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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

Gateway to the Michigan Market

Make your Sales Approach Competitive

The U.S. Midwest—Forty Million Customers

Selling to Sears and Wards



FOREIGN TRADE

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That's Detroit, just across the river from Canada and close to our industrial heartland. The articles that follow, prepared in our Detroit office, outline and define opportunities for Canadian exporters in the automotive city and in the state, and suggest how best to turn these into solid continuing sales.

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Has your firm the capacity to cater to the enormous demand in metropolitan Chicago? If not, you may want to exploit opportunities in some of the smaller centres in the multi-state territory of the Chicago office. The reports on the whole area (pages 17 to 34) were written to help you choose market and method.

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COMING—THE MARKET IN FRANCE TODAY, APRIL 1 ISSUE



DETROIT is the gateway for 25 per cent of Canada's trade with the United States and 15 per cent of our entire foreign trade. The territory of the post is the State of Michigan, in many ways a microcosm of the U.S. market. Almost any Canadian product has a potential market in Michigan: purchasing power in that state alone is almost two-thirds that of all of Canada. The motor capital is the centre of an international inter-urban area that will influence traditional Canadian merchandising patterns more and more.

The Canadian Consulate in Detroit is better equipped to serve Canadian exporters than ever before. At the beginning of 1967, it moved into new premises, the First Federal Building, fronting Kennedy Square in the centre of the downtown area. From 1948 (when the office was opened) on, it was located in the Penobscot Building. In recent years, however, the great increase in the office work load has resulted in our outgrowing that location.

The new premises cover 5,600 square feet, almost double that of the old. They are Canadian furnished and carpeted throughout. A display area called the Centennial Room has been included for sample and fashion shows and in-office promotions.

Today the Canadian Consulate, with its new facilities, is in a key position to introduce Canadian exporters to the world's biggest market, the United States.

New home of the Canadian Consulate in Detroit—the First Federal Building, 1001 Woodward Avenue. The Consulate occupies the entire 19th floor of the west wing (on the left). Conferring in the new office of the Consul and Trade Commissioner, H. Stewart Hay (below), is the trade staff: left to right, E. George Yaworsky, Commercial Officer; Victor G. Lotto, Consul and Assistant Trade Commissioner; Mr. Hay; Robert T. Mercer, Commercial Officer, and Richard J. Archambault, Vice Consul and Assistant Trade Commissioner.



Gateway to



the Michigan Market

*Detroit lies at the centre of a Great Lakes megalopolis,
extending from Milwaukee to the Appalachians
and from Windsor to Quebec City.*

E. H. MAGUIRE,
Consul of Canada, Detroit.

MEGALOPOLIS*—that rather clumsy word suggesting over-bigness—is being used a lot in Detroit. This is because studies currently under way in this city indicate that the second most important megalopolis of North America is in the process of formation in the Great Lakes region, with Detroit at its centre. The Eastern megalopolis, stretching from New England to Chesapeake Bay, and bounded by the Appalachian Mountains in the west, is already well established. But with dynamic growth, the Great Lakes region is rapidly catching up.

Second One Emerging

The Great Lakes region is one of the most important geographic divisions of the United States in terms of concentration of population and one of the most important in terms of income. It is the heart of U.S. manufacturing, particularly of durable goods, but it also has substantial agricultural production. It is traversed by the most important land transport axis in the United States and the largest inland waterway system in the world, the St. Lawrence Seaway and the Great Lakes. The Canadian portion of

it, extending east from Windsor, has the largest concentration of socio-economic activity in all Canada. Over the whole region, dynamic growth can be expected.

The tentative boundaries of the Great Lakes megalopolis that seem to be emerging extend from Milwaukee in the west to the Appalachian Mountains in the east in the United States and from Windsor to Quebec City in Canada. Three major urban clusters centred on Chicago, Detroit, and Cleveland-Pittsburgh are considered as forming the main portion of the Great Lakes megalopolis. Similar Canadian clusters are centered on Toronto, Montreal and Quebec City. Two bridges—through the Mohawk Valley in the north and along the Cleveland-Pittsburgh axis in the south—connect the Great Lakes with the Eastern megalopolis.

Detroit's Area of Influence

The Urban Detroit Area (UDA) is defined as the area of potential ekistic* influence of Detroit, taking into account the areas of influence of other important neighbouring centres. Roughly, it is the area within a radius of 100 miles of Detroit, which includes part of Ontario.

The UDA is considered to be the heart of the emerging Great Lakes megalopolis. It lies at the crossroads of the Great Lakes water route and the land route to Canada, and it is

*Ekistics can be roughly defined as the study of cities.

the meeting place of the two most important axes of urbanization within the Great Lakes region (Chicago-Detroit-Toronto-Montreal, and Chicago - Detroit - Cleveland-Pittsburgh). Moreover, in recent years it has experienced the fastest rate of population growth of all the metropolitan areas in the five Great Lakes states. The potential for future growth is great.

These conclusions are the results so far of a study which started two years ago and which is expected to be completed in 1970. It is called the Developing Urban Detroit Area Research Project and it is being conducted by a team made up of the Detroit Edison Company, Wayne State University, and Doxiades Associates, a Greek firm of consultants specializing in ekistical research. The study is being conducted in three parts:

Part I—Analysis of the current situation.

Part II—Future alternatives.

Part III—Programs and plans.

Parts I and II of the study have been completed. A report on Part I has been published and a report on Part II will be ready soon. The results of the study are available to all planning bodies, private developers, utilities and business organizations which may have a need/or interest in it. Write to: The Developing Urban Detroit Area Research Project, 1132 Washington Boulevard, Detroit, Michigan 48226. ●

*A megalopolis can be described as a unified grouping of metropolitan clusters, usually in a linear formation, functionally interconnected by multiple ties of transportation and communications, and by economic and social links.



This is the skyline of downtown Detroit, hub of Michigan and the motor industry, as seen across the Detroit River from Windsor.

Big promising market across the Detroit River? Canadian sales to Michigan topped \$800 million in '66—and could go higher.

H. S. HAY, *Consul and Trade Commissioner, Detroit.*

IT TAKES FIVE MINUTES to get here from Canada. Half a mile across the Detroit River lies one of our largest single export markets. Wedged conveniently into the heartland of Canada, it is a logical place to start selling abroad.

Like the British and the Japanese, Michiganians live on the export of finished goods fabricated from imported raw materials. And they live well—purchasing power per person is very large.

In 1962, two-thirds (\$13.6 billion) of all that the state consumed was brought in from other states and from abroad. Four-fifths (\$22.6 billion) of production was shipped back out.

Not that the state does not have its own natural resources. The Upper Peninsula is the second most important U.S. source of iron ore and has significant copper production. Vast

salt beds underlie the Lower Peninsula and yield the non-metallic raw materials for a sizable inorganic chemicals industry. Michigan's forests and farms are also important contributors to production. There is more fresh water than in any other state.

Manpower Biggest Resource

Michigan's most important resource is people and the pool of industrial skills and technology they possess. And they are not all members of the United Auto Workers. Some 87 per cent of the industrial categories tabulated by the U.S. Bureau of Commerce are represented among Michigan's 13,000 factories. Machine tools, drugs and chemicals, paints, office machinery, furniture, breakfast foods, and paper cartons are turned out, as well as motor vehicles and the thousands of parts that go into them.

Nor is Michigan synonymous with Detroit. Although Detroit has more workers engaged in manufacturing than most U.S. cities, the experienced commercial traveller knows that just about half of the industrial accounts he must call upon are outside the metropolitan area. The number of head offices scattered across the urban industrial checkerboard of southern Michigan is a revelation. Many are not even on the freeways!

Automotive Capital

Detroit is the automotive capital of the world, mainly because Henry Ford lived and worked there. Most important purchases for North American auto plants and their overseas branches are made here. The auto industry, incidentally, is estimated to consume 20 per cent of the steel produced in the United States, 48 per

cent of the malleable iron, 46 per cent of the lead, 33 per cent of the zinc, 62 per cent of the rubber, and large quantities of textiles, plastics, and paint.

Of the same magnitude as the purchases of industry are the private purchases of eight million affluent Michiganders. Personal income in 1965 reached \$25 billion—or about two-thirds that of Canada. Average family income in the Detroit area is about \$8,000, according to *Editor and Publisher*, and is probably exceeded only in two or three other parts of the United States. Consumption patterns are similar to those in nearby Canada. Expatriate Canadians are everywhere—perhaps 400,000 of them throughout the state. Many other Michigan residents go hunting, fishing, camping or summer-holidaying across the border. This creates a built-in receptivity to Canadians and Canadian goods and an ideal test-marketing environment.

Canada's Trade with Michigan

Canada's trade with Michigan is estimated to be about 8 per cent of our foreign trade with the entire world and it's in our favour. Using recent studies and the trade statistics for the Michigan Customs District, it is estimated that Canadian sales for consumption or further manufacture within the state reached \$800 million in 1966 and that more than \$700 million worth of goods of Michigan origin were sold to Canada. An almost equal amount passed through the Michigan customs gateway between other states and Canada.

Principal Canadian Goods Exported to or through Michigan, 1965

	(millions of U.S.\$)
Forest products	265
Metals and minerals	239
Transportation equipment	151
Agricultural equipment	139
Chemicals and petroleum	95
Foodstuffs	89
Metalworking equipment	82
Consumer goods	20

A diversity of raw and semi-fabricated materials enter Michigan directly from Canada, as shown in the accompanying table. A similarly wide range of consumer and finished goods also enter, but in smaller quantities.

Shipments of Canadian automobiles and parts showed the most significant increase in Canada's exports of secondary products in 1966 and will undoubtedly boost "transportation equipment" to the number one position.

Most of Michigan's trade is carried on in goods whose origin or destination are influenced by freight costs. The natural source for these purchases is therefore the Great Lakes megalopolis and the industrial heartland of Canada. The Michigan gateway opens into the U.S. Midwest; there are some 60 million people within 500 miles of Detroit.

Competition Is Stiff

U.S. customs duties and regulations may or may not inhibit the import of Canadian goods. Duty apart, Canadian merchandise will not sell merely because it is imported. It must com-

pete in price, style and quality with domestic U.S. goods. In pricing for export, duty rates and transportation costs are two of the first things to consider.

In transportation costs, many Canadian shippers have an advantage. Michigan plants and consumers often are at the end of a rather long supply line if they are buying from the eastern seaboard, the south, or the west. Canadians may be able to ship overnight by truck from the Canadian heartland or, from other parts, by using a through rail connection.

It is no use being close but unknown. Most Michigan firms tell us that they see Canadian sellers all too seldom. This leads us to believe that the potential in Michigan is still vast. What is needed more than anything else is a competitive approach to selling. This is the subject of the article on page 8. ●

The Post Office Says . . .

New two-letter state abbreviations have been announced by the United States Postal Administration to be used in conjunction with the United States Post

Office Zip Code. These abbreviations, listed below, will be appearing on mail that does not have the Zip Code included in the address.

Alaska	AK	New Hampshire	NH
Alabama	AL	New Jersey	NJ
Arizona	AZ	New Mexico	NM
Arkansas	AR	New York	NY
California	CA	North Carolina	NC
Canal Zone	CZ	North Dakota	ND
Colorado	CO	Ohio	OH
Connecticut	CT	Oklahoma	OK
Delaware	DE	Oregon	OR
Pennsylvania	PA	Maryland	MD
Puerto Rico	PR	Massachusetts	MA
Rhode Island	RI	Michigan	MI
Indiana	IN	Minnesota	MN
Iowa	IA	Mississippi	MS
Kansas	KS	Missouri	MO
Kentucky	KY	South Carolina	SC
Louisiana	LA	South Dakota	SD
Maine	ME	Tennessee	TN
Dist. of Columbia	DC	Texas	TX
Florida	FL	Utah	UT
Georgia	GA	Vermont	VT
Hawaii	HI	Virginia	VA
Idaho	ID	Virgin Islands	VI
Illinois	IL	Washington	WA
Montana	MT	West Virginia	WV
Nebraska	NB	Wisconsin	WI
Nevada	NV	Wyoming	WY

*Proper documentation,
use of customs broker
will avoid delays at port of entry.*

JOANNE KIRBY,
Commercial Division, Detroit.

