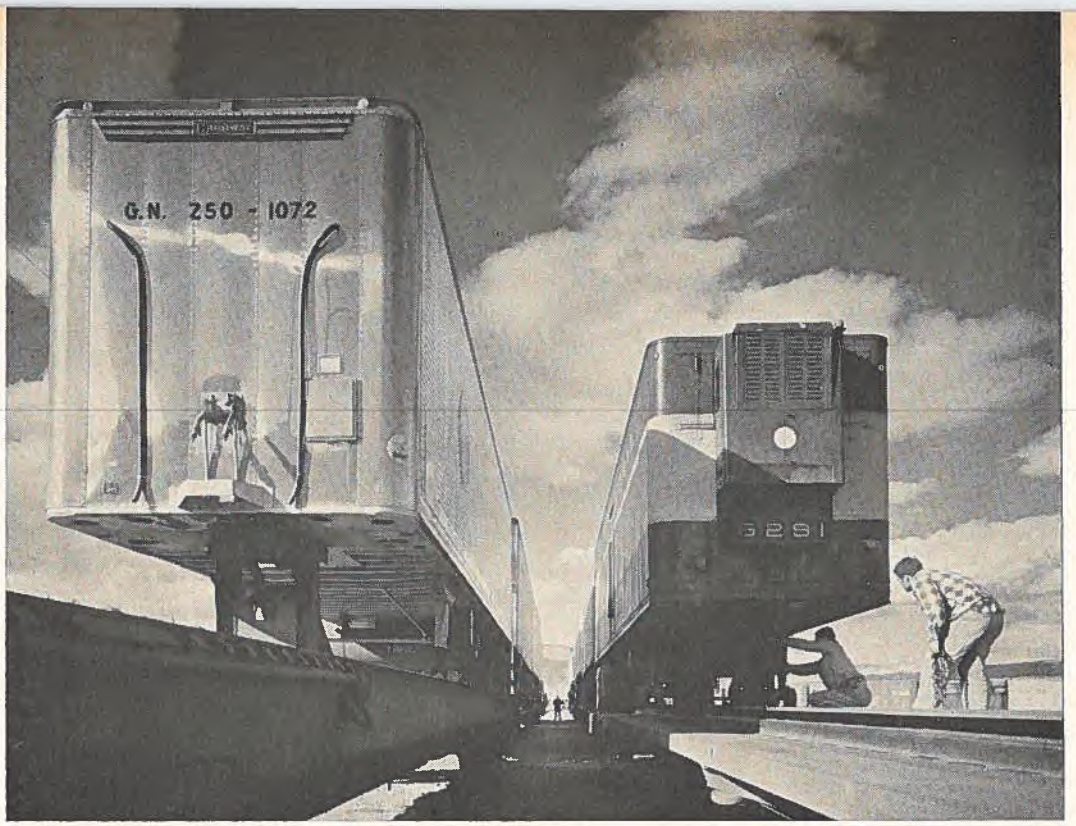
IN THE 16 MONTHS since it became independent, the island state of Singapore has made considerable progress, according to observers, and this is borne out by figures.

The decline in business activity originally predicted by some people did not occur. Figures for the first six months of this year in fact confirm the improvement in business conditions and increase in economic activity that businessmen and bankers have noted.

Foreign trade, which accounts for 17.5 per cent of the national income of this important entrepot of Southeast Asia, increased by 8.6 per cent (or U.S.$95.5 million) during the first six months of 1966. Imports went up by U.S.$32.3 million and exports by U.S.$63.2 million; foreign trade totalled U.S.$1,205.6 million. With the ending of the confrontation with Indonesia, trade should expand further during the second half of the year.

From August 1, 1965, to July 31 of this year, the number of factories established increased by 9 per cent and industrial output by U.S.$83 million or 23 per cent, indicating the buoyancy of the new republic. Furthermore, income tax revenue rose 4.7 per cent to U.S.$37.6 million in the same period. The only soft spot in the economy seems to be the construction trade which, although it is still working at a high level, did not expand in the period under review.

—J. H. BAILEY, *Commercial Counsellor, Singapore.*



—Great Northern Railway

Refrigerated piggyback vans are secured to flatcars for the next stage of their journey. Piggybacks today are a profitable and fast-growing part of freight-handling facilities in the United States.

U. S. Railroads Are Big Buyers

LEONARD G. LEE, *Vice Consul and Assistant Trade Commissioner, Chicago.*

U.S. railroads are making operations more efficient, meeting competition by using new techniques and equipment. Spending on capital items alone reached $1.4 billion in 1964; is still rising. Canadian suppliers might well study this market.

IN ATTEMPTS to rationalize operations over the past decade, railroads in the United States have been confronted with a number of frustrating and seemingly insurmountable obstacles, ranging from featherbedding to sharply increased competition from other modes of transportation. Natural attrition of personnel is solving the first of these, and imaginative innovations in freight handling and transportation techniques are lessening the latter.

Expenditures Going Up

During periods of economic difficulties, railroads generally defer expenditures on new rolling stock and badly needed refitting programs. Now, backed by increasing earnings, the U.S. railroads offer a vast market, not only in dollar value but also in the tremendous variety of products and services they buy. Continuing efforts towards efficiency and/or reducing costs wherever possible, combined with huge purchasing power, offer good potential to any Canadian firm with products or services that can help fill these needs.

During 1964, Class I line-haul railroads* in the U.S. spent $2.9 billion, $448 million over 1963. Expend-

* As of June 1, 1965, the Interstate Commerce Commission classified railroads by average annual operating revenues: Class I, $5 million or more; all others Class II. As of that date, there were 77 Class I operating line-haul railroads, plus 26 switching and terminal companies.

itures for capital items, such as equipment, structures and roadway, totalled a record $1,417 million. Of these funds, 80 per cent was allocated for equipment and 20 per cent for roadway and structures.

Non-capital purchases during 1964 totalled $1.5 billion. These included $365 million for fuel, $97 million for forest products, $437 million for iron and steel products, and $576 million for miscellaneous items. (Figures compiled by the Association of American Railroads.)

The 1965 market totalled about $3.3 billion, with expenditures for capital improvements accounting for some $1.7 billion and non-capital items for $1.5 billion. Contributing to the more than 10 per cent increase in capital spending were the new liberalized depreciation guidelines and the 7 per cent investment tax credit, combined with the continued modernization programs on many roads.

Orders for more than 76,000 freight cars and purchases of more powerful locomotives and communications equipment continued to be large. Expenditures for many non-capital items used in normal operations were about 9 per cent above 1964.

Plant and Equipment

During the past 15 years, American railroads have spent some $16 billion to improve plant, equipment and operating methods. The results of these expenditures by Class I roads are shown below.

Trackage—Class I railroads operate 361,000 miles of track on 204,000 miles of right-of-way, linking more than 50,000 stations. Grade reduction, curve straightening, and installation of more than 11,000 miles of continuous welded rail have improved much of this. Height and width clearances have been increased on many roads to accommodate piggyback and auto rack loads. Mechanized maintenance-of-way operations, using a wide variety of specialized power-operated machines and off-track motor cranes, bulldozers and other heavy equipment, have increased efficiency and lowered costs. During 1964, expenditures for maintenance of way totalled $1,226 million, $43 million over 1963.

Locomotives—The 27,837 diesel-electric units owned at the beginning of 1965 accounted for over 98 per cent of all locomotive hauling. During 1964, some 968 new locomotives were placed in service. Most of the new units develop higher horsepower than older models and this enables fewer of the new locomotives to pull more freight on faster schedules with lower operating and maintenance costs. At the beginning of 1965, 40 diesel units were being rebuilt; 148 were rebuilt during 1964.

Freight Cars—At the beginning of 1965, Class I railroads owned or leased approximately 1.5 million freight cars, 23,500 less than a year earlier. During 1964, 65,801 new cars were delivered, a majority of which followed the trend toward much greater weight and/or capacity. Among the new cars were 100-ton and 70-ton capacity boxcars, 100-ton capacity open-top hopper cars, covered hopper cars with 4,000 and 5,000 cubic-foot capacities, 70-ton capacity refrigerator cars, and longer and lower flat cars to accommodate the larger trailers and containers moving in piggyback operations. Nearly 75 per cent of these cars were equipped with roller bearings and cushion underframes, which help reduce damage claims. Specialized cars for moving specific products appeared in increasing numbers and many of these were equipped with load restraining devices, roll-back roofs, and roll-up sides. There were 33,572 new cars on order at the end of 1964 and 36,645 on July 1, 1965. Of the latter, 12,762 were being built in railroad shops and 23,883 in the shops of car builders.

Passenger Cars—The more than 21,500 passenger train cars owned at the beginning of 1965 included units such as "push-pull" commuter trains, room-type coach sleepers, rail-diesel cars, and double-deck cars for commuter and inter-city service. Several railroads were involved in upgrading hundreds of passenger cars during 1964 and 408 passenger train cars were delivered during the year. About 88 per cent of these were baggage, mail and express cars. At the beginning of 1965, 236 new cars were on order.

Automotive Equipment—More than 20,000 trucks, trailers and other vehicles, excluding automobiles, were being used in non-revenue service by Class I roads at the beginning of 1965, according to the ICC. The over 17,500 straight trucks made up most of this category. At mid-1965, 63 railroads reported that 26,526 vehicles were used by them in TOFC (piggyback) service. This equipment included 2,049 tractors, 15,786 trailers, 5,402 Flexi-Vans and containers, and 3,289 bogies and chassis. The 36 railroad-owned truck lines supplying information at mid-1964 operated more than 30,600 vehicles, including 6,005 tractors, 14,922 trailers, 3,887 Flexi-Vans and containers, 3,184 bogies and 2,612 straight trucks.

Traffic Control and Communications—Centralized traffic control installations, which increase the capacity of single-track line by some 75 per cent, covered nearly 43,000 miles of track by the beginning of 1965. More than 9,000 miles of microwave were in operation or authorized to provide point-to-point communication in lieu of or supplementing wire lines. Some of these systems offer several hundred channels to handle voice transmission, teleprinter messages, CTC signals, data transmission and a variety of other communications. At the beginning of 1965, radio communication installations included over 3,500 base stations and over 55,000 mobile units. About 11,000 portable two-way radio sets were in service. Some 143 computers were in use by 45 railroads for equipment scheduling, car location and a variety of planning functions, in addition to the bookkeeping jobs mentioned below.

Yards and Terminals—More than 40 electronic freight yards, where trains are classified quickly by remote control, were installed at terminal points and gateways and new yards were in planning and under construction at the beginning of 1965. Several large piggyback terminals and hundreds of loading and unloading ramps were constructed to handle increasing piggyback traffic. On many roads, data processing machines and systems are being used to handle the huge volume of paperwork for waybills, car interchange, payrolls, inventory control, etc. In freight-handling operations, mechanized equipment such as lift

trucks, conveyor systems and cranes have increased efficiency and speed.

More Buying Foreseen

There are several encouraging trends in the railroad industry which should contribute to continuing large purchases of almost every type of equipment and supplies.

● **Government Interest**—The Federal, state and local governments are aware of railroad problems and this has resulted in mergers, aid to suburban passenger service, freight rates and lower taxation. The liberalized depreciation allowance, 7 per cent investment tax credit, and recent rulings allowing some rate reductions should be helpful.

● **Piggyback and Container Traffic**—Continuing to boost earnings, piggyback brought nearly two million truck movements to the 62 railroads offering the service during 1964. For the first half of 1965, piggyback traffic was up about 16 per cent over the same period in 1964. Although it comprised only 3.5 per cent of total carloadings for this period, the importance of piggyback is shown by one road's statement that revenue per piggyback car per month is some 10 times greater than boxcar revenue per month. Movement of new autos by rail has also increased tremendously during recent years. In 1964 some 3.6 million autos were shipped by rail from assembly plants to distribution points. Auto rack cars, with capacities for as many as 15 autos, account for a large portion of this traffic. Some 10,909 of these cars were in service at the beginning of 1965. Container use by railroads is increasing, but more slowly than piggyback. The flexibility of containers, combined with the minimal handling they require, should result in greater use, particularly for shipments overseas.

● **Technological Advances**—Wherever possible, railroads are using more efficient procedures, tools, machines, computers and electronic equipment to offset higher labour costs and increased fringe benefits. Improved herbicides, preservatives, finishes and metallurgy, plus new designs and manufacturing techniques, have resulted in longer-lasting equipment, structures and roadway components and have helped reduce the need for maintenance. More market research, new sales techniques, new rates for volume and multiple car loads, customer-oriented cars and unit trains for hauling bulk commodities are being used to attract new business and regain traffic lost to private carriage and other forms of transportation.

● **Efficiency**—In addition to the above, railroads are using, or investigating the feasibility of, many plans for further improvements in efficiency, service and equipment. Some of these are:

(a) Reduction of capital tied up in inventories by the purchase of smaller quantities more frequently and by closer inventory control.

(b) Standardization of materials, where possible, to simplify maintenance, inventory keeping, and purchasing.

(c) Committee planning and inspection of purchases where more than one department might use, or be affected by, the equipment involved.

(d) Use of consignment, financing or leasing plans offered by many suppliers.

Railroad Buying Procedures

Many railroads request that new products be submitted to their purchasing departments, even though approval of other departments must be obtained before placing orders. The purchasing department knows what other departments would be interested and can advise the supplier.

Approval of a product will often depend on tests run by the AAR or by a railroad's own personnel. In general, approval of the mechanical department is usually needed for locomotive, car or shop equipment. The engineering department is concerned with bridges, buildings, roadway or track items, and communications or signalling departments approve products in their fields. Purchasing departments alone usually decide on non-capital items.

Any company interested in the railroad market should investigate the research and library facilities of the Association of American Railroads. The AAR is the co-ordinating agency of the industry and conducts many railroad research projects in its central research laboratory. Reports on these projects and on projects undertaken by member railroads are included in the AAR's Bureau of Railway Economics library.

Specifications for car and locomotive equipment and components are outlined in the *Manual of Standard and Recommended Practice,* compiled by the AAR's mechanical division. The design and specifications of track equipment are covered in the *Manual of Recommended Practice* compiled by the AAR's engineering division.

Officials in all departments of all North American railroads and the officials in charge of each AAR department are named in the *Pocket List of Railroad Officials,* published by the Railway Equipment and Publication Company, 80 E. Jackson Boulevard, Chicago, Illinois 60604.

With the diversity of products purchased and the dollar volume involved, there should be opportunities for a large number of Canadian firms in many fields. If you would like further information and help for your firm in this market, contact the Chicago office. We will be glad to help you. ●

Any reader who would like to have a list of the line-haul, belt, terminal and industrial railroads with headquarters in Chicago should write to the Editor, "Foreign Trade".

Kingston Reduces Free Storage

THE Port of Kingston, Jamaica, has reduced the period of free storage on wharf. From October 1, free period of storage at Kingston has been cut from 14 to 7 days and a new scale of storage charges introduced. After the free period, daily rates rise from 1/6d. per long ton on the first day to 5s. per long ton on the 15th and following days for storage in transit sheds. These rates are halved for goods left in open storage space. Canadian exporters should ensure that documents for goods shipped to Jamaica are in order and arrive early enough to enable importers to clear goods on time and avoid these charges. ●

Okinawa:

Island on the Doorstep

Largest of the Ryukyu islands, Okinawa is on Japan's doorstep and is a major U.S. Pacific base. These two countries have a leading place in the island's trade, but Canada does have a small share of the market and could increase this, says this first-hand report.

W. G. BRETT,
Commercial Secretary, Tokyo.

OKINAWA is a green and pleasant island situated in the temperate zone, but with a decidedly tropical atmosphere. It is the major U.S. base in the Pacific and the Americans refer to it as the "keystone island". It is also an interesting little market, as I discovered when I visited it in October.

At the moment, it is undergoing a small-size boom, for several reasons. One is the stimulus of the U.S. armed forces stationed there. In addition, Okinawa's infant industry can take advantage of the demand generated by the war in Vietnam for such island products as steel rods, steel fabrications and cement. Moreover, the United States has continued to pour in aid—$25.1 million in fiscal 1965. Japanese Government aid runs to about $7 million a year and Japan pays premium prices for the main crops, sugar and pineapples.

It is difficult to understand Okinawa without some information on the form of government there. Until December 1950, Okinawa was under United States military government. At that time the United States Civil Administration of the Ryukyu Islands (USCAR) was established. Its over-all aim was to "encourage the development of an effective and responsible Ryukyuan Government, based on democratic principles and supported by a sound financial structure"; to "make every effort to improve the welfare and well-being of the inhabitants of the Ryukyu Islands," and to "continue to promote the economic and cultural advancement of the inhabitants."

In April 1952 USCAR formally established the Government of the Ryukyu Islands (GRI). GRI is in fact a local government with virtual autonomy to govern the citizens of the Ryukyus and non-military residents, including Americans and those on the islands for business or pleasure. These two tiers of government stand beside the military government, which controls the large armed forces establishment. The U.S. High Commissioner in the Ryukyus is traditionally a military man. In the background there is always the question of the "residual sovereignty" of Japan. Day-to-day government functions through close liaison among the three existing branches, but in general the GRI controls the administration of commercial legislation, including the collection of customs duties and other revenue, and USCAR maintains control over the underlying legislation and the conduct of external commercial relations.

The Ryukyus in Brief

Location: The Ryukyu Islands are located about 850 miles from Tokyo, midway between Japan and Taiwan. They are divided into three island groups: Okinawa, Miyako and Yaeyama. Okinawa is the largest.

Area: Ryukyu Islands: 542,632 acres (847.9 square miles); Okinawa: 348,411 acres (544.4 square miles); Miyako: 54,115 acres (84.6 square miles); Yaeyama: 140,106 acres (218.9 square miles).

Population: 933,850 (October 1, 1965) Okinawa Gunto: 812,000; Miyako Gunto: 69,830; Yaeyama Gunto: 52,020.

Gross National Product: U.S.$366.9 million in 1965, 12.2 per cent over the preceding year.

Per Capita Income and Average Wages: Annual national income per capita was $355 in year ended June 30, 1965. The average income per worker for all industries was $805, an increase of 10.4 per cent over 1964.

Value of Foreign Trade: Total exports (1965) U.S.$79,403,000.

Thus the First Okinawa International Trade Fair which took place last August was the responsibility of the GRI, as are relations with the various commercial institutions, such as the Ryukyu Chamber of Commerce and Industry and the Ryukyu Industrial Federation. Both of these look after the interests of their members, provide credit information, and foster commercial contacts in general. The GRI, particularly the Trade and Industry Department, plays some part in external trade promotion but so far has confined it to other Western Pacific markets. In this and in industrial development, the role of the GRI shades into that of USCAR and co-operation has to be close.

Industrial Development

Okinawa is essentially an agricultural community based on the growing of pineapple and sugar cane. Efforts are being made to diversify agriculture but the real emphasis is on industrial development. The Economic Division of USCAR is trying energetically to attract both U.S. and foreign capital. The Ryukyus have no large mineral resources or much water-power, but some industrial progress is being made. One good example is the Ryukyu Cement Company, representing an investment of about $5 million and partially owned by Kaiser Corporation. Local demand alone keeps the plant busy but some exports have been made in the Pacific area and these are expected to increase. Cement is rather a special case because all the ingredients except gypsum are found on the island. There are also some fabricating plants and a brewery.

In fiscal 1965 the island's gross national product totalled U.S.$370 million, an increase of 12 per cent over the previous year. The average income per worker stood at $805, an increase of 10.4 per cent over fiscal 1964. This relative prosperity, coupled with relatively free imports, has encouraged a rise in the number of export-import traders who carry on most of the island's foreign trade. The giant Japanese trading companies are not much in evidence, but two or three do have "liaison offices".

What Kind of Market?

Because of its unique status and particularly its special relationship with the United States and its proximity to and ties with Japan, one might expect Okinawa to be a rather special type of market. Actually there is a remarkable freedom of entry for imports from other countries as well. Licensing requirements are not stringent and only some items require licences. The list reflects the support of island industry (for example, pineapple products, plywood, sugar, etc.). The only item of particular interest to Canada is probably wheat flour and we have been told that licences

TABLE I

IMPORTS AND EXPORTS, RYUKYU ISLANDS

	Fiscal 1965	Fiscal 1966	Per cent increase or decrease
	(U.S.$'000)		
IMPORTS			
Total	**210,704**	**267,766**	**+27.0**
Of which:			
Foodstuffs	41,434	52,570	+26.8
Beverages	1,960	2,310	+17.9
Tobacco	227	305	+34.3
Raw materials	36,330	37,164	+ 2.2
Machinery and equipment	32,130	54,582	+69.8
Building materials	25,497	30,351	+19.0
All other imports	73,126	90,485	+23.7
EXPORTS			
Total	**79,403**	**79,114**	**— 0.4**
Of which:			
Agricultural and forest products	3,245	3,457	+ 6.5
Livestock and livestock products	715	1,357	+89.7
Marine products	1,358	1,418	+ 4.4
Sugar products	53,410	47,392	—11.3
Pineapple products	9,098	12,219	+34.3
Other manufactures	7,811	7,729	— 1.0
Scrap	2,189	3,430	+56.7
All other exports	1,577	2,112	+33.9
Trade balance	**131,301**	**188,652**	**+43.7**

TABLE II

CANADIAN EXPORTS TO THE RYUKYUS

Commodity	Jan.-June 1965 Quantity (kg.)	Value (U.S.$)
Canned ham	13,064	13,653
Canned ham n.o.p.	17,960	18,824
Canned chicken wings	19,777	15,260
Pork luncheon meat	5,197	2,083
Meat ball stew	3,062	1,500
Canned soup meat	8,165	4,050
Canned luncheon meat	31,680	20,370
Canned beef hash	5,762	4,420
Canned beef stew	4,615	2,450
Evaporated milk	10,818	4,474
Fat dry milk powder	10,160	3,850
Canadian wheat, Manitoba, in bulk	516,060	42,018
Wheat flour	473,854	79,812
Chili con carne	4,874	3,250
Canned beans	785	290
Herring meal	18,142	4,345
Vegetable soup	748	359
Chicken soup	680	335
Whisky	9,732	16,271
Medicines	5	410
Newsprint paper	96,611	15,919
Gift cartons	170	57
Head capscrews and washers	10,007	5,375
Air refrigeration economizer unit	19	220
Truck, bolts and other	789	562
Total	**1,262,809**	**260,161**

TABLE III

Commodity	Okinawan Imports Fiscal 1966	Imports from Canada (6 months) 1965
	(U.S.$'000)	
Meat and meat preparations	6,570	82
Wheat flour	1,263	79
Dairy products	2,352	4
Tobacco leaves	1,913	0
Alcoholic beverages	1,228	16
Grains	5,597	42

will be forthcoming for hard wheat flour.

There is a graduated scale of commodity taxes on a limited number of imports. The duties range from 5 per cent to 40 per cent and are grouped in five categories. Most of the items subject to the levy are not of major interest to Canada and the levy is in any case not particularly onerous.

Trade Pattern

Okinawa's export and import trade (see Table I) is carried on mainly with Japan and the United States. Japan supplies 71.8 per cent of its imports and buys 91.6 per cent of its exports; the United States provides 14.9 per cent of its imports and purchases 6.4 per cent of its exports. The small share of trade remaining goes largely to Britain and Taiwan. (The reader should remember in reviewing these trade figures that direct sales to military installations and organizations are not included.)

Table II gives figures on Canada's sales to the Ryukyus (Ryukyus statistics).

These are not impressive figures and obviously Okinawa will never be a large buyer of Canadian exports. But there are some possibilities, as a look at Table III, comparing Canadian supplies of a few main items with total imports of these commodities, will show.

Without touching on new and untried products, these statistics suggest that within the limits of the market there is considerable room for expansion of Canadian exports. And other opportunities are developing with the industrial, and even more the agricultural, development of the island. For example, the market for hogs and cattle should be explored.

Access to the Okinawan market is relatively easy and there are a number of reputable agents. Distribution is simple and almost invariably trade is conducted under letter of credit terms. There is one problem—shipping. There is no regular direct service to Canada. Shipping may become simpler with increased Pacific service generally, particularly if increased traffic in bulk carriers develops from the Canadian West Coast. Some island importers are considering stockpiling in Yokohama or other Japanese ports and there is an efficient and frequent service between Kagoshima, Japan's southernmost prefecture, and Okinawa.

One attraction of Okinawa industrially appears to be its special relationship with and proximity to Japan. Okinawa, in fact, admits foreign investment capital more readily than Japan. Capital-intensive industry might well supply the Japanese market from plants on this island on Japan's doorstep. ●

Sales Trends in the EEC

IN recent years the trade patterns of most industrial countries have become highly dynamic. The resulting changes in the economies of overseas regions are reflected most clearly—and with the most meaning for Canada—in the mirror of imports.