THE HEAVY TRUCK, rail, water and air traffic flowing daily from Canada and overseas to Detroit attests to the fact that this city is one of the largest Customs ports-of-entry into the United States. This fact underlines the importance to Canadian exporters of proper documentation of their shipments through this port. Improper documentation is, in fact, one of the major causes of delay in U.S. Customs clearance. These delays can often result in the loss of repeat orders and tie up an importer's working capital in customs duties until a refund claim has been completed. Claiming may be a lengthy procedure.

Generally, goods entering the United States from Canada fall into one of two categories: (a) Canadian merchandise to be exported from Canada to the United States, or (b) American merchandise returned to the United States without having been advanced in value or improved in condition. Exporters will find that documentation requirements vary with the product classification, and the following information may be used as a guide when completing U.S. Customs documents.

Canadian Merchandise to be exported from Canada to the United States

1. Canadian Customs Export Form B-13. Canadian Customs require three copies of the B-13 at the time of export; however, it is wise to prepare at least five. Two *numbered* copies will be returned to the exporter unless otherwise specified on the B-13. By doing this the exporter can avoid submitting a C-6 for additional certified copies of the B-13 should the goods be returned to Canada for any reason.

Two *numbered* copies of the B-13 must always accompany the Canadian Customs entry as proof of export.

2. Three copies of the commercial invoice, giving a complete description of the merchandise, unit values, terms of sale, currency of purchase (U.S. or Canadian funds), and such other information as may be helpful. If parts for items are shipped, be sure to show the name of the part and what it is part of.

3. Three copies of a detailed packing list. This should indicate what is in each box, barrel or package in the shipment. If the shipment is uniformly packed, this can be stated on the invoice, showing how many items there are in each container.

4. If the value of the shipment exceeds \$500.00 and it is subject to duty on a value basis, a U.S. Customs form 5515 in triplicate is required as well as a bill of lading. Be sure that these forms are completed fully and that form 5515 is signed on the reverse side. Questions 8 and 9 on this form need not be answered. The Customs invoice form 5515 is not required for shipments under \$500.00 and a simple pro forma invoice will suffice.

American Merchandise returned to the U.S. without having been advanced in value or improved in condition. (Rejected, surplus, used, returned or credit, etc.)

1. Canadian Customs Export Form B-13, (copies as above).

2. Three copies of the commercial invoice or Invoice of Returned American Goods and Declaration of Foreign Shipper giving a complete description, unit values, extensions and whatever other identifying information is available. If a commercial invoice is used, it should bear

a statement that it covers "American Products Being Returned".

3. If the merchandise is valued over \$500.00, a Declaration of Foreign Shipper for Returned American Goods must be completed, signed and filed with the U.S. Customs.

4. A packing list is not required by the U.S. Customs on U.S. goods returned; however, it is helpful in examining the merchandise.

The special requirements for companies exporting under the Automotive Agreement are set out fully in an article in *Foreign Trade* of February 5, 1966, page 6.

Preclassification

Where the exporter is not aware of the tariff classification or rate of duty applicable, he may contact the U.S. Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa. Inquiries may also be addressed to the Canadian Query Directors, U.S. Customs, District Headquarters, Detroit (or Ogdensburg, Buffalo, Pembina or Seattle). They will discuss the conditions of entry of your merchandise and give an informal opinion on the valuation and rate of duty. If requested, they will obtain a binding ruling from Washington.

The application for a binding ruling must contain a full description of each article, specifications and samples, quantities and values of the component materials, and information on the designation and intended use in the United States.

Customs Brokers Helpful

Because customs duties are payable in cash, 90 per cent of all shipments consigned to Detroit are handled by U.S. customs brokers. As there is no provision for prepayment of duties, Canadian exporters and U.S. importers find it easier to use the surety bond posted by the broker to cover the cost of the immediate release of goods.

The customs broker, aside from being a specialist well-versed in customs procedures, will not only take care of the payment of duties but will also arrange for any reforwarding that may be required. Although the Port of Detroit is

open 24 hours a day for customs clearance of truck traffic, the U.S. broker should be notified in advance. He will make all the necessary arrangements to ensure trouble-free

clearance any time during the day or night.

Whenever doubt arises, exporters should contact either a U.S. customs broker or the nearest U.S. Customs

office. Efficient preparation of shipments will mean that exporters will not lose those hard-won trade advantages which they now enjoy in Michigan. ●

A competitive industrial product calls for a competitive sales approach to industrial buyers.

H. S. HAY, *Consul and Trade Commissioner, Detroit.*

SELLING IN MICHIGAN is not exactly the same as selling in Canada. Almost any Canadian product can find a buyer if it can be landed competitively and then properly promoted. But Canadian suppliers must be prepared to give U.S. buyers what they expect (and get) from domestic suppliers. If you are going after business in the U.S., it must be on U.S. terms.

From the first, it is a double challenge. Not only must you "sell" with perhaps a special aggressiveness, but you may have to overcome U.S. misapprehensions about whether a Canadian source is able to supply. Hypersensitivity won't accomplish a thing. We Canadians have an image of being slower-paced, even here along the border. We all know this isn't true and that we're as good industrially as anyone. But you must prove it by your product and by your sales approach—that is, if you're interested in making money in this market.

Make a Complete Presentation

● One, determine what obstacles in the form of customs duties and regulations your product is likely to encounter in the U.S. (The suggested procedure for this is outlined in the preceding article.)

● Two, ascertain freight rates by different means of transport. Michigan is well served by truck and rail services from many parts of Canada. Investigate through rates, combined shipment rates, and the use of freight forwarders.

● Three, allow for the services of a U.S. customs broker. Apart from the consignee, authorized customs brokers are the only agents allowed to handle customs clearance into the United States—unless you wish to set up a corporate affiliate or have one already. Only a few major companies in the Detroit area are known to clear

regularly their own import shipments. Unless your potential customer advises otherwise, he is not interested in arranging for a customs broker; he doesn't need one for domestic suppliers.

● Four, prepare a complete quotation in U.S. dollars, giving both the f.o.b.



Grand Rapids is Michigan's second city with a population of 400,000. Over 60 Canadian lines were featured some time ago in a promotion at the Wurzburg store.

price your factory, exclusive of Canadian sales and excise taxes, and the duty-paid price laid down at the Michigan destination. Accompany it with appropriate sales brochures, drawings, or specifications.

● Five, present a written summary. Many Michigan and U.S. firms keep detailed vendor records. You will make the best impression if you include this information in writing on the first contact. It typically consists of:

- vendor's name, address and telephone
- local representative, if any
- location of plant or plants
- production facilities and equipment
- date established
- size of plant
- number of employees
- principal products
- transportation facilities
- yearly sales volume
- representative customers
- credit rating

Investigate in Person

Nothing will introduce you as effectively as a personal visit. An approach by mail from an unknown firm may be useless if your competitors are calling in person. Good buyers are keenly interested in meeting prospective new principals personally, right at the beginning. It instills a sense of confidence that an initial approach through a third party cannot.

If you are making calls on a number of potential customers in Michigan, travel by automobile is recommended—your own or rented. Remember that almost half the potential buying locations in the state are outside of Detroit. The farthest is unlikely to be more than four hours away.

Arrange appointments in advance if you are sure you can keep them. Otherwise don't risk making a bad impression. The first time around it is usually best to start with the director of purchases or the senior buyer. Introduce yourself and your product and ask him to refer you to the appropriate buyer. Explain at the reception desk that it is your first call. The larger the enterprise, the more specialized its buyers are likely to be.

Many purchasing organizations, especially the automotive companies, wish to inspect potential vendors' facilities and capabilities before putting

them on the approval list. This may mean a visit from a team of engineering and quality control people. You should welcome such visits.

Follow Up Intensively

One of the big differences between selling in Canada and selling in Michigan (and other parts of the U.S.) is the personal cultivation necessary. A sign in a well-known Michigan plant lobby reads "Vendors are respectfully requested not to call more frequently than once a week unless they have specific business." This is not facetious. Constant contact and cultivation are expected. The vendor who keeps his company uppermost in the mind of the buyer and then is on the spot when it's time to place an order stands the best chance of getting it. We know of Canadian companies who have called once or twice on Michigan firms, been given prints, quoted on them, and heard no more. They almost guaranteed this response by their lack of follow-up. Frequency of follow-up confirms your serious interest.

Most Canadian firms are short on the sales management side, perhaps as a result of our smaller market. We need make no apologies in the production department, for if productivity is a bit lower and use of labour somewhat more intensive, our plants may be better suited for smaller orders and custom work. But there is no use producing something if it can't be sold.

The only way that most Canadian firms are able to sell to Michigan with the required intensity is to appoint a representative of some kind. In the automotive and allied industries, this usually means a technically qualified manufacturers' representative. Typically, he is a man who, with one or more associates, handles several non-competing lines, has a regular route of calls, and is qualified to troubleshoot with the engineering and quality control staff. Buyers want someone who can get to their plants within the hour if something goes wrong.

It is sometimes argued by Canadian firms that they cannot afford the 5 per cent commission a representative usually asks. The answer to this is that he doesn't make money unless his principal does. And most Canadian principals don't have a sufficient field sales force of their own.

In any situation the representative is only as strong as the support he gets from his principals. It must be a two-way flow.

Delivery Dates Exacting

Once again, because of the greater competition, American buyers have come to demand more rigid delivery schedules. This enables them to cut back on inventories and reduce overhead. Canadian suppliers must conform if they want to be asked to quote again.

Michigan buyers are not sympathetic to customs problems or other difficulties peculiar to shipping from Canada. They don't need to be. This is strictly a matter for the shipper and the price of shipping across an international boundary.

They are more sympathetic, though, to helping solve production, design and quality control problems in vendors' plants—if the operation is basically sound. Some buyers take considerable trouble to develop continuing sources. Others buy from multiple sources to protect themselves from the risk of shutdowns. In both cases the stake in the product itself is high.

In addition to the Senior Consul in charge of the Consulate, our Detroit office has three Trade Commissioners and two commercial officers. We see our role as agents-at-large for Canadian business and industry. Last year we spent over 300 man-days "on the road" seeking opportunities for Canadian products. The results were relayed directly and indirectly to appropriate Canadian suppliers. We attempt to bring potential buyer and seller together, providing as much advice to both as possible.

We are also equipped to investigate market opportunities, recommend agents or distributors, and arrange introductions throughout Michigan. Our Centennial Room is available for product displays and in-office shows. A leaflet describing the Michigan market, and outlining all commonly employed export services and customs procedures, is available upon request from the Canadian Consulate, 1920 First Federal Building, Detroit.

We can help with the preliminaries, but in the final analysis it is your personal selling that counts. It may not be easy or convenient and it will probably be more competitive. But the end result can be profitable. ●

Auto workers have to eat—

*and Michigan is a substantial market for
Canadian fruit and vegetables.*

R. J. ARCHAMBAULT, *Vice Consul and Assistant Trade Commissioner, Detroit.*

ONE USUALLY THINKS of Michigan in terms of its industrial production, big car manufacturers and metal-working industries. But what about agriculture? This down-to-earth question reminds everybody that a metal-worker must eat—and he eats farm products. Fruit, vegetables, meat and maple syrup are among those which Canada supplies.

Like all highly industrialized areas, Michigan has lost and is still losing part of its farmlands to industry and urban development. The proportion of land used for agriculture has dropped from 40.5 per cent in 1949 to 37.3 per cent in 1964. The soil is sandy and not particularly fertile. On this limited area a wide variety of foodstuffs is grown, most of which fill only part of Michigan's own requirements.

Michigan produces some highly exportable fruits and vegetables—wheat, corn, dry beans, cherries, apples and asparagus—but is a net importer of agricultural products. More than half of its animal feeds and its foodstuffs have to be brought in from outside. Taking fruit and vegetables alone, the proportion is higher and totals one third of consumption.