One of the best examples of recent dynamic change in an economy is the European Economic Community. Since the Treaty of Rome came into force on January 1, 1958, the economy of the Common Market has been expanding vigorously. From then until the end of 1965, the Six more than doubled their imports, thereby adding approximately U.S.$26 billion to international trade. Although intra-Community trade is still expanding, the period of most rapid growth has probably ended. As in previous years, the bulk of imports into the EEC came from outside the Community; these were valued at $28 billion out of total imports of $49 billion in 1965.

The net merchandise trade position of the Community for the period 1958-1965 showed a deficit of $8 billion (see table). However, this was more than offset by income from tourism and other invisible transactions and by capital movements.

TABLE I

NET MERCHANDISE TRADE POSITION OF EEC

	Trade Balance ($ million)	Exports % of Imports
1958	— 245	98.5
1959	+ 828	105.1
1960	+ 39	100.2
1961	— 27	99.9
1962	—1,717	92.3
1963	—3,024	87.7
1964	—2,668	90.1
1965	—1,200	95.7

All members of the group are heavy importers both from within and outside the Community, but West Germany and France are the leaders. (It is interesting to note that the Low Countries are the most active importing countries in the world on a per capita basis). Germany and Italy are the largest buyers from external sources and Belgium and France the smallest.

The main trend in commodity imports in the period (it was also evident before the establishment of the EEC) was the expansion in imports of manufactured goods. Four-fifths of these products come from within the Community itself, and from the United States, Britain and Switzerland. Machinery was the leader among the manufactured products. It is important to note that the Community is capable of satisfying its own demand for manufactured goods to a large extent but energy materials most frequently have to be sought from foreign suppliers. In this area, crude petroleum for the European refineries was the most valuable import.

Canada participated actively in this market. In 1953 we made sales valued at $287 million; these rose to $588 million in 1965. But though our exports to the EEC rose absolutely, they did not rise as rapidly as the over-all market. In 1958 our share of the extra-Community imports was 2.6 per cent; by 1965 it had fallen to 2.1 per cent.

The outstanding Canadian exports to the Community have been wheat, coarse grains and oilseeds. Other products with a significant share of our export sales to Europe were forest products, asbestos, zinc and lead, steel and non-ferrous metals. At the bottom were end products, with just over one-tenth of total sales.

The main items in the end products group are aircraft and components, and navigation systems. Imports of automobile assemblies and grain combines are becoming more important in the over-all picture while those of consumer goods are small but diversified.

It appears that Canadian manufacturers and producers have to work harder to sell in Europe. Though competition is tough, there is room for expansion in all fields, particularly in manufactured products, where the competition from within the Common Market is the strongest. ●

trade fairs

Once More, Success at SPOGA

CANADIAN SPORTING GOODS MANUFACTURERS once again scored heavily at the 1966 SPOGA. Direct sales of $180,000 and anticipated orders worth a further $3 million resulted from the participation of 18 Canadian companies in this fair, held in Cologne from October 23 to 25.

Sponsored by the Department of Trade and Commerce for the third successive year, the exhibit included winter sporting goods, archery and fishing tackle, camping equipment, barbecue equipment, outboard motors, scuba diving equipment and hunting knives. Of particular interest to European buyers were Canadian-made motorized toboggans. Although it is well established in North America, "snowmobiling" is just catching on in Europe.

The Canadian firms joined with over 700 other companies from 27 countries to display their wares to the 12,750 dealers, buyers and importers who came from 39 countries. From all reports, exhibitors were satisfied with both sales and sales prospects from the three-day fair. Visitors showed a great deal of interest in the Canadian equipment, even though both duties and freight charges on it are high. Italians and Scandinavians predominated at the stand.

The participating Canadian companies were: Algonquin-Blanchard Ltd., Aqua-Marine Manufacturing Ltd., Archery Craft Company Ltd., Arrow Products Ltd., Bombardier Snowmobile Ltd., Canada Cycle and Motor, Cooper-Weeks Ltd., Daoust Lalonde Inc., Diwalt Industries Ltd., Featherweight Aluminum Products Company, Major Rod Manufacturing Company Ltd., W. H. Olsen Manufacturing Company Ltd., Polaris Industries (Canada) Ltd., Russell Belt Knives, J. E. Samson Inc., Universal Marketing Associates, Wellinger & Dunn Leather Goods Ltd., and The Western Show Company Ltd.

Over the past few years the number of Canadian companies interested in exhibiting at SPOGA has remained high. Their interest represents a whole-hearted attempt to maintain and increase already substantial sales to the leisure-minded European market.

Stockholm's Technical Fair

THE STOCKHOLM TECHNICAL FAIR this year must undoubtedly be considered a success. In general there is little to be said for a Canadian company participating in Swedish fairs except occasional specialized ones, but a Canadian electronics manufacturer (or a group of them) could have exhibited profitably here.

Three product sectors have provided the main support for the Fair since its inception four years ago—machine tools, electronics and earthmoving equipment. The first was chosen as the main theme for the 1966 fair and the second for a "special exhibition". There were practically no other products on display, apart from a little mechanical handling equipment in the open-air section. Up to now the main hall at St Eriks has been sufficient; this year, three fairly large additional tents were also filled.

There were several national stands: Finland, France, and practically all the Eastern European countries, but these were no bigger than stands of individual agents. The West Germans, of course, used their national pavilion. Japanese machine tools were exhibited on individual stands.

The machine tools part of the fair was arranged in collaboration with SVMF, the Federation of Machine Tool Suppliers, whose members import machine tools worth over $40 million a year. This occupied two-thirds of the fair area, but the "special exhibition" for electronic instruments and components appeared to be more intensive. It was arranged in collaboration with FIA, one of the two main trade associations for electronics, and with the support of the second organization. Stands were in agents' names, not manufacturers. They were frequently manned by the manager of the firm in person even on the last day, and both he and several assistants were kept fully engaged. There was not a single stand where exhibitors sat idle or roamed about looking for someone to come and show interest. One

Basil Fillmore, Commercial Assistant (Agriculture) in London, gets a sample of the Aylmer brand food provided by Canadian Canners Ltd. at Scotland's Food Exhibition in Glasgow earlier this year. Looking on with other fair-goers is R. M. McKay, Ottawa-based Commodity Officer who was on duty there.

The Western Electronics Show (WESCON) in Los Angeles was the site of this animated discussion between exhibitors and visitors. Fred Hanna, New Products Planning Manager of Aviation Electric Ltd. (back to camera), is preparing to answer a question asked by one of the visitors to this Canadian firm's exhibit.

Interested visitors at the National Metals Exposition and Congress held in Chicago last fall by the American Society for Metals stop for a look at three of the 22 Canadian exhibits at the show. Standing to the right and discussing plans for promotion during the fair are the Trade Publicity Officer (plaid coat) and (back to camera) the Commodity Officer, Department of Trade and Commerce, Ottawa.

firm mentioned 300 serious inquiries (Saab Electronic —with a new computer and a numerically controlled machine-tool system).

Four Canadian firms are known to have had products on show: C. R. Snelgrove, represented by EKB-Produkter, and known to be doing well with their crystals; Guideline Instruments, represented by Gunnar Pettersson for its resistance meters; Gearmatic Co., making hydraulic winches and represented by Monsun-Tison, and Terry Industries, making pumps and vibrators.

United States equipment certainly accounted for more than half of the exhibits in the electronics part of the fair, and some of these no doubt drew equipment from Canada, for example RCA and General Electric.

The fair had a covered area of 350,000 square feet in addition to outside space for contractors' plants, etc. There were 242 stands altogether and products were exhibited from 1,614 firms, 60 per cent more than in 1965. Of this total, 80 per cent were foreign—U.S. 22 per cent, British 14 per cent, and Swiss and French 5 per cent each. In contrast to 1965, the U.S. Trade Centre did not run an exhibition parallel with the Technical Fair. West German participation is not included above, since it was concentrated in the West German pavilion. Attendance, at 75,000, was 6 per cent higher than the previous year when the theme was mechanical handling equipment. The Japanese and the Czechs each sent a substantial trade delegation. According to insurance taken out, over $21 million of goods were sold, but possibly much of this sum represented pre-arranged sales, common when Eastern European exhibitors participate in trade fairs. Exhibitors were impressed by the high technical level of visitors.

—NORMAN PARSONS,
Commercial Assistant, Stockholm.

What Do Canadians Eat?

JUST WHAT IS TYPICAL CANADIAN FOOD? This is the question the organizers of the International Hotel and Catering Trade Exhibition, to be held in Stuttgart, Germany, next April, are asking. They are hoping to have national dishes from as many countries as possible during the fair.

Suggestions so far received from other countries include a French oyster bar, a Spanish or Portuguese restaurant, an Italian espresso bar, and a Swedish smorgasbord table. The organizers are offering interested exhibitors a fully equipped catering area in which to prepare and serve their food. The exhibitor is expected to provide his own staff.

The show is designed to display the latest furnishings, catering equipment and methods of food preparation to hoteliers and restaurateurs throughout Germany. Another planned feature is a cooking competition for chefs from all over the world. For further information, write to the Stuttgart International Trade Fairs, c/o R. F. Haussmann, 1409 Yonge Street, Toronto 7, Ontario.

Cologne Fair Adds New Building

THE COLOGNE INTERNATIONAL FAIR group has started work on a new hall on the exhibition grounds. Due to open in 1967, the building will offer about 323,000 square feet of display area on two levels. The entire top floor will be set aside for parking; an information centre, foreign visitors' reception area and convention rooms are planned for the main entrance that is also being built.

This hall will enlarge the fair's entire display area to 1.5 million square feet. It will enable the authorities to stage parallel events which need only 323,000 to 550,000 square feet by holding one event in the unaffected hall while stands in the other are being assembled or dismantled.

Cologne is the home of such exhibitions as the International Household Goods and Hardware Fair, the International Furniture Fair, the International Exhibition of Fine Foods and Provisions (ANUGA), and PHOTOKINA, the World Fair of Photography.

Maples for Britain, Oaks for Canada

DURING a visit to Ottawa in 1965, Mr. E. A. S. Brooks, a lawyer with the Foreign Office in London, was so impressed by the fall colours that he decided to promote Canadian red maples in English parks.

He found that the species flourished on Royal estates near Windsor and in private gardens along the Thames Valley but that nursery stock was difficult to obtain and too expensive for widespread use. He was able to overcome this difficulty by obtaining seeds from a Toronto friend and having them grown in corporation nurseries and private greenhouses. When they are ready for replanting, the little trees will be distributed to local authorities and civic societies throughout Britain.

In exchange, Mr. Brooks has arranged for acorns collected from Sherwood Forest of Robin Hood fame and from Runnymede where Magna Carta was signed to be grown at the Petawawa Experimental Station, Chalk River, Ontario, and for the young oaks to be distributed to civic authorities across Canada.●

Department of Trade and Commerce

Head Office: Trade and Commerce Bldg.,* Wellington and Lyon Sts., Ottawa. (Telex: 013424)

Regional Offices: St. John's, Halifax, Montreal, Winnipeg, Edmonton, Vancouver (see page 21)

	Gov. Local
Minister: The Honourable Robert H. Winters	2-0336, 2-0337
Executive Assistant: A. C. Abbott	2-7052
Private Secretary: Mrs. Regan Copp	2-0337
Departmental Assistant: Claude Renaud	2-0336
Deputy Minister: J. H. Warren	2-2888, 2-5838
Executive Assistant: B. F. Armishaw	2-2380, 2-0819
Comptroller-Secretary: L. J. Rodger	2-2262, 2-7411
Personnel Branch: Director, P. M. Legris	2-5430
Financial Services: Chief, L. Marks	2-4312
Economics Branch: Director, V. J. Macklin	2-5658
Grain Division: Chief, R. M. Esdale	2-5830, 2-5648
Standards Branch: Director, R. W. MacLean	2-2132
Assistant Deputy Minister (Trade Policy): M. Schwarzmann	2-4042, 2-2649
Assistant Deputy Minister (Commodities and Industries): Denis Harvey	2-5417, 2-7056
Assistant Deputy Minister (External Trade Promotion): T. R. G. Fletcher	2-2530, 2-0798

Grain Division

Chief: R. M. Esdale	2-5830, 2-5648
Assistant Chief: W. J. O'Connor	2-7036, 2-5830
D. I. Campbell	2-5648, 2-7036
S. E. Kidd	2-1581

Standards Branch Standards Bldg., Holland Ave., Tunney's Pasture

Director: R. W. MacLean	2-2132
Assistant Director and Chief Engineer: G. E. Anderson	2-0020
Electricity and Gas Division	
Chief: K. Cryer	2-2956
Weights and Measures Division	
Chief: J. L. Armstrong	2-2000
Laboratory Division	
Chief: W. J. S. Fraser	2-2575
Commodities and Precious Metals Marking	
Chief: G. R. Lewis	2-7075

To telephone: in Ottawa—dial 99 and the government local; out-of-town—call government switchboard 232-8211 and ask for the local, or dial direct Ottawa area code 613, then 99 and the local.

**Unless otherwise noted, all offices of the Department are in this building.*

Trade Policy Services

Gov. Local

M. Schwarzmann, Assistant Deputy Minister 2-4042, 2-2649

Office of Trade Relations

General Director: R. E. Latimer 2-4815, 2-8850

Section I

Director: W. G. Pybus 2-2981, 2-2250

United States Division
Chief: A. R. A. Gherson 2-5176
Assistant Chief: C. J. Kelly 2-1683
Assistant Chief Trade Promotion: A. A. Lomas 2-2144

General Relations and International Organizations Division
Chief: F. R. Petrie 2-5779
Assistant Chief: A. R. Porter 2-1782

Financing and Aid Division
Chief J. R. Midwinter 2-6143

Section II

Acting Director: A. W. A. Lane 2-2981, 2-2250

Commonwealth Division
Chief: R. B. Nickson 2-2421

Latin American Division
Chief: R. A. Bull 2-7641

Asia and Middle East Division
Chief: F. P. Weiser 2-5642

European Division
Chief: J. M. T. Thomas 2-8727
Assistant Chief: A. M. Baldwin 2-6531

Office of Commodity Trade Policy

General Director: M. G. Clark 2-1035, 2-0982

Commodities and Industries Services

Denis Harvey, Assistant Deputy Minister 2-5417, 2-7056

Agriculture and Fisheries Branch

Director: D. B. Laughton 2-4301
Assistant Director (Agriculture): A. J. Stanton 2-7523
Assistant Director (Fisheries): T. R. Kinsella 2-7385
Special Assignments: W. B. McCullough 6-1156

Commodity Arrangements and Market Development Division
Acting Chief: D. H. Burns 2-4161
Commodity Arrangements: D. H. Burns 2-4161
R. M. Haney 2-1227
Market Development: 6-1156
J. N. Guerin 6-1390
Statistical Services: 2-4161

Fisheries Division
Chief and Atlantic Fish: M. S. Strong 2-6621
Atlantic Fisheries: M. S. Strong 2-6621
Inland Fisheries: R. Bedard 2-7744
Pacific Fisheries: J. G. Tompkins 2-1876

Agriculture and Fisheries Branch (cont'd.)

Gov. Local

Livestock and Animal Products Division

Chief: K. L. Melvin 2-3172
Livestock: J. Kneale 2-5481
Dairy products: C. R. Merkley 2-8039
Meats, eggs and poultry, and animal products: 2-3172
Furs and fur-bearing animals: D. H. Burns 2-4161

Plant Products Division

Acting Chief: J. B. Mountain 2-0914
Fresh and processed fruit: J. B. Mountain 2-0914
Fresh and processed vegetables, beverages: W. J. Curran 2-6350
Grocery and confectionery products, tobacco and products: R. M. McKay 2-1723
Oilseeds, oils and fats, feeds: H. T. Armstrong 2-5740
Seeds, special crops and nursery stock: 2-5740

Industrial Materials Branch

Director: A. M. Tedford 2-6905
Assistant to the Director: A. E. Grant 2-7731
Assistant to the Director: G. E. Miller 2-7731

Chemicals Division

Chief: G. E. McCormack 2-5993
Specialties Section, Head: J. T. Power 2-7601
Cleaning compounds, polishes: J. T. Power 2-7601
Pharmaceuticals and fine chemicals: P. S. D. Fisher 2-8966
Surface coatings, construction specialties: C. S. Pranschke 2-5177
Pesticides, automotive chemicals: G. H. Gatson 6-1429
Fertilizers and Inorganic Section, Head: G. A. Ferguson 2-6075
Fertilizers and sulphur: G. A. Ferguson 2-6075
Inorganic chemicals: 2-6075
Petrochemicals and Petroleum Section, Head: A. E. LeNeveu 2-8863
Synthetic resins, rubber, oil and gas: A. E. LeNeveu 2-8863
Organic chemicals: S. Gelblum 2-2905

Forest Products Division

Chief: M. N. Murphy 2-0273
Housing, Lumber and Wood Products Co-ordinator: E. J. White 2-4449
Housing and Wood Products Section, Head: .....
Housing and construction products: W. D. Wardle 2-4863
Manufactured and semi-manufactured wood products: J. R. Rooke 2-8979
Lumber and Primary Wood Products Section, Head: E. W. Smith 2-5811
Sawmill and primary wood products: D. E. Taylor 2-1322
Special projects: G. W. S. Rooney 2-8800
Pulp, Paper and Paper Products Co-ordinator: .....
Paperboard and Paper Products Section, Head: F. T. Carten 2-6974
Industrial papers and paperboard: F. T. Carten 2-6974
Converted paper products: G. J. Derouin 2-5127
Pulp and Paper Section, Head: .....
Wood pulp, newsprint and fine grade papers: A. Georges 2-8881

Metals and Minerals Division

Chief: R. J. Jones 2-8422
Industrial Minerals and Structural Materials Section, Head: R. P. Mulvihill 2-5823
W. A. Lambo 2-1059
International Commodity Problems and Special Projects Section, Head: R. T. B. Harvey 2-1482

Metals and Minerals Division (cont'd.)	**Gov. Local**
Iron and Steel Section, Head: O. L. L'Esperance	2-5159
Non-Ferrous Metals Section: T. D. McGee	2-1455

Manufacturing Industries and Engineering Branch

Director: R. A. Scoon	2-1462
Assistant to Director: Milan Stolarik	2-1767
Appliances and Commercial Machinery Division	
Chief: G. W. Rahm	2-6950
Catering equipment, business machines and office furniture: V. J. Byam	2-8789
Domestic appliances and lighting: H. G. Weber	2-7956
Hardware and building supplies: F. R. Harris	2-1464
Housewares, small electrical appliances, home entertainment: D. W. B. Fair	2-1068
Medical, scientific and educational equipment and supplies: C. W. Ross	2-3209
Plumbing, heating, air-conditioning: D. C. Meyers	2-6958
D. R. Moffatt	2-6383
Safety equipment and farm supplies: G. W. Green	2-1456
Store fixtures and display fittings, coin-operated equipment and commercial laundry equipment: D. M. Proudfoot	2-6552
Electrical and Electronic Equipment Division	
Chief: R. Sangster	2-8897
Electronic Section	
Co-ordinator: C. A. Fortier	2-9714
Radio and television broadcasting equipment, computers: D. L. Draper	2-6479
Ground earth satellite stations and airport projects: M. L. Nickerson	2-9846
Communications: R. J. Rushka	6-3615
Electrical Section	
Co-ordinator: C. G. F. Plaxton	2-8866
Hydro and thermal power equipment: V. P. Rossiter	2-5382
Transmission and distribution equipment: E. A. Boys	2-9727
Mechanical Equipment and Engineering Division	
Chief: R. C. Wallace	2-4082
Mechanical Equipment Section, Head: N. G. McLaren	2-8086
Transportation, agricultural equipment: G. C. Clarke	2-3873
Industrial plant and metal working equipment: J. R. Johnson	2-7546
Process plant equipment: J. W. Earle	2-5859
Nuclear plant equipment: G. T. Leaist	2-2388
Engineering Services Section, Head: M. M. W. Smith	2-3029
Engineering services: M. M. W. Smith	2-3029
Construction contracting services: L. F. McLean	6-3742
Textiles and Consumer Goods Division	
Chief: A. C. Fairweather	2-6197
Assistant Chief: E. G. Gerridzen	2-7815
Handicrafts, chinaware, jewellery, photographic equipment, wigs, brooms, brushes, etc.: Miss R. A. Orr	2-5337
Ladies' and children's wearing apparel, linens, blankets: E. G. Gerridzen	2-7815
Miss S. A. Gray	2-3004
Leather, rubber and plastic products, hides and skins: G. A. Taylor	2-0518
Men's and boys' wearing apparel, headwear, laces: B. J. Gallanger	2-4160
Sporting goods, recreational supplies, watercraft, marine supplies: A. Y. Renaud	2-1317
Textile fibres and fabrics, jute products, wastes, household textiles, rugs: M. A. Olivier	2-8760
Toys, dolls and playthings, musical instruments, phonograph records, optical goods: B. L. Labelle	2-5378

Transportation and Trade Services Branch

	Gov. Local
Director: G. M. Schuthe	2-6236
Deputy Director: C. Varkaris	2-7163
Export and Import Permits Division	
Chief: S. G. Barkley	2-5670
R. Traversy	2-3640
G. Savard	2-6976
Regional Offices and Trade Services Division	
Acting Chief: G. A. Cooper	2-7746
Directories Section, Head: J. Y. La Fleche	2-6681
Transportation Division	
Chief: H. A. Hadskis	2-2737
Trade Routes and Tariff Section, Head: J. H. Hiland	2-5851
Transportation Economics Section, Head: J. W. Gibson	2-8083

REGIONAL OFFICES

Halifax, N.S., 1256 Barrington St.	Phone: 422-8491
Regional Manager: D. J. Packman	Telex: 014-42429
Montreal 2, P.Q., Room 2325, 1 Place Ville-Marie	Phone: 878-9114
Regional Manager: R. C. Montreuil	Telex: 01-20280
St. John's, Nfld., Sir Humphrey Gilbert Bldg., Duckworth St. (P.O. Box 5458)	Phone: 722-6074
Regional Officer: R. D. Peters	Telex: 016282
Winnipeg 1, Man., Room 521, 269 Main St.	Phone: 943-7496
Regional Manager: G. A. Gillespie	Telex: 035287
Edmonton, Alta., 10225-100th Ave.	Phone: 422-7178
Regional Manager: W. Mackenzie Hall	Telex: 037-2762
Vancouver 2, B.C., Room 405, 325 Granville St.	Phone: 681-7161
Regional Manager: R. F. Renwick	Telex: 045391

External Trade Services

T. R. G. Fletcher, Assistant Deputy Minister 2-2530, 2-0798

Canadian Government Exhibition Commission 2487 Kaladar Ave.

Director: Patrick Reid	2-7412, 2-3558
Assistant Director: A. D. Simmons	2-7747
Chief, Administration:	2-6795
Chief, Production: J. Rachlis	2-1915
Chief, International Division: R. E. H. Ogilvie	2-4139
Assistant Chief, International Division: H. F. Cotton	2-8825
Project Officers: S. B. Pink	2-6351
C. F. Daley	2-1909
T. J. Parkinson	2-6351
D. R. Lambie	2-1993
R. B. Hughes	2-1993
J. A. Stewart	2-1909
E. Giossan	2-8825
Chief Designer (International): F. B. Mayrs	2-3682
Chief, Special Projects Division: W. E. Ackland	6-3938
Project Officers: W. S. Turner	2-1501
D. M. Shepherd	2-1501
Chief Designer (Special Projects): G. E. Stranks	2-3671
Project Designer: M. A. Faraday	2-1501

Canadian Government Travel Bureau 150 Kent St. (Telex: 013474)

	Gov. Local
Director: Dan Wallace	2-3166
Assistant Director: Roland Boire	2-5256
Chief Administrative Officer: J. E. Thorpe	2-1680

Trade Commissioner Service

Director: R. K. Thomson	2-8286
Executive Director: C. O. R. Rousseau	2-6835
Assistant Director (Personnel): H. E. Campbell	2-6800
Assistant Director (Administration): T. F. Harris	2-5669
Assistant Director (Operations): G. F. J. Osbaldeston	2-3058
Deputy Assistant Director (Operations): D. J. McEachran	2-1366
Inspector: K. F. Osmond	2-1879

Trade Fairs and Missions Branch

Acting Director: R. V. N. Gordon	2-8269
Trade Fairs Abroad Division	
Chief: F. J. Bradley	2-8855
Trade Missions Division	
Acting Chief: R. B. Fournier	2-8069

Trade Publicity Branch

Director: Royd E. Beamish	2-2479
Assistant Director: G. P. O'Keefe	2-6394
Chief of Operations: F. R. Hamilton	2-6435
Deputy Chief of Operations: D. Dingwall	2-6435
Art Division	
Art Director: R. H. Williamson	2-8922
"Canada Courier" Division	
Editor: P. Bomford	2-1295
Editorial Division	
Editorial Director: T. Lazenby	2-1259
"Foreign Trade" and "Commerce extérieur"	
Editor: Miss O. Mary Hill	2-6588
Media Relations Division	
Chief: Kenn A. Prittie	2-2186

Associated Services

Dominion Bureau of Statistics Holland Ave., Tunney's Pasture

	Gov. Local
Dominion Statistician: Walter E. Duffett	2-0031
Assistant Dominion Statistician: S. A. Goldberg	2-5458
Assistant Dominion Statistician: L. E. Rowebottom	2-5426
Assistant Dominion Statistician: H. L. Allen	2-7368
Publications information and general inquiries	2-2489

Export Credits Insurance Corporation 309 Cooper St., P.O. Box 655

President: H. T. Aitken	232-4828
Vice-President: A. W. Thomas	232-4828
Secretary: T. Chase-Casgrain	232-4828
Administrative Manager: J. S. MacGillivray	232-4828
Export Finance Division, Manager: S. P. Wheelock	232-4828
Montreal Branch, Suite 1001, 800 Place Victoria	861-6647
Toronto Branch, Room 1510, 55 York St.	364-5778

Translation Branch

	Gov. Local
Chief: H. E. Gauthier	6-3084

Germany's outmoded patent laws have resulted in a backlog of a quarter of a million patent applications. Currently Germany spends more than twice as much on imported knowhow as she earns from inventions sold abroad. Reforms are proposed to correct this.