Conditions in the state are favourable for growing apples, cherries and grapes. It ranks as the third largest United States apple producer, exporting about 58 per cent of production and raising varieties such as Jonathan, McIntosh, Northern Spy and Delicious. Michigan is the nation's number one producer of sour cherries and number three of sweet cherries; 90 per cent of all local cherries are shipped out of the state. Grapes grow abundantly in the southwestern counties, with 20 per cent of the harvest going to local wineries and 80 per

cent to juice plants and jelly manufacturers.

Of all other fruits, Michigan is a net importer, buying from outside all its citrus and tropical fruit and roughly 37 per cent of the rest.

Wild Blueberries Preferred

Michigan buys from Canada substantial quantities of fruit in either fresh or frozen form. Wild blueberries, fresh and frozen, account for a large proportion of imports, followed by fresh grapes grown in the field. Wild blueberries are highly esteemed and sought for their flavour; they are considered a delicacy in Michigan where most blueberries are of the cultivated type. In the past few years many local processors have discontinued their cleaning facilities, preferring to receive clean berries from the growers, a point which is worth noting.

Vegetables from Canada

Michigan's position in vegetables and major field crops is much the same as in fruit production: it makes substantial out-of-state shipments, but on balance is a net importer. Among the vegetables sold outside the state are asparagus, corn and dry beans (which are world-famous). On the other hand Michigan imports about a quarter of the potatoes and half of the tomatoes it consumes.

Canadian growers sell several million dollars worth of vegetables in Michigan. Potatoes are the most important, followed by turnips, tomatoes, and cucumbers.

Maple Syrup Popular

Canadian maple syrup and its by-product, maple sugar, are both popular in this state. In 1965, about \$1 million worth of syrup was imported

through the Customs port of Detroit and a similar quantity of maple sugar. In the same year, local production of maple syrup totalled 60,000 gallons, valued at \$366,000.

Knowing the American fondness for pancakes, there could be a lasting love affair between pancakes and Canadian maple syrup. In some cases, the maple syrup becomes a naturalized American before being introduced to the pancake. The naturalization ceremony is done very simply by mixing maple syrup with local corn syrup in various proportions. Processors also use maple syrup and sugar for food curing and for making candy.

Tariffs and the Trade

Tariffs on fruits and vegetables vary widely according to variety, form (fresh, frozen, chilled, sliced, prepared, preserved, dried, in brine, etc.) and the time of year. Potato imports, for example, fall under the quota system and Canadian exporters must inquire each year at the U.S. Customs offices for the current quota. The Canadian Consulate in Detroit can obtain an informal opinion on duty rates from the local U.S. Customs office on behalf of Canadian exporters. Confirmed rates should be obtained through the United States Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

The use of food brokers is strongly recommended for the State of Michigan. They are particularly helpful to a producer who wants to market his products for the first time in this area. Michigan brokers usually operate on a commission basis, with the commission varying between 3 and 6 per cent. The Canadian Consulate in Detroit will be pleased to introduce Canadian exporters to reliable and efficient food brokers. ●

Clairtone television sets from Canada were on display during a special promotion by the J. L. Hudson store in Detroit. This mammoth retail organization employs 370 buyers, any one of whom would like to receive offers of quality Canadian products.



Consumer products to sell?

Why not start with Detroit's J.L. Hudson Company.

VICTOR G. LOTTO, *Consul and Assistant Trade Commissioner, Detroit.*

DURING 1967, United States department store executives expect to ring up \$29.9 billion on their cash registers, an increase of 11.9 per cent over the \$26.7 billion estimated sales in 1966. The J. L. Hudson Company, the largest department store in Michigan and the second largest independent store in the United States, hopes to exceed national sales averages this year. Its sales in 1966 totalled more than \$300 million.

Forty Nine Acres

Hudson's downtown store covers 49 acres of floor space, has 25 stories, and four basement levels. Only Macy's

34th Street store in New York City is slightly larger than Hudson's downtown. Hudson's budget stores have one of the world's largest budget volumes.

In recent years Hudson's has established seven branches in outlying areas because a survey revealed that about 50 per cent of suburbanites do not shop downtown. This policy is paying handsome dividends. Sales at the large Eastland branch alone are estimated at \$53 million. A store opening is scheduled every year and a half until 1970.

Hudson's carries 553,921 items A to Z—from antimacassars to zippers, aspirin to zwieback, an African mask

to Zuercher cheese. The toy, book and drug departments are the biggest in Detroit.

Few Direct Canadian Imports

Hudson's conducts an aggressive import program, yet of last year's \$6.5 million of purchases from abroad, only a few thousand dollars worth came directly from Canada. This figure, of course, does not include Canadian merchandise supplied by jobbers in the Detroit area. These are treated as domestic purchases and are sold to Hudson's as demand warrants. It is, however, noteworthy that many Canadian exporters are not aware of

the important rôle this enormous merchandising organization plays in the Michigan economy. Hudson's is just about a half-mile from Windsor and there are 370 buyers who are receptive to offers from Canada. All buying for Hudson's main store, the budget store, and the seven branches is centered at this downtown location—across the street from the Canadian Consulate. Hudson's is closer to Toronto than Montreal is but many Canadian suppliers who are doing business in Windsor, the "sister city" of Detroit, have yet to extend their sales activities across the Detroit River. There are some exceptions, with a few companies based in Vancouver, Winnipeg, Toronto, Montreal, and Halifax selling consumer products in the Michigan market despite duty rates that are sometimes high. Distance and high tariffs are no impediments to quality goods.

Unique Items Welcome

Hudson's is continually on the lookout, like other retailing organizations in this state, for unique imported items. A brochure put out by the store asks customers who have seen something in their travels that may appeal to Michigan housewives to get in touch with the Import Department. Hudson's works closely with the Associated Merchandising Corporation (AMC), the world's largest buying office, and through this organization is kept up-to-date on world-wide import opportunities. Merchandise managers often travel to Canada and spend time with their counterparts in Canadian department stores exchanging ideas on merchandising; Canadian department store personnel are often entertained by Hudson's in Detroit for the same purpose. If a Canadian firm is a traditional supplier to a Canadian department store, it may be helpful to discuss the approach to Hudson's with a contact at the Canadian store. He may have an intimate knowledge of the Hudson organization and his guidance, with a letter of recommendation, may ensure that buyers at Hudson's will take a closer look at the merchandise.

"There is no mystery in selling to Hudson's," a merchandise manager told me. "Show a buyer a quality item at an acceptable price and you have a

friend—and an order." Imports are considered a part of total base stocks and potential sales. Customer interest is always in quality, exclusiveness and desirability—not in country of origin. Imports are advertised like any other merchandise, and stand on their own merits, with customer benefits listed and unusual attractions highlighted.

Mark-ups are about the same as in Canada. Buyers work autonomously and if the product is acceptable, will make a purchase on the spot. Occasionally purchasing decisions are made by a committee of buyers, especially when the product lends itself to a special promotion campaign planned by a number of departments in the store. Hudson's buys in substantial volume and an exporter should ensure before committing himself to a large order that his plant has the capacity to meet the demand and fill re-orders. Hudson's has a liberal return policy and therefore if the product requires servicing, arrangements must be made for an immediate supply of spare parts and good servicing.

Samples Essential

Samples and laid-down prices are essential when calling on Hudson's buyers. They also like to see tear sheets from Canadian newspapers carrying department store advertisements featuring the product. The landed price should include transportation charges, U.S. customs duties, brokerage fees and insurance. Samples may be brought into the United States upon presentation of an itemized list of the goods to U.S. Customs officials and the usual stipulation that the samples are not for sale. In some instances it may be cheaper to use the facilities of Hudson's Import Department for clearing the goods.

Exporters should be prepared to explain how they calculated their prices. Price reductions should be offered for large quantities. Hudson's can absorb big volumes without difficulty if the product is good value. Quote firm delivery dates and stick to them.

Buying seasons at Hudson's roughly correspond to those of Canadian department stores. At any given time, a large number of Hudson's buyers will be outside the state on purchasing

missions. Before embarking on a trip to Detroit, a Canadian should provide the Consulate with an outline of the products he wishes to sell to Hudson's, an indication of pricing, and the dates he expects to be in the city. With ample notice, the Consulate can line up appointments with appropriate buyers. Often products may be of interest to buyers in several departments in the store. Therefore, it may not be possible to cover all the buyers in just one or two days. In addition, there are a number of other important stores in Detroit such as Kresge's (head office), Crowley Milner Co., Federal Department Stores, Sears Roebuck, and Winkelman's. There are at least 20 other major specialty stores that should not be overlooked.

The use of manufacturers' representatives can be effective in ensuring coverage not only of Hudson's but of the other stores in the vicinity. However, assuming a firm has sales personnel visiting Southwestern Ontario, a logical extension of their territory would be Detroit, and, of course, the major merchandiser of consumer goods—Hudson's.

The Centennial Room

Canadian companies are welcome to have showings of their goods in the Consulate's Centennial Room, but if they wish to use it for fashion shows or merchandise displays, they should contact us a few months in advance. The Canadian Consulate is situated in downtown Detroit with Hudson's and the other major department stores in the immediate vicinity.

We, and Hudson's buyers, look forward to seeing more Canadian department store suppliers in 1967.



Summer Time in Italy

ITALIANS will set their clocks ahead one hour at midnight on May 28 this year. Daylight saving will end on September 24.

Year-round recreation in Michigan

should mean more sales of Canadian sporting goods.

E. GEORGE YAWORSKY,
Commercial Officer, Detroit.

MICHIGAN CONTAINS thousands of square miles of unspoiled wilderness which provides ideal summer and winter recreation. It is bounded on three sides by the largest concentration of fresh water in the world—four of the five Great Lakes. In addition to 3,100 miles of Great Lakes shoreline, there are 11,000 inland lakes and 36,000 miles of streams and rivers within the state. These resources, in turn, mean an excellent market for hunting and fishing equipment, boats and marine accessories, ski and camping equipment. Michigan residents, accustomed to travel within their own state, are good prospects for travel into Canada

where many of them already have summer homes.

Michigan's tourist business accounts for many millions of dollars annually in direct spending and is second only to manufacturing as a revenue-producer.

To a great extent this development results from a broadening of the recreation season to include the whole year. Until recently most emphasis was placed upon summer water sports but in the past ten years they have been outpaced by winter activities.

Mention the word "Michigan" to almost any sportsman in the United States and he will agree that this is a top-notch hunting state. Year after year it ranks with California and New York as the largest seller of hunting licences and hunters come from all over the United States to

shoot deer, partridge, bear or pheasant.

It is estimated that the average deer hunting trip in the state of Michigan costs a hunter \$53. Because there are at least 400,000 deer hunters a year, this adds up to over \$20 million for deer hunting alone, not including the equipment.

Winter Sports

Michigan is expected to play host to more than 250,000 skiers during the 1966-67 winter season, according to the Michigan Tourist Council. They will spend about \$28 million to enjoy the thrill of a downhill run on new fallen snow. In 1955 the state had 41 skiing areas catering to 75,000 enthusiasts; only ten years later 210,000 skiers were using 87 sites, and were spending \$21.5 million

Before ski worshippers can "hit the slopes" they have to get dressed for it. Of the \$50 million added to Michigan's business this year by skiers, it's expected that \$20 million will represent sales of clothing and equipment.



enjoying themselves. More than 70 per cent of the 83 Michigan sports centres have ski shops selling winter sports clothing, accessories and ski equipment.

Quite apart from skiing activities, ice fishing, hunting, ice skating, tobogganing, snowmobiling, and special winter events have large bands of followers.

Ice fishing probably attracts the largest number of winter sports fans throughout the state. Although the oldest winter sport, it claims new enthusiasts each year. Many of the fishing shanties are family size, complete with heater, food supplies, radio or television—all the comforts of home. Ice fishing equipment is big business with as many gadgets on the market as there are for fair weather fishing.