ROBERT J. BUCHAN, *Assistant Commercial Secretary, Bad Godesberg.*

West Germany Plans Patent Law Reform

THE SUCCESS of the Germans as inventors results from a combination of creativity and rigorous attention to detail. Carried over into the administrative field, this same passion for thoroughness can have a negative influence on the development of inventive talent.

This, in fact, is exactly what has happened. Each year some 66,000 new patent applications are filed with the German Patent Office in Munich, as well as 49,000 applications for registered designs and 25,000 applications for trade-marks. Under the present system, each application is investigated not only from the legal point of view but also for novelty, technical advance and industrial value. Only if these investigations give positive results is the procedure continued. True, the preliminary work may lead to better protection for the patentee and spare him a lawsuit later but it now takes up to six years to process an application for German patent rights. There is no provisional protection during the interim and German inventors have no way of knowing what inventions have been registered.

With the rapid advances in science and technology, many of these inventions will be technically out-of-date by the time a German patent is granted. It is impossible to assess the true economic cost of a bureaucratic phenomenon which piles up a mountain of 250,000 unprocessed applications for patent rights.

Germany Imports Knowhow

Germany has become a large net importer of technical knowhow, according to the German Bundesbank, which publishes detailed information on patent and licence transactions with foreign countries. (Statistics cover only payments or remuneration for permitting the use of inventions, processes or copyrights and do not cover the exchange of knowhow and research payments, which are not clearly identifiable.) The figures make interesting and somewhat surprising reading to those who know Germany as a world leader in science and technology. (See table).

In 1965, according to Bundesbank figures, German expenditure on patents, inventions, processes and copyrights totalled $210.9 million but receipts from other countries only amounted to $86.1 million. Excluding copyrights, registered designs and the like from the above figures, West Germany paid nearly $180 million to import technical knowhow in 1965. About 45 per cent of these payments went to the United States, 27 per cent to Switzerland, and 11 per cent to Britain. Canada ranked eleventh, with only a 0.6 per cent share of the

WEST GERMAN BALANCE OF TRADE
PATENTS, INVENTIONS, PROCESSES, COPYRIGHTS

	Payments from Foreign Countries	Payments to Foreign Countries	Adverse Balance of Trade
		(millions of Can. $)	
1950	3	6	3
1955	21	60	39
1960	42	138	96
1961	46	167	121
1962	50	170	120
1963	58 (5)*	172 (26)	114
1964	72 (5)	189 (23)	117
1965	86 (5)	211 (32)	125

* Figures in brackets indicate the value of copyrights and registered designs, including some payments for trade-marks.
Source: Deutsche Bundesbank

German market. Canadian receipts from West Germany for patents, inventions and processes (excluding copyrights) were $1,026,000 compared with payments to Germany of $594,000.

Reforms Proposed

Steps are being taken to reform the German patent procedure which, it is hoped, will reduce the net balance-of-payments outflow of $125 million. German manufactured products can be made even more competitive in world markets if German inventions are exploited more quickly by industry.

A reform bill proposed by the German Ministry of Justice is now being debated by the German Parliament and is expected to be approved. The two main features of the new plan are:

1. The "deferred examination".

2. Provisional legal protection for all applications.

The first would allow the applicant to decide for himself whether the relatively costly examination procedure should be set in motion at once, or whether he would prefer to suspend the proceedings long enough to satisfy himself that the economic importance of the invention justifies an examination.

The second feature of the new plan is that all patents applied for would be made public under provisional legal protection. This measure is primarily designed to prevent costly duplication of investment and effort but it will also help to shorten the waiting period between the time an invention is developed and the time it is marketed.

The "Patent Applied for" system has worked successfully in other developed economies for many years. To the Germans, it was a concession to economic necessity which they did not feel obliged to make. However, the economic realities of the postwar scientific explosion have shown Germany the advantages of a patent registration system similar to that in use in most other developed countries of the world.

Inventor's Dilemma

It is usually difficult for an inventor to sell an invention outside his own country if it has not been developed and marketed there. Potential buyers are inclined to be sceptical of untried foreign inventions. The German inventor understandably hesitates to have his invention marketed at home until his rights to it have been protected.

There are many other factors to be considered, such as the state of research and development in industry and government and the priority attached to pure research in government budgeting. There is, however, no denying the harmful effects of an outdated system of patent legislation. ●

Lumbermen from Canada Meet New England Wholesalers

AN INFORMAL MISSION of Canadian lumber exporters which conferred with wholesalers from New England in Boston during October secured business worth $1¼ million. Although this was close to last year's figure, it was no small achievement when viewed against generally falling retail lumber sales in the United States.

The $40 million New England lumber market takes over 70 per cent of the output of Quebec and the Maritimes and its importance to those provinces is obvious. But because this vast market offers a wide variety of opportunities, the mission also included lumbermen from other Canadian provinces.

Eighty U.S. lumber buyers in New England, plus some from New York and Philadelphia, sat down to dinner with the Canadians at the Harvard Club (see photograph). Old friendships were renewed and new contacts made. The president of the Canadian Lumbermen's Association, J. W. McNutt, extended an invitation to the American wholesalers to come to Canada more often and visit the manufacturers.

Because of the success of this informal trade mission, organized by Lou Davis of the New England Wholesale Lumber Association and M. R. M. Dale, Canadian Senior Trade Commissioner in Boston, it will probably become an annual event. It provides an excellent opportunity for Canadian lumbermen, their trade associations and representatives of the government to meet and talk business with the lumber wholesalers of the northeastern United States. ●

What's current in commodities?

Clothing

Australia—Styles "down under" are only six months behind those of North America and Europe, and fashions are becoming more and more important. This article reviews a market which could well accept Canadian innovations, from underwear to ski clothes.

A. DAVID SCHULMAN, *Assistant Commercial Secretary, Sydney.*

AUSTRALIANS SPEND approximately $1 billion a year on clothing—an annual per capita expenditure of close to $90. Domestic production accounts for 97 per cent of requirements but the remaining 3 per cent—supplied from abroad—offers some attractive opportunities for Canadian exporters.

Of Australia's 11.5 million people, the heaviest spenders on clothing are the young adults who represent 16 per cent of the total. They are relatively uninhibited in dress and are more readily influenced by fashion changes. They buy a greater variety of items, whereas older customers are prepared to pay more per item. Today some 30 per cent of married women in the capital cities are working and their clothing bill is probably higher than that of the full-time homemaker.

An important development in recent years has been the increase in sales resulting from technological developments in manmade fibres; these have enabled manufacturers to offer a greater variety of styles and types of apparel. The "easy-care" garments made of synthetics readily laundered and usually crease-resistant frequently are lower priced and have become increasingly popular.

Fashion in Australia has made great progress in the last 10 years and volume fashions have become fairly close to overseas styles. This results from keen competition within the industry, greater production efficiency, and the fact that Australians are better informed about overseas fashion developments through magazines and the press. Jet travel and good overseas representation have also assisted local importers and manufacturers in introducing new styles within weeks of their appearance abroad. Australia is seldom more than six months behind North America in fashion, largely because of the reversal of the seasons. The growing affluence of Australian consumers has also been important: with rising incomes and continued improvements in living standards, consumers are seeking a greater variety in dress for different occasions and generally larger wardrobes.

Men's and Boys' Clothing

Sales of men's and boys' clothing were estimated at $387-393 million for the fiscal year 1964-65 (the latest market statisitcs available) or about $75 per head. As shown in Table II, the Australian production supplies the greater proportion. Except for short coats, neckties and pyjamas, imports have accounted for less than 2 per cent of sales (see Table II). Statistics indicate that the fastest growing age group is the 15-24 bracket, followed by the 2-14 group. It is to these groups that most sales are made.

Although sales of suits and collar-attached shirts have increased, the main trend has been towards a relaxed, casual style of clothing such as sports trousers, sports shirts, shorts, knitwear and jackets. The demand for suits has risen in the last five years, but there is little opportunity for overseas exporters because Australia is practically self-sufficient in this field (imports account for less than 1 per cent). Sports coats and jackets are in less demand; they have been replaced by fashionable, comfortable knit-wear and sports shirts. Because

TABLE I

VALUE OF OUTPUT AND OVERSEAS TRADE BY INDUSTRY GROUPS AUSTRALIA YEAR ENDED JUNE 1964[1]

Industry Group	Supplies[2]	Value of Output[3]	Imports[4]		Exports[4]	
	$'000	$'000	$'000	As per cent of Supplies	$'000	As per cent of Output
Knitted goods and hosiery	187,001	183,788	3,752	2.0	539	0.3
Tailoring and ready-made clothing	181,318	180,206	1,395	0.8	283	0.2
Shirts and pyjamas (men's and boys')	64,813	64,508	583	0.9	278	0.4
Dressmaking	51,509	51,220	680	1.3	391	0.8
Foundation garments and pants	26,138	25,588	633	2.4	83	0.3
Millinery, hats and caps (all kinds)	17,877	15,534	2,485	13.9	142	0.9
Handkerchiefs, ties and scarves	11,989	10,212	1,777	14.8	n.a.	—
Gloves	7,698	5,036	2,694	35.0	32	0.6
Ladies' handbags	6,610	5,707	903	13.7	n.a.	—

Source: Commonwealth Bureau of Census and Statistics

[1] Latest year for which industry statistics are available at this stage.

[2] Value of goods at manufacturers' and at agents' level before duty has been paid.

[3] Value of output in the selling value at the factory.

[4] Value f.o.b. port of shipment.

these are available in smart styles and colours—as well as in winter weights —people don't need to wear jackets.

Australia's temperate climate limits the demand for overcoats. The more popular items are medium-weight, dual-purpose coats for protection against rain and cool weather and most of these local production supplies. On the other hand, imported warm outerwear (parkas, duffle coats, car coats) could find a small but attractive market in the southern Australian states and in the snow country which have regular though short cold spells. The development of skiing in these areas has resulted in a demand for winter skiing and sports wear.

The increased market for shirts is largely the result of the new element of fashion in men's wear. The variety of styles, colours, patterns and fabrics has encouraged men to own more sports shirts. The trend has been largely to woven types. Fashions tend to imitate European styles, mainly Italian, Swedish and Swiss. Men prefer solid colours and bold strips to patterns, although in knitwear there is some acceptance of pattern in the knit rather than the colour. Cotton is, however, the most important shirt fabric, with "drip-dry" increasing in demand. Other popular materials are polyester and cotton, nylon, terylene and terylene/cotton.

The market for swimwear has increased, especially for knitted trunks and to a lesser extent woven swimshorts. Surfing has given a major boost to sales because of the need to wear a "racer" under the board shorts—in effect, two costumes are needed. Also important are "surf styles" and the slow but steady rise in co-ordinates or sets.

Interest in cardigans and sweaters has reached a stable level and shows no sign of increasing in the short term. There is nevertheless some opportunity for imported knitwear such as skiwear and winter sportswear. Quality should not be less than medium and landed prices should run in the vicinity of $12 to $15.