Winter hunting has long attracted hardy outdoorsmen to Michigan's hunting areas. Targets include small game such as the exciting bobcat and snowshoe hare.

The flashing blades at a shiny hockey game and the graceful ballet of figure skaters are common winter sights in many a Michigan city and village. Hundreds of speed skaters follow a busy circuit around the state from December through March, and sales of skating and hockey equipment are substantial. The best salesmen are a group of Canadians known as the Detroit Red Wings!

Tobogganing is popular at many winter resorts throughout the state and just about any size hill will do. Ice boating is gaining greater numbers of fans, with competitions on Lake St. Clair, Saginaw Bay and Gall Lake attracting winter ice sailors from all over the midwest.

Snowmobiling is a new and a fast growing sport that holds great promise for the future. A dozen or more models are now on the market and sales are booming. Safaris throughout the woods and racing competitions are on the increase.

Canadian firms are among the world's foremost designers and producers of snowmobiles for both utility and recreation. A substantial proportion of Canadian output is exported to the United States: \$4.5 million in 1964, \$6 million in 1965. Snowmobiles with tracks, runners, skis or combinations, and all parts

and accessories, when imported for use as original equipment in the manufacture of snowmobiles, are now permitted duty-free entry.

Spring and Summer

Springtime is fishing time in Michigan, and also the start of the festival season. Late winter carnivals, fishing contests, forestry shows, canoe races and other sporting events are included.

Golf, boating, water skiing, canoeing, and camping are the mainstays of summer recreation in Michigan. Well-kept golf courses dot the state. Major tournaments include the Buick Open national tournament at Flint's Warwick Hills course in June, and a state-wide tournament held at Cheboygan during the summer.

Residents and tourists can avail themselves of some of the nation's finest camping facilities: state parks, game areas, state and national forests and county and municipal parks.

How to Sell

Canadian manufacturers who feel that they can offer sporting goods competitively priced who want to enter the Michigan market are invited to contact the Canadian Consulate in Detroit. If descriptive literature and duty-paid, landed prices can

be supplied, we will be happy to undertake a preliminary investigation of sales opportunities and to make suggestions.

Canadian exports of sporting and athletic goods entered through the Michigan Customs District in 1965 were substantial, and included a variety of equipment. (See Table I.)

More than 55 per cent of all sporting goods imports into Michigan move through domestic wholesalers, import merchants, jobbers, brokers, and resident agents, who work primarily for their own account or for the foreign exporter.

They normally purchase direct from manufacturers' catalogues, through personal contact with sales representatives, and at National Sporting Goods conventions and shows. They usually select their lines for distribution to large retail stores and clubs four to seven months before the two retail selling seasons—in October-November-December for summer lines, and in April-May-June for winter sports equipment. Many large Michigan retailers and department stores prefer to buy direct from the sporting goods manufacturers, although purchases are also often made through agents. In general, the small retailers buy almost exclusively from distributors, wholesalers and import merchants, who in turn obtain their goods from the manufacturers.

Pricing

Michigan buyers prefer to receive from Canadian suppliers the following two prices quoted in U.S. dollars:

(a) The f.o.b. factory price, exclusive of Canadian excise or provincial sales taxes.

(b) A landed Michigan price, which includes transportation charges, United States customs duties, customs brokerage fees and insurance.

The Consulate has compiled a list of sporting goods distributors and wholesalers in Michigan which will be sent to Canadian manufacturers on request. We would also be pleased to put firms in touch with local manufacturers' representatives handling sporting goods, or with the appropriate buyers in Michigan department stores who prefer to purchase directly. ●

TABLE I

Imports of Canadian Merchandise into the Michigan Customs District

Commodity	Net Quantity	Value in dollars
Sport, gym, athletic equipment		4,504
Pleasure boats, canoes, sailboats, and parts for pleasure boats	200 units	461,681
Game machines and general games		29,753
Rifles, shotguns and pistols		21,271
Fishing equipment		6,301
Snowshoes	371 pairs	2,789
Ice skates	15,130 pairs	86,281
Roller skates		2,255
Golf equipment and parts		5,669
Hockey equipment and parts		213,069
Skis	23 pairs	347
Toboggans	28,562 units	164,615
Leather ski boots	132 pairs	1,164
Leather athletic footwear	2,961 pairs	15,432
Total		1,015,131

Michigan babies cry for this Canadian product.

ROBERT T. MERCER,
Commercial Officer, Detroit.

LAST SPRING, the Facelle Company of Toronto, a subsidiary of Canadian International Paper Company, test-marketed its "Flush-a-bye" disposable diapers in Michigan. This was its first attempt to penetrate the competitive and sophisticated United States market. Already, thanks to thorough preparation before the product was launched, Facelle has achieved amazing results. Here is how the company did it.

Sales opportunities in the United States looked particularly attractive to Facelle because of higher disposable incomes and the U.S. housewife's ready acceptance of convenient consumer products. Facelle therefore commissioned K. H. Tietjen Research Associates, Inc., New York, to find out if there was a market for "Flush-a-byes" and to conduct prelaunch consumer research in major United States markets near Toronto. Professional research soon confirmed that there was indeed a potential market for "Flush-a-byes". The proximity of metropolitan Detroit, the premium value of the U.S. dollar, absence of Canadian federal sales tax on export shipments, and relatively low transportation costs made Michigan the logical place to test-market.

Before beginning, Facelle sought advice on the legal requirements which it would have to meet. Packaging and advertising were reviewed to make sure they would conform to United States Federal Trade Regulations. Advice was obtained on the Robinson-Patman Act which, in essence, supplements existing legislation against unlawful restraints, monopolies and discriminatory pricing.

It was also necessary to check United States customs and tariff classification. Facelle found U.S. and Canadian officials particularly eager to be helpful. Discussions with the United States Division, Department of Trade and Commerce, Ottawa, and the Canadian Consulate in Detroit

paved the way and a customs broker was appointed.

Choosing a Broker

As the company had no sales force in the United States, the choice was between building one from the ground up or engaging the services of a broker. The Canadian Consulate in Detroit recommended the latter because a broker could make available to the newcomer immediately a set of established business relationships with the retail and institutional trade.

Several interviews with prospective brokers were arranged. Facelle selected the P. F. Pfeister Company, Inc., a Detroit organization specializing in the food trade but knowledgeable about the potential of the non-food segment of the business. Pfeister was prepared to expand its coverage to include drug and department stores in addition to supermarket chains, in keeping with Facelle's policy of selling "Flush-a-byes" through these three types of outlets, as in Canada.

Aside from the direct selling function, the relationship helped in overall sales planning. The broker advised on the size and nature of actual trading areas and the type of promotion that would appeal to the trade in each. His personal, in-depth knowledge of the Michigan market would have been difficult to obtain from any other source. The prospective Canadian exporter should recognize the importance of selecting the broker whose service best fits his needs. Accept him as an expert on sales in the area, and consult him when planning sales promotions.

Teamwork in Advertising

The Facelle-Pfeister marketing team was complemented by the F. H. Hayhurst Company, Facelle's advertising agency in Canada. The agency was completely familiar with the product and with its advertising potential because it had been associated with Facelle for several years. Because the United States consumer had to be made aware that "Flush-a-bye" diapers were different and

superior to traditional disposable diapers, the initial advertising job was largely one of education and information—it was not simply to register competitive product advantages, but to develop an entirely new market.

The advertising strategy was to appeal to mothers primarily on the convenience offered by the use of the brand. Secondary appeals were baby welfare and relative economy. This strategy was developed from painstaking analysis of consumer motivation, not from "ivory tower" decisions.

Three advertising media—colour television, radio and daily newspapers—were employed to launch the product. As well, samples with coupons were mailed to potential users as a means of introducing the new product's unique benefits. (This, of course, involved negotiations with mailing list rental companies and clearing the sample package with Post Office authorities in Washington.)

Lessons Learned

The importance mothers attached to endorsement and seals of approval by such magazines as *Parents' Magazine* and *Good Housekeeping* was brought to light by benchmark consumer research. Months of negotiations and laboratory testing of "Flush-a-byes" resulted in the obtaining of both seals.

Facelle found the trade in the United States most interested in manufacturers with long-term interests, not the "in-again, out-again" variety. The company's successful history in Canada and its long-term interests and plans for the United States were strong points in its favour. Facelle found no reluctance on the part of the trade or consumers to buying a Canadian product.

Facelle is now reaping the rewards of carefully prepared groundwork. Its exports to this area are increasing rapidly and "Flush-a-bye" is a household word in almost every Michigan family. Success is due to the basic and universal marketing principles of providing a product that meets a need, informing the consumer of its advantages and marketing it systematically. ●



U.S. Midwest Market— forty million customers

THE Chicago office serves Canada's commercial and trading interests in the states of Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Kentucky, Missouri and Nebraska. In this territory live almost 40 million people, many of them with incomes well above the U.S. national average. Seven-and-a-half million people with average family incomes of well over \$10,000 a year reside in the Chicago metropolitan area alone.

We estimate that the annual trade between Canada and the eleven states of our territory amounts to one-quarter of the total trade by value between all of Canada and the U.S. Yet there are endless opportunities for Canadians to sell more in the Midwest.

We are pleased to present the following reports on the market areas and export opportunities that await you in our territory. Four Trade Commissioners and three Commercial Assistants are at your service.

Brisk pace of business and industry in Chicago metropolitan area means heightened opportunities for Canadian firms with the capacity to serve this big market.

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

THERE WERE 7.6 million people residing in the eight-county Chicago metropolitan area at the end of 1966, of whom 3.3 million were employed. The population rose by approximately 173,400 last year. The coming-of-age of the postwar baby crop has increased the number of marriages and this is a trend which will probably continue for some years. It means a good market for manufacturers of household equipment and Chicago, as a major centre of appliance production, is able to capitalize on this big local market.

The gross value of production of the Chicago metropolitan area in 1966 rose by 9.6 per cent to \$37.6 billion, an all-time record (1965: \$34.3 billion). Its share of the gross national product has risen from 4.9 per cent in 1963 to 5.1 per cent at the end of 1966.

Personal income went up by 8.5 per cent in 1966, rising to \$28 billion in 1966. Wage and salary income went up by 8.3 per cent to \$19.5 billion compared with \$18 billion in 1965.

Manufacturing Expands

Industrial production topped all records in November 1966. Manufacturers' sales in 1966 reached \$35.3 billion, an increase of 10.7 per cent over 1965. Value added by manufacturing during the year was up 11.2 per cent to \$16.4 billion.

The following were the major manufacturing groups, according to the Chicago Association of Commerce and Industry.

	Sales in billions of dollars	Per cent increase over 1965
Primary metals	5.9	5.2
Food products	5.2	9.7
Electrical machinery	3.9	17.5
Non-electrical machinery	3.5	15.5
Chemicals and allied products	3.2	10.4

Other industries with over \$1 billion in sales were fabricated metals (\$3.1 billion), printing and publishing (\$2.2 billion), transportation equipment (\$1.6 billion), and coal products (\$1.3 billion).

Steel Industry

Steel production is the mainstay of much of the industry in the Chicago area because of the high percentage of its manufacturing plants that fabricate metal products. Metropolitan Chicago is one of the world's largest centres of metalworking and steel production. Despite this, it is still a big importer of a wide range of steel products. It is one of the largest suppliers of steel to the automotive industry, both to local plants and to Detroit and other automobile manufacturing centres in the Midwest. Its steel marketing area of influence also extends south to the Gulf and west to the Rocky Mountains.

With the revitalized production of taconite ore in the Mesabi Range, an increased supply of iron ore comes from this area to Chicago mills by water. Large quantities of pelletized iron ore are also brought in from mines in Ontario and Quebec. Several of the area's big steel producers have announced large expansion programs, including the installation of oxygen process steel capacity. As a result, production of steel should exceed all previous records beginning about 1968 or 1969. Estimated total steel production of Chicago area steel mills in 1966 was 24.5 million net tons. This was an increase of only .8 per cent over the previous year, but it represents about one-fifth of total U.S. steel production.

Industrial Development

Total investment in plant facilities and land for industrial use in Metropolitan Chicago was just under \$600

Navy Pier, Chicago, with the famous Loop skyline in the background. Valuable general cargoes are handled here; Calumet Harbour, some miles to the south, specializes in bulk commodities. For many years, Navy Pier has housed a number of Chicago's trade shows and since the McCormick Place fire it has been doing double duty.

million and covered 670 projects. Although this was the smallest total investment of the past four years, it is primarily the result of smaller investment in steel capacity which varies rather widely.

Other major industries with substantial investment projects included non-electrical machinery (\$51.1 million), electrical machinery (\$55.3 million), fabricated metals (\$20.4 million), chemicals (\$20.4 million), paper and allied products (\$19.9 million) and foods (\$16.8 million).

Construction

In the first eleven months of 1966 some \$246 million was earmarked for the construction of commercial buildings in the Metropolitan Chicago area, including hotels, motels, office buildings, planned shopping centres, commercial warehouses, financial institutions, banks, and retail and service structures. During the same period, there were 854 commercial construction projects begun in Metropolitan Chicago. These projects totalled in value \$79.7 million for the city and \$166.7 million for the suburban area. Building permits for residential construction, however, hit a ten-year low.

Wholesale and Retail Trade

Much of Chicago's prosperity derives from wholesale operations of all types. There are more than 12,500 wholesale firms in business in the area and in 1966 their sales amounted to \$32.1 billion, 11 per cent over the previous year. Leading wholesale operations in the city include specialized wholesalers, general line wholesalers, merchant wholesalers, agents, brokers, sales branches, sales offices, farm products assemblers, distributors and manufacturers' agents. The products handled by these firms include groceries, machinery, drugs and chemicals, electrical goods, motor vehicles, lumber and construction materials, furniture, hardware, plumbing and heating products, beverages and tobacco products.

The Chicago metropolitan area has nearly 60,000 retailers and its mail-order firms have become the largest in the world, accounting for over 90 per cent of U.S. sales through catalogues. Retail sales continue to break all records, with an all-time high for 1966 of \$14.3 billion, 14.5 per cent over the

previous year. One of the largest components in these figures was the sale of new passenger cars—425,000 units in 1966.

Transportation Industry

Revenues and volume of freight handled by the railroads are still show-

"When You Travel Ask Us"

ONE of the largest U.S. petroleum companies which does extensive advertising throughout the American Midwest uses the slogan *When you travel ask us*. When Canadian producers are planning a selling campaign in any of the large centres in the Midwest, including Chicago, St. Louis, Milwaukee and others, we hope that they will think of Trade and Commerce and *ask us*. Here, for example, are some of the things we advise potential exporters to this area to do once they have decided which market they wish to penetrate and are thinking about surveying it in person or making on-the-spot sales.

1. Work out prices in U.S. dollars, both f.o.b. factory and c.i.f. U.S. distribution point.
2. If possible, obtain a firm U.S. Customs ruling on your product so that you will know what customs duty and taxes will apply.
3. Prepare an outline of the commissions and discounts you are ready to offer to distributors and manufacturers' representatives.
4. Know the cost of shipping your product to the distribution point.
5. Have good sales literature on hand that will influence the buyers or representatives whom you will be meeting. This should include not only information about your products and prices but should tell something about your company: its manufacturing facilities and equipment, management, capitalization, number of years in business, its ranking in the Canadian market (if this is a factor) and some important users of its products. Comments from these users are also helpful.
6. Bring with you a selection of samples, if this is practicable.
7. Be prepared to discuss co-operative advertising and know whether or not your price can allow for the cost of this service.
8. Don't expect immediate results. It sometimes takes months or even years to become a trusted and qualified supplier to large companies. They already have suppliers with whom you must compete by offering something equal or better in terms of quality, price, delivery and service.

This is particularly true in selling to OEM accounts. Major U.S. manufacturers will undertake exhaustive investigations of you, your company and your product before they will even permit you to quote on their requirements.

Wherever and whatever you want to sell, remember that you are new in the market and must become known as a serious contender for the business. Remember also that Trade and Commerce is at your service. Before you travel, ask us. ●



Donald H. Cheney
Consul and Senior Trade Commissioner



Jerome A. Doyle
Consul and Trade Commissioner



Malcolm Rowan
Consul and Trade Commissioner



Leonard G. Lee
**Vice Consul and
 Assistant Trade Commissioner**

ments by rail have also gone down to an estimated seven million, a decline of 3.9 per cent over 1965 and 38.1 per cent lower than in the most recent peak year, 1956.

On the other hand, air express shipments reached an all-time record high, with a volume increase of 5.2 per cent. Air freight shipments out of Chicago's airports have doubled since 1957 and are expected to double again by 1970. The city's airports and seventeen major airlines with international services handled 800,000 international passengers last year.

Chicago's highway motor trucking services are extensive and each day provide scheduled transportation to 54,000 communities. Included in this system are 400 common carrier companies operating more than 12,000 trucks, and some 2,000 local trucking companies. Overnight delivery services are provided to 2,000 communities within a 400-mile radius of Chicago. In 1966 over-the-road hauling by inter-city trucks for freight originated in Chicago was up by 14.7 per cent.

Illinois is one of the foremost states in foreign trade. Last year its exports were valued at \$2.2 billion, including \$666 million in agricultural products. It is also a leading importer and inbound shipments last year reached an estimated \$1.5 billion. Most of this trade passes through the port of Chicago which last year registered an increase of 600,000 tons for a total of 2.7 million tons of overseas cargo.

Numerous barge lines provide scheduled transportation from Chicago to ports along 4,500 navigable miles of the Mississippi River System and to Gulf Coast ports from Florida to Texas. An estimated total of 4,350,000 tons of barge freight were originated in the Chicago area last year, representing an increase of 9.9 per cent over 1965 shipments.

Optimism Is the Word

According to the latest survey of the Chicago Association of Commerce and Industry, Chicago area firms are only slightly less optimistic about 1967 prospects than they were for 1966. Seventy-five per cent of the firms surveyed expect an increase in sales, compared with 86 per cent last year. Fifty-three per cent of the firms indicated higher profit expectations compared with 67 per cent last year. Al-

ing the effects of the intense competition from air and truck carriers. Carloads of revenue freight in the Chicago area declined by 1.7 per cent during

1966 to an estimated 1.2 million cars. During the past six years there has been a decline of 10.7 per cent in the number of car loadings. Express ship-

though 87 per cent of the firms expect to pay more for goods they purchase from other firms, only 59 per cent expect to raise their own prices. Fifty-six per cent expect to increase the number of workers in 1967 in the face of an extremely tight labor market, compared with 65 per cent last year. In 1966, 86 per cent of all firms expected wages to rise and this year 91 per cent expect them to go up.

Opportunities for Canadians

The current high levels of business and industrial activity and near-record levels of investment for industrial plant and equipment mean a receptive and lucrative market for Canadian exporters who have the capacity to tackle the Chicago market. Aside from many raw and semi-processed materials which we ship to the Chicago area, there are excellent opportunities for sales of manufactured goods. These include sporting, recreation and outdoor equipment and supplies; industrial footwear and gloves; fancy food products; giftware and housewares; office and household furniture; sawn lumber, hardwood components for furniture, dimension stock for case goods, hardwood components and cabinets for radio, TV and hi-fi sets; metalworking and woodworking machinery; electrical, electronic and other components for original equipment manufacturers; hardware fixtures and builders' supplies; commercial and institutional appliances and equipment; store fixtures and medical, scientific and research equipment. In the outlying farm states included in our territory, there are excellent chances to sell agricultural machinery and equipment and farm supplies.

The market for many of these products is outlined in more detail in the articles that follow. Others contain advice on how to sell to special groups of customers or describe markets outside Chicago.

Canadian firms who wish to investigate possibilities here or to increase sales will find the Chicago office always ready to help them. ●

Milwaukee's million and a quarter people

may offer a good test

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

HUNDREDS of Canadian firms contact the Canadian Consulate in Chicago every year. Surprisingly few of them have considered the advantages to new entrants into the United States market of using the important centres surrounding Chicago to test the acceptance of their products and to gain experience before they take on something bigger. Milwaukee is one of these markets. It is the largest city in Wisconsin and the twelfth largest in the United States. It certainly merits a closer look from Canadian exporters.

Instant History

Settlers came to Milwaukee from New England and New York in the 1830's. In the 1840's many German immigrants began to arrive and the German language became (and still is) common in homes, business, newspapers and schools. By the time of the Civil War, Milwaukee had become a leading market for the wheat and flour of the western farmers. Meat packing, brewing, steel making and other industries grew up.

After World War II, Milwaukee began redeveloping its town and lake-front areas and building expressways to the suburbs. During the 1950's it improved the harbor to handle ocean shipping coming up the St. Lawrence Seaway and through the Great Lakes.

The population of the city proper is almost 750,000, and of the metropolitan area approximately 1.2 million. Descendants of German and Polish immigrants make up a large part of the population; Roman Catholics and Lutherans are the city's two largest religious groups.

Booming Industrial Centre

Milwaukee's busy harbor has helped in the development of the city as an industrial centre. Ships sail from there to the world's leading ports using the

St. Lawrence Seaway. Six railroad systems serve the city, two of them by ferry across Lake Michigan from Ludington and Muskegon, Michigan. Milwaukee has good air services to other U.S. centres, usually via Chicago. There are two daily newspapers, six television stations and eleven radio stations.

The 2,000 manufacturing firms in metropolitan Milwaukee employ a labour force of nearly half a million and produce more than \$3 billion worth of goods each year. The chief manufactured products are equipment and machinery for the generation, transmission and distribution of electric power. Milwaukee is also one of the world's leading producers of heavy machinery. The largest firm, Allis-Chalmers Mfg. Co., produces industrial equipment, farm implements and tractors. Construction and mining machinery plants make the nation's largest cranes. Other important manufactured products are automobiles and automobile parts, castings and forgings, leather and leather goods and motorcycles. Milwaukee's breweries have given it the name of the "Beer Capital of the United States".

The city has eight of the 500 largest industries listed in *Fortune* magazine. A.O. Smith, Joseph Schlitz Brewing, Cutler-Hammer, Pabst Brewing, Kœhring, Rex Chainbelt, Clark Oil and Refining and Harnischfeger are among its big names. In nearby South Milwaukee is Bucyrus-Erie; J. I. Case and Johnson Wax are in Racine.

Milwaukee manufacturing firms in 1966 produced 10 per cent more than in 1965. Total value added by manufacturing amounted to \$2.8 billion the highest ever. Employment was 3 per cent above the 1965 level and unemployment fell to 2.4 per cent, the lowest for at least ten years. Other indications of a prosperous year were increases of approximately 10 per cent



market for your product.

in the dollar volume of bank debits and in industrial electricity sales.

Most working people enjoyed larger incomes in 1966. The production worker in manufacturing, for example, earned about \$132 per week in 1966, 6 per cent more than in 1965. Because more were working, the total payroll in manufacturing was about 10 per cent above the previous year. There are 22,700 families in Metropolitan Milwaukee with incomes of \$15,000 and over and 6,154 with incomes of \$25,000 and over.

Retail sales in 1966 were estimated at almost \$2 billion, up 5 per cent over the previous year. Department store sales totalled over \$250 million and women's ready-to-wear store sales reached \$36 million.

Outlook Is Good

This year should also see growth in manufacturing, retail sales and employment. In real terms, however, growth is likely to be small because human and machine resources are already being used to near capacity. Much of the growth in dollar volume will be due to price increases.

Growing prosperity will not be shared by all industries, however. Milwaukee may experience a slowing down of activity in its transportation and equipment manufacturing industries. Home construction will probably remain sluggish in 1967, with prospective buyers waiting for lower mortgage rates. The city's businessmen are preparing for another year of prosperity for most people.