For Women, Girls and Infants

Sales of women's, girls' and infants' clothing were estimated at $103 per person, or approximately $605 million in the year 1964-65. The women's wear industry is difficult to assess because production statistics are confined to underwear, nightwear, foundation garments, bathing suits and women's accessories. Australian manufacturers meet the greater proportion of this demand. Imports are nevertheless substantial and it is in these areas that Canadian exporters have been active. The market consists of almost six million consumers, 68 per cent of whom are over 15 years of age. The 15-24 group, though forming only 17 per cent of the female population, is the most influential. Young people buy a greater variety of the basics and then carry these tastes and demands past the teens. Their fashion ideas have spread to the older groups who are finding it difficult to stick with the "old basics". There are two distinct fashion markets: the teenagers and unmarried girls who like casual fashions, and the older women who favour smart, elegant clothes. Don't forget also the special market for high fashions among well-to-do married women with many opportunities to express their fashion sense.

TABLE II

ANNUAL LEVEL OF MARKET SUPPLIES OF SELECTED MEN'S AND BOYS' WEAR ITEMS—AUSTRALIA, 2 YEARS TO JUNE 1965

Men's and Boys' Wear Items	Units	Market Supplies	Australian Manufacture	Imports	Imports as per cent of of Supplies
Suits	'000	1,015	1,007	8	0.8
Short coats and jackets	'000	655	601	54	8.2
Overcoats (all)	'000	647	633	14	2.2
Plastic raincoats	'000	686	686	n.i.	—
Trousers (all except for suits) (prs.)	'000	7,772	7,729	43	0.6
Shorts (prs.)	'000	6,109	6,109	n.i.	—
Swimwear (prs.)	'000	1,537	1,537	n.i.	—
Shirts (all)	'000	25,735	25,144	591	2.3
Neckties	'000	5,782	5,460[1]	322	5.6
Cardigans etc.	'000	4,302	4,302	n.i.	—
Hosiery (men) (prs.)	'000	23,386	19,973	3,413	1.5
Singlets	'000	12,169	12,169	n.i.	—
Underpants (prs.)	'000	13,871	13,871	n.i.	—
Pyjamas (prs.)	'000	5,345	5,141	204	3.8

n.i.=neglible imports

[1] Based on 1963-64 production statistics only.

Source: Production and import statistics published by the Commonwealth Statistician.

TABLE III

IMPORTS OF MEN'S AND BOYS' CLOTHING—AUSTRALIA, 1959-60 to 1964-65

Volume in thousand units/pairs

Item	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65
Suits	8.5	14.9	13.7	8.8	8.4	8.2
Trousers & knickers	22.9	65.0	78.1	29.6	39.8	45.1
Coats and vests	59.8	124.6	38.6	19.6	24.6	29.4
Overcoats (except plastic and leather)	26.9	27.5	14.1	11.6	12.4	15.5
Neckties	108.0	321.6	454.8	334.0	370.1	273.8
Socks and stockings	4,076.4	4,243.2	2,214.0	2,926.8	3,412.8	2,947.0
Shirts[1]	764.0	876.0	237.3	248.6	933.6	1,420.3
Pyjama suits	77.5	99.6	72.6	109.8	125.0	282.1
Headwear (fur felt hats only)	30.2	56.8	30.2	24.2	27.8	21.1

Note: No separate information on imports of men's and boys' cardigans available. Imports of all cardigans, sweaters, jumpers, etc., were 365,146 in 1959-60, 513,869 in 1960-61, 286,232 in 1961-62, 393,245 in 1962-63, 507,608 in 1963-64, and 785,878 in 1964-65.

[1] Imports of knitted or lockstitched shirts not available for 1961-62 or 1962-63. Figures are given for imports of woven shirts only.

Source: Commonwealth Statistician.

The last ten years have seen greater popularity for relaxed and comfortable clothing leading to casuals and sportswear. There has also been a trend to multi-purpose garments with casual elegance, such as knitted suits suitable for day wear as well as evening outings. In formal wear, the most significant development has been the introduction of sophisticated hostess wear, consisting of long skirts and smart but casual tops as well as the increased popularity of highly styled cocktail wear. Women's styles also tend to be influenced by foreign fashions from the previous season. Most sportswear fashions originate in Italy, with outerwear fashions coming from France, Britain and North America. Important too are the easy-care fabrics because of their price and durability. Synthetic fibres such as tervlene, orlon and acrilan have met with success, especially when imitating the traditional uses of the natural fibre fabrics.

Although day dresses are still popular, the increase in sales has been small. Turnover is high because of the frequent fashion changes, but prices are lower because of the use of synthetics and the fierce competition. Women can buy shifts at low prices and make them look smart with accessories. The younger age groups prefer casual or sportswear and wear frocks only when necessary.

The demand for cardigans and similar knitwear has been high, increasing about 19 per cent in the five years ended mid-1965. Imports averaged 645,000 units. The demand for bathing suits in any season depends to a great extent on the weather and although the general trend is upwards it is subject to severe fluctuations. The annual increase in demand so far in the sixties has been about 8 per cent.

Underwear, lingerie and nightwear are areas in which Canadian exporters have met with a fair degree of success (see Table IV), but these Canadian products are now meeting increased competition. Colour is popular and it is fashionable to wear different styles of underwear with different outerwear garments. The best opportunities lie in the medium to top price lines. Synthetics have brought prices down to where slips start at $3.50. A good pair of nylon pyjamas start at $2.50, although it is not likely they will displace the popular nightdresses. Once again there is an increased turnover but the increase in value has not been high. Competition in foundation garments is keen and the best opportunities lie in a licensing arrangement or the sale of the component materials. Sales of corsets and girdles have risen 114 per cent in the past 10 years, those of brassieres 64 per cent. Over 90 per cent of imports of the latter are from Hong Kong. National advertising in all media has been important in boosting sales; so have frequent fashion changes.

Canada supplies about two thirds of Australian hosiery imports but any significant increase at present is unlikely. Local production is increasing in size, efficiency and quality. Domestic prices are slowly edging below Canadian prices and imports must now land at less than $2.30 per dozen. Duty is approximately 97 cents per dozen. Textured stockings are becoming popular as is the wider range of colours, but these will not replace the standard, narrow colour range of seamless stockings.

There are good export opportunities for fashion coats and suits and summer sportswear, and the same applies to maternity wear. Women's coats, with or without fur trim, will find a market with a small turnover but a high value. Finally, there are always good prospects for novelty lines.

The market for infants' and baby wear has grown slowly, but this has been partially offset by the increased volume. Canada has been moderately successful in exporting to this market, especially in the quality lines, and a new Canadian range of children's clothing and accessories usually attracts interest. The biggest demand is for underwear, followed by knitwear but there is a developing market for new children's fashions.

A General View

We expect Australian production of clothing to increase in the future but there will always be some opportunities for imported goods. Canadian sales prospects lie in the medium- to high-priced fields and control over quality is extremely important. Suppliers from many foreign countries are competing for the small volume of imports and local buyers demand the highest quality merchandise.

To be successful here Canadian exporters must make a special effort to give good service to their Australian customers. This involves careful attention to documentation, shipping dates and specific instructions from the buyer. Correspondence must be prompt in order to build up a feeling of confidence on the part of the importer. The use of airmail is essential, but even this method usually means a week between Canada and Australia. Promised shipping dates must be adhered to because a missed sailing date could mean a delay of several weeks.

For volume sales of clothing, local importers have been asking for assistance with promotion expenses. Canadian suppliers should bear this in mind and, when possible, try to meet these requests to get maximum sales.●

TABLE IV

SELECTED CANADIAN APPAREL EXPORTS TO AUSTRALIA

	1963	1964	1965
		(Can. $)	
Foundation garments (all)	9,377	46,645	46,178
Underwear	31,647	42,375	60,618
Sleepwear	n.a.	422	21,665
Dresses (except knitted)	n.a.	249	1,076
Shirts (except knitted)	2,943	1,390	—
Suits (fine slack and sport, except knitted)	12,936	—	9,774
Overcoats and outdoor jackets	1,876	1,018	9,755
Other outerwear (except knit)	2,227	1,141	1,608
Sweaters, cardigans, pullovers	31,805	22,182	13,700
Outerwear, knit or knot fabric	19,263	25,391	186,656
Hosiery (seamless or full fashion)	422,966	506,762	547,070
Fur apparel	2,945	8,405	4,750

n.a.=not available

Source: Dominion Bureau of Statistics

trade lines

From West Germany

West Germans bought 972.4 million imperial gallons of beer (or drank 9,182 million steins of it) during the first seven months of 1966, an increase of 5.4 per cent over the same period in 1965. From January to June, breweries sold 7.1 per cent more beer than last year. Unfortunately, in July the weather was cold and sales went down by 12.4 per cent compared with June. Looking at the figures, Bavaria and North Rhine-Westphalia seem to be the leading beer consumers. Together, they drank 55.6 per cent of the total production—Bad Godesberg.

West Germany's exports are approaching boom proportions, at least temporarily. Exports in July, at 6,830 million DM, were 11.3 per cent above those for last July. Imports were off for July by 2.1 per cent for a month's total of 5,910 million DM. The July surplus of trade was 921 million DM, a figure previously recorded only in the boom years of German exports. By comparison, the surplus in July 1965 was only 104 million DM—Duesseldorf.

Germany imported more and exported more in the first nine months of 1966 than in the same period of 1965. Imports increased to DM 54 billion, up 5 per cent, and exports rose to DM 58.5 billion, up 12.4 per cent. The trade surplus rose from DM 0.6 billion last year to DM 4.5 billion this year—Hamburg.

Newsprint consumption in West Germany is expected to reach 770,000 tons in 1966, of which only 210,000 tons will be produced domestically. The remaining 560,000 tons will come chiefly from countries outside the Common Market as this year's import quota for newsprint has been increased to 525,000 tons, compared with only 131,350 tons last year. Canadian sales of newsprint to Germany in 1964 were a mere 775 tons but in 1965 they rose to over 38,000 tons valued at over $5 million—Duesseldorf.

Retained earnings of German industry are at a ten-year low. The 1965 figure of approximately $3 billion is 23 per cent below 1964. Because retained earnings, with depreciation, are the main source of company funds, expectations are that capital expenditures will be adversely affected—Bad Godesberg.

The West German clean air and water campaign is swinging into high gear. After 1968 all German-made cars will have "afterburners" to purify their exhausts. German industry is fighting air pollution now at an annual cost of $280 million. Smaller amounts have been spent on water purification in the past but water pollution is increasing much faster. By 1967, the purification of the Rhine alone will have absorbed more than a billion dollars—Duesseldorf.

German chemical products are sold mainly to Western Europe which, in turn, is Germany's biggest supplier in this field. In the first four months of 1966, 55 per cent of all German chemical exports went to neighbouring European countries and in the first quarter of the same year, two-thirds of its chemical imports came from Western Europe—Bad Godesberg.

German industry is based on a large and increasing number of firms, according to a ten-year study. Industrial firms (excluding energy-producing plants and major construction projects) with ten or more employees totalled 45,075 in August 1954. By September 1962 the number had reached 48,293 and the last official count—September 1964—showed 47,946 firms, slightly less than in 1962—Bad Godesberg.

Hard-working Germans? Not according to the statistics. In 1965, the average work week in Germany was 39.63 hours compared with 45.3 in France. The increase in German leisure time has created a host of market opportunities for suppliers of leisure and hobby equipment—Duesseldorf.

Fur covers for car seats are becoming fashionable in Germany. The fur is usually shorn sheepskin, but "genuine husky skin" is also available. These covers are washable and are said to be warm in winter and cool in summer—Hamburg.

The Rhine is growing in importance as an avenue of international shipping. Cargo bound from one country to another amounted to more than 80 million tons in 1965, up 7 million over the previous year. Rotterdam and Duisburg remained the two principal ports for Rhine shipping—Bad Godesberg.

The Federation of Germany Industry (BDI) is now acting as patron for 114 painters, sculptors and graphic

artists. Recently the BDI's Culture Circle made grants-in-aid to a number of young musicians and painters. A special award made for chamber music went to an Edinburgh composer, one of 49 competitors from Germany and abroad—Bad Godesberg.

More West Germans than ever are laying aside money to finance building plans. Last year over 1.2 million new building and loan contracts were concluded, 14.8 per cent more than in 1964 and well over 1963's 835,000 new contracts. Last year's new contracts represented an increase in future building funds to 25,800 million DM, 21.9 per cent over the total cash and credits for building amassed in 1964—Bad Godesberg.