If Chicago is too big a market for you to meet head-on as a beginner in the export business, Milwaukee may be the ideal test market for your product. Only 85 miles north of Chicago, it is within easy reach by air, rail or road. Your Canadian Trade Commissioner in Chicago will welcome inquiries and is prepared to help you set up a sales program, select an agent or distributor, or contact potential users of your product in the Milwaukee area. ●



Wisconsin's largest city, Milwaukee is a major manufacturing centre; eight of the United States' 500 largest industries are located here. This view of the city, looking north, shows the modern storage facilities and industrial plants that line the Milwaukee River. With four of the country's largest breweries, Milwaukee is also known as the Beer Capital, but its 2,000 manufacturing firms producing \$3 billion worth of goods, mostly machinery and equipment, are its real source of wealth.



This view of St. Louis, the second ranking city in the Chicago office's territory, shows the revitalized downtown area. On the left is Busch Memorial Stadium, home of the Cardinals. In the foreground, on the bank of the Mississippi, is the 630-foot Gateway Arch which symbolizes the city's historic role as a gateway to the West for the pioneers trekking through to new lands.

*St. Louis is a bustling city of two and a half million
at the centre of an important communications network.*

For ambitious new exporters, this is a good place to start.

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

ARE YOU missing good sales opportunities in Missouri? We believe that many Canadian exporters are, because they are so preoccupied with the huge and intensely competitive Chicago market that they tend to overlook the second-ranking economic region in our territory. It's progressive St. Louis which, with its soaring 630-foot Gateway Arch, beckons to the enterprising salesman.

St. Louis is the principal city in Missouri and is located on the west bank of the Mississippi River just

below its confluence with the Missouri. Closely linked to it is the city of East St. Louis, Illinois, just across the river. In this article, we will be considering the St. Louis metropolitan area, consisting of the city of St. Louis and a seven-county area linked with it, almost half of which lies in Illinois.

During the past two decades, the population of this metropolitan area has gone up by 761,000, and now stands at 2.3 million. By 1970 it will probably be 2.5 million. About 28,000 families (1.36 per cent of the U.S.

total) enjoy incomes of \$15,000 and over, and 8,550 families (1.49 per cent of the U.S. total) have incomes of \$25,000 and over. This is a market worth looking at, especially for quality merchandise.

Natural Resources Abundant

The economic growth of the St. Louis area has been strongly influenced by the proximity of a wide variety of important minerals. Missouri ranked first in tonnage of barite mined and shipped and first in the U.S. in the value of shipments. These totalled 303,945 short tons valued at nearly \$4 million in 1962.

The city also lies close to some of the largest coal reserves in the country, stretching from the western fringes of Indiana and Kentucky to central Missouri. At the present time coal is being mined in large quantities in the central part of the state. In 1963 production totalled 3.2 million tons.

Production of iron ore is also important; in 1963 production of limonite and hematite reached 356,339 tons. The Meramec Mining Company's new mine and mill at Pea Ridge, about 70 miles southwest of St. Louis, has a capacity of two million tons of iron pellets per year. Granite City Steel Co. and Hanna Mining Co. have just announced a joint venture at Pilot Knob—a new \$23 million mine and refining plant that will be in operation by the middle of 1967 with an annual capacity of 750,000 tons of pellets. American Zinc, Lead and Smelting Co. and Granite City Steel Co. have completed extensive explorations in the same general area and defined an ore body of more than 100 million tons. Drilling is continuing in southern Missouri for iron, lead and copper ores.

Production of lead in 1962 totalled 60,982 short tons. The St. Joseph Lead Co. has completed expansion of its Viburnum mill which now has a capacity of 6,000 tons per day.

Four refineries in the St. Louis area are fed by the extensive fields of central and southern Illinois, some 70 miles southeast of St. Louis.

The St. Louis area is an important producer of ultra-pure silicon for electronics, metallurgical-grade and high-purity monocrystal silicon, uranium oxide and enriched uranium metal.

Manufacturing Covers Wide Range

Diversity has long been the keynote of St. Louis manufacturing. In 1963 there were 3,183 establishments employing 266,950 people, and no one group employed more than 18 per cent of the total manufacturing employment. In number of employees, salaries of employees and in value added by manufacture, the St. Louis metropolitan area ranked ninth in the U.S.

Products made in the St. Louis area range from jet aircraft and parts to footwear and furniture, from drugs and medicines to space capsules, and from bricks to wearing apparel and

wirework. One of the most prominent manufacturers in the city is McDonnell Company which makes fighter aircraft, and also equipment for the U.S. space program. St. Louis is also the home of Anheuser-Busch Inc., one of the largest brewing companies in the country.

Based on a recently-completed study, the St. Louis area is the hub of trade for some 136 counties in southern Illinois and eastern Missouri. The periphery of this economic region is determined by the service offered by St. Louis-based operations against competing trade centres. Approximately five million people live in this area, representing some 1,254,500 families.

The list of the 500 largest U.S. firms according to sales, in *Fortune* magazine showed 14 firms with headquarters in the St. Louis area among this select group.

Wholesale Trade

St. Louis is an important wholesale centre, with its trade territory covering 14 states in the Middle West. In 1963 an estimated 3,778 wholesale establishments within the metropolitan area had total sales amounting to \$5.4 billion. Leading establishments are those dealing in groceries and related

products, motor vehicles and automotive equipment, metals and minerals, machinery equipment and supplies, farm products and raw materials.

Retail sales in the St. Louis metropolitan area in 1963 were \$2.9 billion or 1.17 per cent of the U.S. total. Women's ready-to-wear stores accounted for \$38.2 million or .86 per cent of U.S. total. Department store sales amounted to \$352.2 million or 1.71 per cent of such sales in the country. Table I gives a breakdown of retail establishments.

St. Louis has many fine hotels and restaurants and enjoys a good tourist trade. A tremendous building program is going on in the centre of the city.

Transportation Services

Air Services—The modern air terminus for St. Louis at Lambert Field is served by a network of commercial airlines affording direct and fast transportation to all major cities of the United States. Five trunk and two local service airlines provide international service by direct connections with flights to points throughout the world.

Motor Carrier Service—St. Louis is the second largest trucking centre in the U.S. More than 200 common carriers of general commodities provide service to more than 25,000 cities, towns and villages in the 50 states and in Canada. In addition, numerous contract, special commodity and heavy-hauler carriers operate out of St. Louis.

Railroads—St. Louis ranks as the second largest railroad terminal in the United States. It is served by 18 trunk line railroads and 5 switching railroads. The aggregate mileage operated by the 18 trunk lines and affiliated companies is 132,136.

River System—St. Louis is at the centre of the Mississippi River inland waterway system, consisting of rivers and channels for some 7,000 operating miles. It connects by water 29 of the principal industrial centres of 20 states with a total population of some 90 million.

Many manufacturers own special barges adapted to their special products. Transit time for the 1,065 miles downstream from St. Louis to New

TABLE I

RETAIL TRADE OF METROPOLITAN ST. LOUIS

Type of Business	Establishments	Sales (\$'000)
Total St. Louis Metropolitan Area	17,651	2,847,475
Lumber, building materials hardware, farm equipment	776	140,646
General merchandise stores	482	446,285
Food stores	3,340	696,704
Automotive dealers	933	527,500
Gasoline service stations	2,089	208,058
Apparel, accessory stores	1,075	136,984
Furniture, home furnishings, equipment stores	906	128,298
Eating and drinking places	4,306	221,902
Drug stores, proprietary stores	619	110,493
Other retail stores	2,163	174,502
Non-store retailers	962	56,103

Source: Census of Business 1963.

Orleans is five days and the upstream time is 10 or 11 days. Barge service to points south of St. Louis and north to Chicago is available throughout the year. On the upper Mississippi and the Missouri, service is suspended for 90 to 120 days during the winter. The extensive barge line service gives St. Louis the advantages of a seaport by way of the Mississippi River to and

from New Orleans or via the Illinois River and the Calumet Sag Channel to Chicago and the St. Lawrence Seaway. In 1963 traffic in and out of the port of St. Louis included 9,517,328 tons of freight.

At Your Service

The Consul and Senior Trade Commissioner at our office in Chicago wel-

comes inquiries from Canadian exporters who wish to investigate the extensive sales opportunities in metropolitan St. Louis. He is prepared to supply detailed marketing information, a market survey for your products, (including an outline of the competition), and to assist you in selecting a manufacturers' representative, distributor or other sales outlet. ●

It's a good time to sell agricultural equipment

in the North Central States.

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

"There is one sector of this economy which is heading without benefit of subsidy, of government control, of government assistance. . . for the most vigorous, the most profitable, the best sustained, expansive boom in all history, and that is the agricultural sector of the American economy." Eliot Janeway, economist and business columnist for the Chicago Tribune, made this statement on January 27, 1967, during a speech at the Executives Club luncheon in the Sherman Hotel, Chicago.

THE MARKET for farm equipment in the U.S. is rapidly changing and the nature of the change and the expansion noted above mean excellent opportunities for Canadian agricultural equipment manufacturers. The so-called "long line" companies, such as John Deere and Massey-Ferguson, are making record sales of tractors and combines, and are unable to expand as rapidly as they might like into the specialized equipment area. On the other hand, farming techniques are changing rapidly and the farmer of today is ready and willing to look at any specialized equipment, regardless

of manufacturer, if he feels that it will do a job for him. The net result is that "short line" manufacturers are finding ready acceptance of their products at a time when the long line firms are being forced to concentrate on the production of heavy equipment. And many Canadian short line firms are seizing the opportunity to penetrate the U.S. market.

Dryland Equipment Needed

On a recent trip through the North Central states, I found agricultural equipment from more than 30 Canadian manufacturers in use. It included swathers and side delivery rakes from Manitoba, rock pickers and rod weeders from Saskatchewan, chisel ploughs and chaff liners from Alberta, and dairy equipment from Ontario and Quebec. Most of this equipment was designed and developed in Canada for Canadian conditions. However, it is saleable south of the border, where climate and soil conditions are similar.

Using Western Canada as an example, certain types of equipment were developed to deal with the unique tillage and harvesting problems of the dryland farmer. The same equip-

ment can be and is being sold in adjacent areas of the U.S.

The future for dryland farm equipment is particularly bright. Cereal grain surpluses in both the United States and Canada have been whittled down to less than one third of their level four years ago. Economic forecasts indicate an increasingly buoyant market for wheat in foreign markets at prices substantially higher than the average over the last decade. The reaction to this has already been felt in the farm equipment industry and points to increasingly good sales prospects during the rest of the sixties. Some indication of the potential is shown in the U.S. Department of Agriculture (USDA) 1964 Census of Agriculture, which states that there are 98,000 farms averaging 896 acres per farm in these two states.

Equipment usage statistics show that there were 242,000 tractors and 70,000 combines in use in 1964. This would be primarily in that part of the two states east of the Mississippi.

Since transportation developed in an East-West pattern, the primary distribution points serving this market are Fargo, Sioux Falls, and Minneapolis. This represents a fairly compact market served by a relatively small number of distribution centers.

On my latest trip through North and South Dakota, in speaking with

dealers and distributors I heard a great deal of interest expressed in Canadian equipment. Generally, it is held in high regard from the standpoint of design and effectiveness. Some readers may find it of interest that many of the newer types of equipment were invented and developed in Canada and are now suffering from the sincerest form of flattery—imitation. This is particularly true of tillage equipment.

The various dealers and distributors interviewed did, however, have one complaint about Canadian equipment. They felt that many Canadian firms manufacturing excellent products were hurting themselves by inattention to marketing details.

Sales and Distribution

There are four basic methods by which short line agricultural equipment is marketed in the Dakotas:

1. Direct sales (with or without key dealers),
2. Sales through commission representatives,
3. Sales through consignment distributors,
4. Sales through stocking distributors.

Direct Sales—Many short line companies, as they grow in size, turn to direct sales to dealers so that they may control all facets of their marketing program. Generally a shift from other forms of distribution is made as a company achieves a highly diversified line, and is therefore able to sell a dealer a sufficient number of units so that trucking problems are simplified. It is the most difficult distribution method for a new manufacturer in the industry to adopt because of the staff needed to provide adequate liaison with and service to the dealer network.

Commission Representatives—Firms unable to field a sufficient sales force to penetrate a market such as the Dakotas effectively, or firms whose salesmen are unfamiliar with the dealers in a given area sometimes make use of commission representatives to supplement existing sales forces. These commission representatives sell to dealers primarily (although they are used for certain products when estab-

lishing a distributor network, and may even sell direct to farmers) for a fixed percentage of the sale price, usually 7 per cent to 10 per cent. The main advantage of this system is that marketing costs are known at the outset and will be a constant percentage of sales volume. The other advantage is that shorter discounts can be used compared with distribution through distributors, thereby allowing a manufacturer to maintain a lower list price. The disadvantages are that the manufacturer must handle the warehousing of all equipment and parts in the market and perform all post-sales servicing.

Consignment Distributors—Consignment distributors operate on the same basis as commission representatives except that they warehouse equipment and parts on consignment, thereby allowing better delivery to dealers. By the same token, discounts (or commissions) to such distributors are usually higher than to commission representatives because of the performance of the warehousing function (10 per cent to 16 per cent). After-sales service is in most instances the responsibility of the manufacturer.

Stocking Distributors—Stocking distributors offer a complete merchandising service. They buy outright in some instances and on dating programs in others, depending primarily upon the turnover rate of the item, the capital involvement required, and the terms which the manufacturer wishes to offer to dealers. (Distributors usually only offer dealers the same terms as they receive from the manufacturer.) A stocking distributor will also keep a supply of equipment parts and provide after-sales servicing. Many distributors further provide cooperative advertising to dealers, and engage in radio and TV advertising on the manufacturer's behalf.

In short, a stocking distributor assumes more responsibility than any of the sale distribution alternatives. He is also the most costly, requiring a 40 per cent and 5 per cent discount off list and offering 20 per cent and 5 per cent to dealers.

Some Marketing Differences

These methods of marketing agricultural equipment in the U.S. do not differ appreciably from those used in

Canada. There are variations, however, which result from different legislation and historical practices. As one example of the former, dealer relationships with long line companies are much more informal in the U.S. than in Canada because of the generally stricter fair trade laws in effect. A long line company cannot disenfranchise a dealer in the U.S. because he handles similar lines of equipment made by other manufacturers. In fact, one dealer interviewed was representing three long line companies simultaneously, with their full knowledge. This means that any dealer in the U.S. can represent any Canadian short line manufacturer he chooses, apparently without prejudicing his long line franchise. There is no need, therefore, for a short line manufacturer to sell his equipment through an outlet not primarily retailing agricultural equipment. Some Canadian firms have done this in the past and have suffered from dealer criticism as a result. In this instance, stringent fair trade laws allow greater freedom of access to merchandising outlets.

Other differences in the market derive from historical practices. One dealer discounts off manufacturer's list price. In the U.S., dealer discounts are commonly 20 per cent plus 5 per cent for cash on short lines. The primary reason for this is the traditionally heavier advertising load that a U.S. dealer has had to carry. Although it is debatable today whether or not an American farm equipment dealer advertises more heavily than his Canadian counterpart, this was true when the longer discounts were initiated.

The differences between the two markets are not as great as the similarities; however, a Canadian manufacturer should consider distribution alternatives carefully before entering the market. For detailed information on common pricing, discounting and advertising practices, drop us a line in Chicago, and we will be glad to forward a detailed report on these factors which we have just completed. We are in constant contact with distributors and representatives in our territory, and are ready to start working with you now.





Canadian wood components are used in these TV cabinets manufactured by the Arvidson Cabinet Company, Rockford, Illinois. The Midwest market for wood components is substantial; in fact, demand now exceeds supply and there have been inquiries for Canadian sources.

The Midwest market for Canadian wood components should remain substantial.

J. A. DOYLE, *Consul and Trade Commissioner, Chicago.*

THE United States Midwest area has been for many years one of Canada's most important markets for forest products. But during the past decade or two, a somewhat sophisticated type of lumber manufacturing and merchandising known as the dimension industry has developed. Although primarily (but not entirely) concerned with hardwoods, this dimension industry now serves as a rough mill and finish machining department for manufacturers of furniture, cabinets, caskets, toys and other assembled hardwood products. Rough wood parts (cut stock), glued panels and lumber cores, semi-fabricated (partially machined) wood parts, and/or completely machined wood parts, designed for the specific type of assembled wood product to be manufactured, are shipped ready for use on the final assembly line.

No reliable data are available at present on the amount of dimension

stock used annually in this area. However, the volume is substantial because Chicago is the leading U.S. producer of many industrial items, including radio and TV sets, one of the principal uses of dimension stock. For the states of Wisconsin, Illinois, Indiana, Kentucky, Missouri, Iowa and Minnesota alone, the United States Census of Manufactures in 1963 reported \$435 million as the average annual value added through the manufacture of household furniture. This figure indicates a substantial industry, the largest market for wood dimension stock.

Supply Not Adequate

Not all the wood requirements of the furniture industry are filled through the use of wood components, but the industry is moving in this direction and each year they use more. During the past year in the Chicago area the demand has greatly exceeded the

supply, and requests for information on Canadian manufacturers of birch, maple and aspen dimension stock were received regularly from Midwest manufacturers and wholesalers. Last summer the quality of the product and the reliability of supply seemed to be more important to the consumer than did price. In few cases, unfortunately, has it been possible to locate manufacturers in Canada who could supply the material required by the United States furniture and cabinet manufacturers.

Production reports for the entire hardwood dimension industry in the United States are not available, but members of the Hardwood Dimension Manufacturers Association (which is said to represent about 65 to 70 per cent of production) are currently selling to a value of \$75-\$80 million annually. On this basis the total industry, including imports from Canada, now accounts for sales of about \$100-\$125 million a year, and this volume has been increasing steadily. The central United States consumes approximately

20 to 30 per cent of the total production.

The Market

In general, four types of firms supply partially manufactured wood components to the final manufacturer. These intermediate processors are:

1. Cut stock suppliers—firms that cut lumber, plywood or particle board to dimension, but whose products require shaping and final finishing into furniture parts.

2. Furniture parts manufacturers—firms that make parts ready for assembly, such as table tops, turned legs or rungs, or machined drawer parts.

3. Furniture sub-assemblers—firms that take two or more parts and assemble them for installation into furniture, make upholstered furniture frames, or manufacture doors for case goods.

4. Intermediate processors—firms that perform all three of the above functions or any combination of them.

Although there can be little doubt that there are good market opportunities for industrial wood components in the United States Midwest, it is important for Canadians considering manufacturing them to keep in mind that all component parts and much of the cut-to-size stock must be supplied to very close tolerances, often to only a few hundredths of an inch. Generally, all material must be kiln-dried to a moisture content of from 6-8 per cent. When assembled with pieces from other sources, a component must fit or be rejected and a rejected component has no value. It may even present a disposal problem. Buyers are not prepared to accept the cost of any such loss of high-priced material. Most furniture manufacturers give detailed specifications on size, grade, manufacture and shipment, and they expect firm adherence to them.

The case goods, upholstered furniture, wooden non-upholstered furniture, and radio and TV cabinet manufacturers are the principal users of component parts in the Chicago area. The 1966 *Annual Buyers' Guide* issue of the *Furniture Retailer* magazine lists over 100 such manufacturers in the states of Wisconsin, Illinois, In-

diana and Kentucky alone, many of whom are very large and distribute nationally.

Prices

Prices paid by the furniture industry for wood vary tremendously, depending upon species, degree of manufacture, size of the individual component, and amount of finishing required. Whereas hardwood-furniture long lumber may be priced generally from \$100-200 per thousand board feet, prices increase sharply when moving from dimension lumber to manufactured components, or even cut-to-size pieces. Very little of this business brings less than \$300 per thousand board feet, most of it is over \$400, and \$800 is not unheard of for small parts. Such round-number prices in board feet are only useful as a general guide to the potential in upgrading lumber. This business must be conducted against a background of accurate costing on a per-piece basis and this is how quotes are called for by the consuming industries. Manufacturers have reportedly gone bankrupt while selling the output of their plants on an ostensibly profitable dollars-per-thousand basis, without realizing they were being called upon to supply an undue proportion of particular parts whose cost in dollars per thousand board feet was well above average.

Customs Duties

Industrial wood components may be imported into the United States at rates of duty ranging from 1½ per cent to 16⅔ per cent, depending upon the nature of the part and the end use. Further specific information on rates of duty may be obtained directly from the United States Division of the Office of Trade Relations, Department of Trade and Commerce, Ottawa, or direct from United States Customs offices.

Channels of Sales

In the Midwest, dimension stock is generally moved through middlemen or by direct sale to large consumers. The former, composed of importers, brokers, mill representatives and wholesalers, usually go well beyond the securing of supplies, and often can provide extra services such as storage and perhaps long-term credits.

In view of the service demands of the furniture manufacturers, the complexity of the industry in large industrial centres such as Chicago, plus the problem involved in organizing a new enterprise and getting it into profitable production, it might be desirable (at least initially) for new dimension stock manufacturers to enlist the services of some of these middlemen who know their area and market. On the other hand, the larger furniture manufacturers and the high-volume producers of TV cabinets often buy direct and maintain close liaison with the manufacturer.

According to Forest Service Report No. 17 (*Timber Trends in the United States*, published by the U.S. Department of Agriculture in 1965), the value of shipments of household furniture in 1961 rose at an average rate of 4.4 per cent per year for the 14 years preceding 1962. Although lumber use per dollar of sales has declined in recent years for practically all wood-using products, the report predicts an increase of 28 per cent in the total volume of lumber used for manufacturing household furniture by the year 2000. From a volume of 2.3 billion board feet used by this industry in 1962, there will be an increase to 2.9 billion board feet in what now amounts to a little over 30 years.

The forest products industry today is in the process of transition from a resource-oriented to a market-oriented industry. New methods of management involving the use of computers and mathematical techniques are being used by forest products manufacturers and distributors to make the conversion and marketing of lumber and other wood products more efficient. Wood products are being manufactured in new ways to better serve the needs of the end users. The growth of the wood component industry in recent years is a striking example.

Because of these developments and the economic benefits associated with them, we may assume that the wood requirements of the furniture industry to an increasing degree will be supplied by wood component manufacturers. In the years ahead a much greater percentage will come from this source. On this basis there can be little doubt that trade prospects in the U.S. Midwest for quality wood component products will continue to be good. ●

The institutional food market poses special problems for suppliers.

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

ONE OF THE LARGEST markets for food in the U.S. today and one of the most neglected is that provided by institutions. Estimates of the value of this market range from \$12 to \$16 billion.

The difficulty in estimating its size accurately results from the fact that it includes meals consumed in restaurants, hospitals, hotels, penitentiaries, schools, colleges, commissaries and plant cafeterias, as well as on ships, planes, and trains. Present estimates indicate that this market represents one in four meals eaten in the U.S. and it is rapidly approaching one in three.

Reasons for Growth

The present rate of growth of the institutional food market is approximately 10 per cent a year, just short of twice that of the yearly increase in the retail grocery business. There are a number of reasons for this growth:

- Increasing disposable incomes. As incomes go up, more people dine out.
- More travel. Changing working patterns mean that people are away from home more often on business. Coupled with this is longer vacations.
- In-plant cafeterias. Subsidized meals are now a fringe benefit with many jobs. In addition, people travel longer distances to the job and this precludes going home for lunch.
- Increase in the number of working mothers.
- Larger school population. School lunchrooms are now becoming standard equipment.
- More hospital patients. Medicare programs and medical insurance have increased the use of hospitals and nursing homes.
- Increase in vending machines. Vending machines and drive-ins are the two fastest growing areas in the institutional market.



The institutional food market in the U.S. is growing at a rate almost double that of the retail grocery business, and one of its advantages for the supplier is that brand names are much less important. Price, quality and service are the main factors; the buyers also specify controlled portions conveniently packaged.