West Germany used 6 per cent less land for growing potatoes in 1966. The area, 686,000 hectares, is approximately 25 per cent smaller than the average of the last six years. As a result, canned potatoes are becoming more and more popular—Bad Godesberg.

From Britain

Britain's Rootes Group will shortly import cars from Australia. The types involved are the Chrysler Valiant 6 and 8-cylinder models which are already fitted with right-hand drive for Australia and will need no alteration. With the benefit of the Commonwealth Preference, the Valiant will sell for $4,500 to $7,600, approximately $600 less than the same models imported from the United States—London.

In Britain, capital spending for private industry fell by 2 per cent in the second quarter of 1966, according to the revised figures published by the Board of Trade. This decline is somewhat less than forecast. Over-all investment during the first half of the year was less than 1 per cent below the previous six months and slightly above the corresponding period of 1965—London.

The British Hosiery and Knitwear Export Group is planning selling missions next year. The missions will visit Poland, Czechoslovakia, Canada, Zambia, Malawi, and possibly Hungary if there is sufficient response from members. The visit to Canada will likely take place in January, so that orders can be obtained in time for "British Week" which will take place in Toronto in October—London.

The British General Post Office will end its arrangements for bulk buying of telephone exchange equipment in 1968. This business, worth some £14 million (Can.$42 million), is at present confined to a selected group of companies. There are now some fifteen to twenty companies in the plastics and electronics industries capable of competing for it—London.

A new cargo and passenger service between Vancouver and Kingston, Jamaica, has been inaugurated by Grace Line Incorporated whose agent is C. Gardner Johnson Limited, 355 Burrard Street. The service will operate on a fortnightly basis and the vessels will have space for refrigerated cargo. This service should be of interest to West Coast firms wishing to export to Jamaica.

Spain plans to produce 160,000 tons of polyethylene by 1970. The Puertollano (Ciudad Real) plant, now producing 25,000 tons, will turn out 70,000 tons in 1970. The Tarragona plant, with a present capacity of 12,500 tons of low-density polyethylene, will produce 75,000 tons of different types of polyethylene by 1970—Madrid.

United States' imports of furniture and furniture parts totalled about $54 million during 1965, some 1½ per cent of domestic production. The largest volume of these imports came from Canada—Chicago.

Maleic acid anhydride is to be produced in Poland by the nitrogen industry combine, following an agreement with a Swiss company. The Polish and the Swiss groups will work together through the pilot-plant stage up to full-scale production. The chemical will be used as a raw material in the production of various resins—Copenhagen.

Cross-breeding poultry experiments at a Hungarian research centre have resulted in a hen yielding an annual average of 215 eggs. The national average is between 80 and 90 eggs but production figures of 280 have been achieved on large-scale state-owned farms equipped with modern conveniences and providing special diets—Vienna.

Pakistan plans to produce 2,500 to 3,000 tons of sulphur from Sui gas, making possible a substantial saving in foreign exchange. The West Pakistan Industrial Development Corporation and the Sui Gas Transmission Company have decided to set up the plant at Sui, 600 miles northwest of Karachi on the natural gas field. Details of the project have still to be worked out—Karachi.

Development Planning in Venezuela

JOHN D. BLACKWOOD,
Commercial Secretary, Caracas.

Planning Procedure

CORDIPLAN, the economic planning agency of the Venezuelan Government—recently released an ecomonic development program covering the years 1965-1968. It is a comprehensive statement of Venezuela's economic and social goals. The plan outlines urgent commitments in the public sector and gives some indication of those in the private sector.

Planning Agency

Officina de Coordinación y Planificación de la Presidencia (CORDIPLAN). The Director General of CORDIPLAN is responsible to the President and has Ministerial status.

Duration

This Four Year Plan, the second in a series of "rolling plans", covers the period 1965-1968. It will be revised every second year to evaluate past progress and study new requirements.

Sectors Emphasized

Because the plan includes total economic development for the country, there are no specific priorities. However, new industrial development is focussed on areas outside the already developed Caracas region, with government financing and technical assistance made available readily for industries using agricultural products.

Of particular interest to Canadian businessmen are electric power system expansion, steel plant construction, telecommunication improvement, developments in the petrochemical industry, the establishment of a pulp mill, and improvements in airports and air traffic control systems.

Specific Development Projects

As the import substitution drive has been substantially achieved, the plan calls for major development of export industries.

Industry

Investment, U.S.$1.66 billion. Total government investment in industry will be divided among the following agencies:

(1) The Guayana Corporation (CVG), for development of a new steel product mill and to extend production of bar steel and ingots. Investment in enriched iron ore, sponge iron, pulp and other ventures will be included.

(2) The Petrochemical Institute (IVP) will invest $202 million with private partners in the making of synthetic rubber, fertilizer, ethylene oxide, caprolactam, aluminum sulphates, refrigerants, tetraethyl lead, explosives and caustic soda.

(3) The Petroleum Corporation (CVP) intends to increase refining capacity, extend marketing outlets and provide gas lines and urban gas distribution.

(4) The Development Corporation (CVF) will continue, mostly through long-term loans, expansion of chemical, metal fabricating, sugar and equipment manufacturing facilities.

Agriculture

Investment, U.S.$1.55 billion. About $900 million is being devoted by the public sector to agriculture, with investment taking the form of agricultural credit programs, existing irrigation programs (Ministry of Public Works), and land settlement projects (National Agrarian Institute).

Electric Power

Investment, U.S.$310 million. The major project is the completion of the Guri Dam and a 400 kv. transmission line from the site to Caracas. Frequency conversion of Caracas from 50 to 60 cycles is included.

Transport

Investment, U.S.$820 million. Chief objectives are the completion of the trunk road system and the building of secondary and farm feeder roads. Urban road improve-

ment, harbour expansion, better airport and air traffic control, and gas line construction are also emphasized.

Communications

Investment, U.S.$89 million. A program of expansion and improvement of the telephone service is the major objective of CANTV, the government-owned system.

Housing

Investment, U.S.$1.2 billion. Construction of low-rent housing will be continued by the Government which plans to build 181,000 public or publicly assisted housing units. An additional 61,000 privately built units are projected.

Health

Investment, U.S.$490 million. About half of the allocated funds will be spent by the National Institute for Sanitary Works (INOS) on urban water supply and sewage disposal systems. A rural waterworks program is expected to reach an additional 708,000 people. Hospital construction will add 3,810 new beds to the 28,700 at the end of 1964.

Oil Industry

Investment, U.S.$822 million. The national plan for increasing oil production by 3 per cent per year will require the investment, mostly by private enterprise, of $822 million.

Education

Investment, U.S.$115 million. Emphasis will be shifted from primary to secondary schools and technical training centres. Provision of buildings and equipment for nurses, building trades workers and agricultural extension workers will receive special attention.

Plan Available

The 1965-1968 plan is available (in Spanish only) from: CORDIPLAN, Palacio Blanco, Miraflores, Avenida Urdaneta, Caracas, Venezuela.

Cost and Financing

The total cost of the current plan will be U.S.$8.3 billion. Of this, the Government intends to invest U.S.$2.8 billion and private enterprise U.S.$5.5 billion. Of the investment in the private sector, U.S.$777 million represents government credits to industry and agriculture.

National savings will provide U.S.$4.2 billion, (U.S. $3.2 billion of public savings and U.S.$1 billion from absorption of private savings). External borrowing, with no sources specified, will amount to U.S.$555 million.

Role of International Financing Organizations

Venezuela has close contacts with the World Bank and the Inter-American Development Bank. Loans totalling more than U.S. $305 million have already been made to Venezuela for previous developments.

Local Development Banks

• *Banco Agrícola y Pecuario* finances crops, farm improvements, cattle purchases, etc.

• *Banco Industrial* grants commercial bank type credits to new or existing industrial enterprises.

• *Banco Obrero* finances low-cost housing.

• *Corporación Venezolano de Fomento* provides loans and equity capital to new or existing industrial enterprises, with emphasis on medium- or small-scale businesses.

Canadian Aid

The Canadian Development Loan Trust Fund for Latin America provides long-term, low-interest loans administered through the Inter-American Development Bank. Canada also participates through the Canadian ECIC Section 21A financing, which provides $15 million in long-term "Special Credits" for development projects in Latin America.

Medium and Long-Term Financing

The Export Credits Insurance Corporation is prepared to consider Section 21A long-term financing for suitable projects which meet normal ECIC criteria and are submitted to the Corporation by Canadian exporters. The Corporation is also prepared to consider short- and medium-term insurance in support of business obtained by Canadian exporters. Specific inquiries about the Plan may be sent to Commercial Secretary, Canadian Embassy, Apartado del Este 11452, Avenida La Estancia No. 10, Ciudad Comercial Tamanaco, Caracas, Venezuela. •

Trade Commissioners on Tour

In Territory

Bahamas—D. I. Ditto, Assistant Commercial Secretary in Kingston, Jamaica, will visit Nassau, Freeport and the Out Islands January 15-25.

Ceylon—K. G. DeWolf, Assistant Commercial Secretary in New Delhi, India, will visit Ceylon January 9-12.

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

foreign tariffs and trade regulations

Colombia

IMPORT CONTROLS TIGHTENED—On November 30, 1966, all goods on the free import list were made subject to prior import licensing.

EXCHANGE CONTROLS—The free market in foreign exchange is suspended from November 29, 1966. Transactions which were formerly made in the free market will be made at rates set by the Central Bank. The intermediate exchange rate (13.50 pesos to U.S.$1.00), used for the payment of most imports, does not appear to have been affected.

Japan

NEW IMPORT PROCEDURE ANNOUNCED—In a notice of the Ministry of Finance, the Japanese Government introduced, effective from October 1, 1966, the self-assessment system of import procedure. Under the new system importers or their agents are now required to calculate and declare the amount of customs duty on import shipments.

For this purpose the Japanese importer needs to have complete invoices and packing lists bearing precise and detailed information about the quantity, value, quality, and other characteristics of imported goods in order to make correct declarations promptly. Shippers who are exporting goods to Japan are requested to prepare detailed invoices and packing lists according to the instructions outlined and send them quickly to Japanese importers.

The purpose of this new import procedure, the notice reports, is to expedite the clearance of merchandise. If the importer's declarations are perfect and reliable, the clearance of imported goods will be further expedited. This faster clearance will benefit the foreign exporter as well as the Japanese importer.

Nigeria

TARIFFS REDUCED—The Nigerian Government has announced significant tariff reductions on a number of commodities effective November 24, 1966.

It is expected that the effect of these reductions will be to lower the cost of living and, hopefully, improve government revenue.

The following is a summary of the various products involved and the tariff reductions on each.

Meat and edible meat offals (including poultry and game) fresh, chilled or frozen, salted in brine, dried or smoked; prepared or preserved (including sausages); meat extracts and meat juices	Rate of duty reduced from 75 per cent to 50 per cent
Vegetables, roots, tubers and fruits, other than potatoes, tomato puree and paste	Rate of duty reduced from 75 per cent to 50 per cent
Cushions, mattresses and pillows	Rate of duty reduced from 75 per cent to 50 per cent
Motor vehicle tires and tubes	Rate of duty reduced from £0.3.6 per lb. to £0.2.6 per lb.
Cameras, projectors and parts	Rate of duty reduced from 100 per cent to 75 per cent
Wood manufactures	Rate of duty reduced from 75 per cent to 50 per cent
Woven fabrics of man-made fibre; woven fabrics of cotton	Rate of duty reduced from £0.3.0 per sq. yd. or 50 per cent to £0.2.9 per sq. yd. or 40 per cent
Steel bars	Rate of duty reduced from 15 per cent to 10 per cent for approved manufacturers
Tubes, pipes, fittings	Duty abolished when imported for water supply, sewerage, drainage or irrigation
Industrial machinery parts	Provides for a duty of 5 per cent on parts for industrial machinery
Passenger cars	
Engine capacity exceeding 1,750 c.c. but not exceeding 2,150 c.c.	Rate of duty reduced from 75 per cent to 50 per cent
Engine capacity exceeding 2,150 c.c. but not exceeding 2,750 c.c.	Rate of duty reduced from 150 per cent to 75 per cent
Engine capacity exceeding 2,750 c.c.	Rate of duty reduced from 150 per cent to 100 per cent
Medicaments	Rate of duty reduced from 33⅓ per cent to 20 per cent

Further information about these tariff changes may be obtained from the Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

Philippines

NEW DOCUMENTATION REQUIREMENTS ISSUED—In a Foreign Service Circular No. 144-66, dated November 17, 1966, and effective immediately, the Philippine Department of Foreign Affairs announced new regulations concerning the processing and certification of consular invoices for shipments to that country.

According to this Foreign Service Circular the following supporting documents shall be submitted together with every consular invoice presented to the Philippine Consular officer for certification: (a) commercial invoice, certified by the seller, manufacturer, exporter, or his authorized representative; (b) a negotiable copy of the bill of lading; (c) a certified copy of the shipper's/exporter's export declaration (for shipments from Canada, this is the Canadian Customs Export Entry or Customs Form B.13); (d) certificate of origin, and other certificates and additional supporting documents required for certain shipments.

The consular invoice with supporting papers should be submitted to the consular office for processing even before the departure of the vessel. At that time it will only be possible to include a copy of Form B.13 as submitted to Customs but not yet certified. Approval and release of the consular invoices shall be made only after submission of the documents mentioned in (b) and (c) above, that is, including the certified copy of Form B.13.

The consular invoice should bear the following declaration: "Any misdeclaration, or undervaluation or false entries made with the intention to circumvent and /or violate laws and regulations of the Philippine Government shall be dealt with in accordance with the penal laws of the Republic of the Philippines, including prohibition from trading with the Philippines."

All the above documents must be submitted to the Philippine Consulate General in quintuplicate. The original and four photo copies or photostats are sufficient. The Consulate General will return the original and one copy. The Philippine Consulate General in Canada is located at 525 Seymour Street, Vancouver 2, B.C.

Details on the new regulations covering documentation requirements for shipments to the Philippines and procedure may be obtained from the Asia and Middle East Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

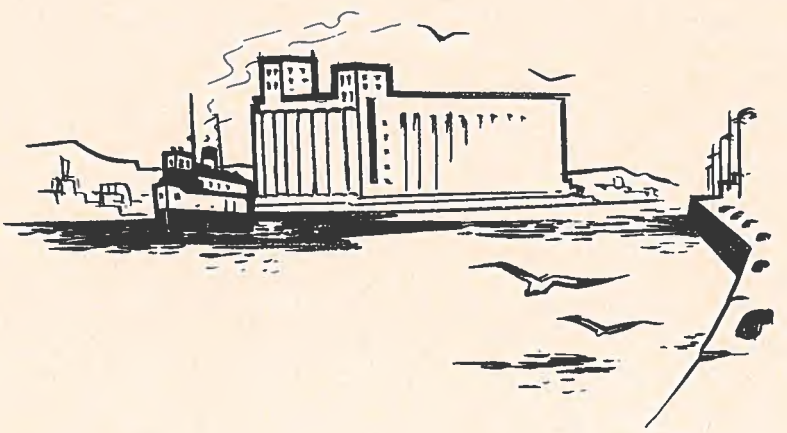
Yugoslavia

AMENDMENTS TO LAW ON FOREIGN TRADE—In implementing the general economic reforms of July 1965, the Yugoslav Federal Assembly last summer passed amendments to the Law on Foreign Trade.

The more important features of the amendments concern the admission of more Yugoslav organizations to foreign trade activities and the granting of permission to other than specialized enterprises to represent foreign firms in Yugoslavia.

Formerly, only trading organizations and manufacturing organizations whose annual exports totalled more than $500,000 could engage in foreign trade activities. The amendments extend this authority to any manufacturing organization, the only restriction being that it must possess a specified amount of capital.

The representation of foreign firms in Yugoslavia is no longer an exclusive right of enterprises specializing in this field and the amendments give this right also to producing and commercial enterprises. Moreover, these agency firms previously could not import for their own account but merely were allowed to engage in promoting the products of their foreign affiliates. They are now allowed to represent, import, and sell goods in Yugoslavia consigned to them by foreign firms, and they can also export goods for the foreign firms they represent and extend this representation to third country markets.



Foreign Exchange Rates

These nominal quotations may help exporters in checking prices, but they should consult their banks before making any firm commitments. When more than one rate is shown, the one to be used 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.

The mid market rates only are quoted, except when buying and selling rates are specified. The buying rate is that at which banks purchase exchange from exporters; the selling rate is that at which banks sell exchange to importers.

Rates used exclusively in non-merchandise trading are *not* included in this table.

For conversion of column one to the U.S. dollar equivalent, *multiply* **by. 92.** **To convert column two,** *divide* **by .92.**

Country and Currency	Value of Foreign currency unit in Canadian dollars at Dec. 9	Value of Canadian dollar in foreign currency units at Dec. 9
Algeria		
Dinar	.2189	4.58
Argentina		
Peso (free)	.0044	232.56
Australia		
Dollar	1.21	.8333
Austria		
Schilling	.0419	23.98
Bahamas		
Dollar	1.058	.9523
Belgium and Luxembourg		
Franc	.0217	46.25
Bermuda		
Pound	3.022	.33
Bolivia		
Peso	.0914	11.01
Brazil		
Cruzeiro (official free)	.0005	2,053.39
Britain		
Pound	3.022	.33
British Honduras		
Dollar	.7555	1.32
Burma		
Kyat	.2275	4.40
Ceylon		
Rupee	.2267	4.41
Chile		
Escudo (bank rate)	.2517	3.96
(free)	.2198	4.55
Colombia[1]		
Peso (intermediate)	.080	12.50
Congo, Republic of[2]		
Franc	.0072	139.50
Costa Rica		
Colon	.1635	6.15
Cuba[3]		
Peso	.....	.....
Czechoslovakia		
Koruna	.1505	6.67
Denmark		
Krone	.1570	6.41
Dominican Republic		
Peso	1.083	.92
Ecuador		
Sucre (official)	.0602	16.67
(free)	.0547	18.35
El Salvador		
Colon	.4334	2.31
Fiji		
Pound	2.723	.37
Finland		
Markka	.3386	2.95
France, Monaco, etc.[4]		
Franc	.2189	4.58
Franco-African Repnblics[5]		
Franc	.0044	227.79
French Pacific[6]		
Franc	.0120	82.64
Germany		
D Mark	.2727	3.67
Ghana		
Cedi	1.259	.80
Greece		
Drachma	.0361	27.86
Guatemala		
Quetzal	1.083	.92
Guyana		
Dollar	.6296	1.59
Haiti		
Gourde	.2167	4.65
Honduras		
Lempira	.5417	1.85
Hong Kong		
Dollar	.1889	5.33
Hungary		
Forint (official)	.0921	10.86
Iceland[2]		
Krona (official)	.0252	40.00
India		
Rupee	.1438	7.02
Indonesia[7]		
Rupiah	.....	.....

Country and Currency	Value of Foreign currency unit in Canadian dollars at Dec. 9	Value of Canadian dollar in foreign currency units at Dec. 9
Iran		
Rial	.0143	69.93
Iraq		
Dinar	3.034	.33
Ireland		
Pound	3.022	.33
Israel		
Pound	.3611	2.77
Italy		
Lira	.0017	581.86
Japan		
Yen	.0030	335.37
Lebanon		
Pound (free)	.3482	2.87
Malaysia		
Dollar	.3539	2.83
Mexico		
Peso	.0867	11.61
Morocco		
Dirham	.2167	4.42
Netherlands		
Florin	.2993	3.34
Netherlands Antilles		
Florin	.5745	1.74
New Zealand		
Pound	3.011	.33
Nicaragua		
Cordoba	.1548	6.50
Nigeria		
Pound	3.022	.33
Norway		
Krone	.1515	6.64
Pakistan		
Rupee	.2267	4.41
Panama		
Balboa	1.083	.92
Paraguay		
Guarani (free)	.0087	116.27
Peru		
Sol (free)	.0404	24.94
Philippines		
Peso (free)	.2778	3.60
Poland		
Zloty (fixed basic rate)	.2709	3.68
Portugal & Colonies[8]		
Escudo	.0377	26.66
Sierra Leone		
Leone	1.511	.66
South Africa		
Rand	1.511	.66
Spain & Dependencies		
Peseta	.0181	55.55
Sweden		
Krona	.2094	4.79
Switzerland		
Franc	.2506	4.00
Syria		
Pound (free)	.2836	3.53
Thailand[2]		
Baht (free)	.0527	19.25
Tunisia		
Dinar	2.075	.48
Turkey		
Lira	.1204	8.35
United Arab Republic		
Pound (official)	2.492	.40
United States		
Dollar	1.083	.92
Uruguay		
Peso (free)	.0144	69.44
Venezuela		
Bolivar (official free)	.2416	4.14
West Indies		
Dollar[9]	.6296	1.59
Pound[10]	3.022	.33
Yugoslavia		
Dinar (official)	.0867	11.63

1. The fixed rate is no longer in effect, as of August 22, 1966.
2. Additional rates are in effect.
3. There is no trading in Cuban pesos in U.S. or Canadian banks at present.
4. Franc is also used in French Guiana, Guadeloupe and Martinique.
5. 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.
6. New Caledonia, New Hebrides, French Polynesia.
7. As Indonesia is no longer a member of the IMF, a realistic rate is not available.
8. Approximately same rate for Portuguese territories in Africa.
9. Barbados, Trinidad and Tobago, Leeward and Windward Islands.
10. Jamaica.

Marketing Data Sheet

ISRAEL

Area

7,993 square miles.

Climate

Hot, dry summers ranging from 32°C. in central and northern areas to 45°C. in the south. Winters, a low of 10°C. and variation in rainfall between north and south. Average humidity in Tel Aviv is 70.9 per cent and in Beersheba 59 per cent.

Population

Total 2,600,000.

	Males	Females
35 and over	379,553	473,989
25 to 34	135,915	140,170
15 to 24	195,153	186,897

Income

National Can.$3,060 million (1965); per capita Can.$1,177 (1965); average hourly wage for unskilled worker Can.$0.44 and skilled Can.$0.80.

Retail Sales

Estimated at Can.$990 million for 1963-64, or Can.$360 per capita.

Motor Vehicles

Total registration 134,202: passenger 66,021, commercial 33,183, motorcycles and scooters 34,998.

Telephones

53 telephones per 1,000 persons.

Radio and Television

530,000 households have one radio, and of these 144,000 have at least one additional set. There are no local television facilities but there are approximately 30,000 licensed sets; programs received have 625 lines per picture. Broadcasting facilities are government controlled.

Water

Safe to drink. Pressure ranges from 4-6 ats. In Tel Aviv, average winter water hardness is about 270-300 expressed as mg/l $CaCo_3$, dissolved salts average 850-900 parts per million; summer water hardness averages 280-300 and dissolved salts average 730-770 parts per million.

Electric Power

50 cycle a.c. with supply normally at the following voltages:

230 volt (nominal) single phase
400 volt (nominal) triple phase
12.6 kilovolt (nominal) triple phase
22.0 kilovolt (nominal) triple phase
33.0 kilovolt (nominal) triple phase
115.0 kilovolt (nominal) triple phase

A grounding conductor is required, but the neutral wire of the distribution network is not grounded. Total generating capacity is 720,000 kilowatts, with a further 280,000 kilowatts capacity under construction. Domestic rates: lighting 15 agurot* per kwh., appliances 7 agurot per kwh. Industrial rates start at 5.9 agurot per kwh. for first 1,000 kwh. used per month and the unit cost decreases with increased consumption. As at March 31, 1965, there were 756,400 consumers: domestic 651,800, commercial 81,800, industrial 19,600, and others 3,200.

Coal

There is no coal production and low consumption.

Gas

LPG with a chemical analysis of 30-40 per cent commercial propane and 60-70 per cent commercial butane is available. Thermal content is 11,000 K cal/kg; operating pressure 300 mm. water column; distribution is domestic, cylinders and appliances. There are 550,000 domestic customers and 8,000 commercial. Retail price is I£720 per metric ton gas. Consumption increases 10 per cent a year.

Petroleum Products

As at 1964, known reserves of natural oil were 19 million barrels with huge additional potential in unexploited fields. Both 83 octane and 99 octane grades as well as a full range of lubricating and fuel oils are locally produced.

Weights and Measures

The metric system is used except for land area.

Screw Thread

All in use but unified and right hand in the majority.

Standards

For Customs clearance, all gas, electrical and other fuel appliances must be approved by the Standards Institute of Israel, Bnei Yisrael Street, Ramat Aviv, Israel.

---

* 100 agurot = one I£ = Can.$0.3591.

If undelivered return to:
The Queen's Printer, Ottawa, Canada

CANADA
POSTAGE PAID
PORT PAYÉ