Selling Problems

Well over 80 per cent of all food used by institutions is purchased through food distributors. This is partially a result of neglect of market needs on the part of the manufacturers, and partially because of the complex purchasing requirements of the institutions. A restaurant must buy hundreds of products for its daily menu. In most instances, it must purchase from many sources, which means a multiplicity of deliveries and invoices with attendant accounting costs.

Realization of this problem brings with it the key to institutional selling—simplifying the buyer's problems. One of the answers for small institutions is the "one-stop" shopping now provided by a few food distributors. By and large, food distributors tend to specialize in a particular line of products such as dry groceries, fresh produce, seafood, or fresh and fresh frozen meat. Today, some of them are organizing as a source of supply of all these items. As might be expected, other distributors claim that "one stop" shopping hurts the institution because it soon loses touch with

competitive prices. None the less, their marked success indicates the buyer's need for this type of distributor.

Selling Methods

The successful manufacturer in this market recognizes the institution's problems and attempts to make it easy to use his products. Some of the methods he employs are:

1. Portion control. The institution doesn't want to run a warehousing operation, or employ a number of people to form hamburger patties or cut up sides of beef. It therefore becomes extremely important for manufacturers to supply portions and so minimize further handling. Obvious examples of controlled portions are the 4 ounce cubed steak, the 1 ounce ketchup container, the 8, 12, or 16 ounce steaks, the 3 ounce hamburger, pre-sliced bread, and so on.

2. Convenience packaging. This is so closely related to portion control that it has to be considered simultaneously. A large institution may use 5,000 ounces of ketchup in one day, and prefers to have 100 individual servings per small carton, with 50 of these cartons to a master carton. Similarly, it likes 4 ounce cubed steaks packed six to a pile (with wax paper dividers), four piles to a carton (6 pounds), and eight cartons to a master carton. It can thus purchase one or two days' supply without thawing out any more than it needs for a given meal.

3. Portion pricing. A cafeteria is not as concerned about the price per case of corn as it is about the cost per serving. Distributors and/or brokers should be fully armed with this sort of manufacturers' prices before the product is introduced. This differs a good deal from normal pricing methods because several prices are needed, depending upon the standard portion size. However, it need only be an easily calculated extension of case pricing, and it saves the buyer time and trouble. Otherwise he would have to reduce the case to servings to compare it with brand X, which comes in a case of a different size.

4. Specialized product information. The normal chain store buyer does not usually bother about calories and

food content but the institutional buyer does. A distributor must be armed with the information a dietitian requires. He must know the requirements of each institution he serves, and be prepared to discuss the products he sells on this basis.

Trends in the Industry

As mentioned, the institutional food market is growing at a rate almost double that of the retail grocery business. This in itself ensures a rapidly growing market, but the trend toward a higher degree of food preparation by the manufacturer will increase his share of the institutional sales dollar further. The kitchen is moving back to the distributor, and even to the manufacturer. Labour becomes more expensive each year and it is increasingly difficult to find qualified chefs and cooks. As a result, more food is being delivered ready to heat and serve, in the same manner that it is put on aircraft.

Armour & Co., one of the giants of the industry, is the principal manufacturer of the precooked meal-in-a-bag. It packs a variety of meals for institutions in polyester segmented

bags, with meat in one compartment and vegetables in another. This institutional variation of the popular "TV dinner" is placed in boiling water for 14 minutes by the institutional operator. He then removes the content and serves the meal. A short order cook only needs to know how to boil water.

Canadians Should Investigate

The opportunities for Canadian firms in this specialized area of the U.S. food market could be greater than in the retail food market for one reason: brand names are less of a factor. Only a few foods sold to institutions reach the consumer with the label intact; meat sauces and ketchups are an example. For the rest of the meal, the institutional diner neither knows nor cares what brand it is as long as it tastes good. This "brand" disadvantage that always plagues new entrants into the retail market is therefore less important in the institutional market. As long as the Canadian firm can compete on a price-quality-service basis and comply with food regulations it is on an equal footing with its U.S. counterpart. ●

Don't Forget The Industrial Food Market

Although it is much smaller than the institutional food market, processors of basic commodities should not ignore the industrial market. Normally it is served by institutional food brokers and distributors although in larger markets some brokers handle only industrial products.

Some Industrial Customers

Adhesive manufacturers
Bakers
Bottlers
Candy manufacturers
Canners
Chemical manufacturers
Chewing gum manufacturers
Dairies
Frozen food processors
Fruit and syrup manufacturers
Ice cream manufacturers
Meat packers
Paper products manufacturers
Preservers
Spice mixers
Supply houses and jobbers

Products Sold to Industry

Bakery supplies
Corn syrup
Dehydrated vegetables
Dextrose
Dried foods
Flavours and extracts
Flour
Fruits
Gelatin
Honey
Jams and jellies
Lecithin
Maple syrup
Stabilizers
Starch
Sweeteners

Selling to Sears and Wards calls for the right product and plenty of patience—but success brings rewards.

P. H. LUTTRELL,
Commercial Officer, Chicago.

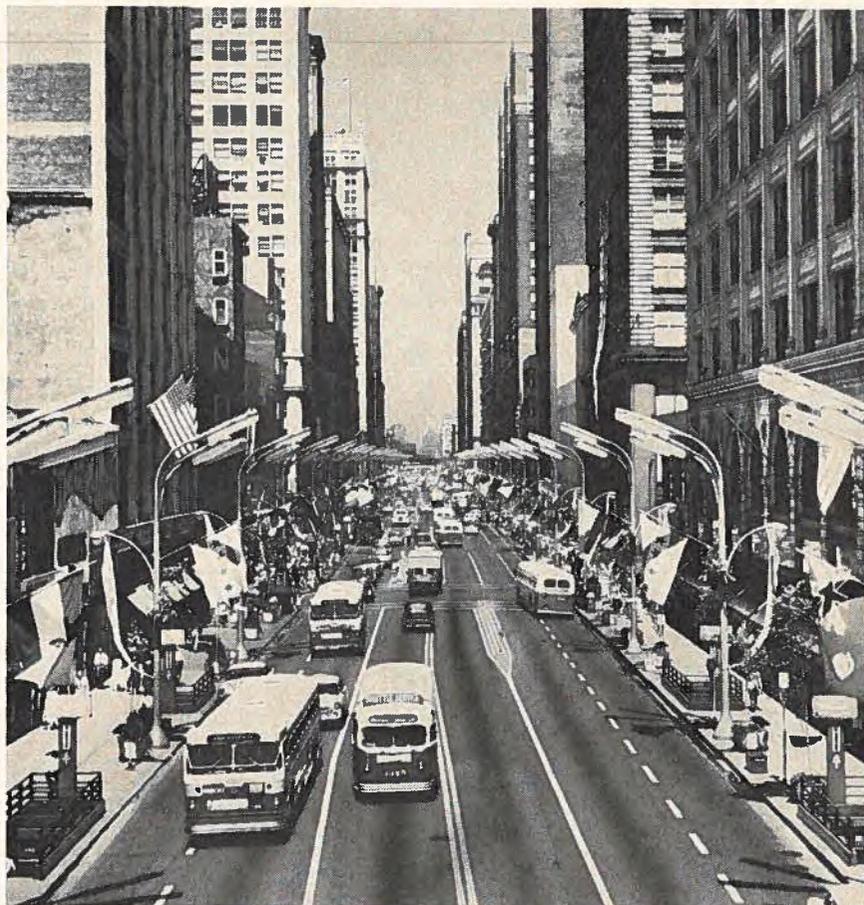
SEARS Roebuck & Co. and Montgomery Ward & Co. achieved combined sales of more than \$8 billion in 1966. Canadian manufacturers of consumer goods, when they are planning export programs for the U.S. market, should consider carefully the possibility of making sales through one or the other of these giants.

The two companies are competitors in the U.S. marketplace but their structure and operations are similar. They are national organizations, they both sell through retail stores and catalogue houses, and they both have central corporate buying offices. They sell almost every possible type of consumer product and they follow the same methods of product selection and procurement.

Organization

Line Merchandising—The line merchandising organizations of Sears and Wards are similar. Both companies have retail and catalogue divisions which in many ways function almost as separate companies. They are tied together at the corporate office level, however, where they depend upon central buying and support services. About 70 per cent of total sales of both organizations are made in their retail stores and 30 per cent through mail order.

The retail sales lineup consists of large regional groupings of stores, broken down into a number of districts for each region. Large metropolitan areas with several stores generally form a district in themselves. In less densely populated areas the districts include stores in a number of towns or small cities. Each regional management office has a merchandising staff responsible for the promotion and sale of all products in its region. Regional merchandise managers have counterparts in the district offices in the individual stores. All of the mer-



This is State Street, Chicago's "Great Street", looking north along the billion-dollar mile. Many of the city's largest retail and department stores are located on this stretch of The Loop and it has been the scene of many gala parades.

chandising personnel have some authority over the products to be carried in the store or stores under their jurisdiction.

The catalogue sales group consists of a number of catalogue houses or plants, each with a given geographical territory. Each catalogue house has a network of stores where customers come to look through the catalogues, place their orders and, if they wish, pick up their merchandise. Each catalogue house has a merchandising staff like that of the retail regional offices,

but they cannot control the products stocked because the corporate office selects these for the catalogues. The merchandise managers are responsible for maintaining an adequate inventory of all items in the current catalogue, and for sales promotion programs in their territory.

Buying Procedures—Like the line merchandising organizations, the buying organizations of Sears and Wards are similar. Each has buying offices located at corporate headquarters in

Chicago and at secondary buying centers, such as New York, especially for clothing and other fashion goods.

The buying organization consists of a series of merchandise departments, composed of a department manager, a group of buyers, and several retail and catalogue merchandising managers. The department managers have the responsibility for product development, procurement and merchandising for their particular product lines. This covers both retail and catalogue divisions. In addition to finding and buying merchandise, the buyers must plan the merchandising programs for their products, working closely with their department manager, the retail and catalogue merchandise specialists attached to their department, and a number of other executives.

A merchandise department may have only one product grouping assigned to it or it may cover several. The number of buyers in each department varies from two or three up to eight or ten. Some buyers may be responsible for only one major product such as refrigerators, others may handle a number of minor lines.

Support Services—Both Sears and Wards have extensive merchandising support organizations, such as inventory control, distribution and warehousing, catalogue design and layout, and many more. Included too are special technical services.

The buyer, as the focal point for the introduction of new products and merchandising programs, is urged and often directed by company management to make use of all the support services at his disposal in developing his programs. This may make it impossible for him to make "snap" decisions about new products, but it does lead to more sound merchandising programs.

Merchandise Lines

Range—Wards boasts that it offers over 130,000 different items in its general catalogue, and Sears has an even greater assortment. The coverage is constantly increasing as new products appear on the market, and one of the buyer's prime responsibilities is to keep abreast of the new in his product lines.

Private Brand—Sears and Wards each have strong private brand programs.

Over 90 per cent of all the merchandise they sell carries one of their exclusive brand names. They sell their goods on the basis of features, the company reputation for quality, and competitive pricing. Both organizations have a liberal return merchandise policy to support their private brand program and extensive repair services for all merchandise that may require these.

"Good—Better—Best"—The "good, better, best" concept is, in name, Ward's program but Sears also follows the same procedure. This consists of building a line of products on the basis of different quality levels. These levels are differentiated by features, price, and color coding of the packaging and promotion signs in the stores. For example, at Wards, red labelling indicates "good quality", blue "better" and gold "best". Green is used for special low-priced goods. Each quality is advertised as "the best buy for the money".

The buyers have all been thoroughly indoctrinated with the "good, better, best" concept and it plays a definite role in their thinking about buying a new line of merchandise or replacing a current one. A buyer, in developing a "good, better, best" line, may take a single item and, by adding features, build a family of similar but progressively higher priced items. This means that a manufacturer who wants to supply these organizations must be willing to modify his products to meet the buyer's needs.

Both Sears and Wards have reduced the number of sources they purchase from over the past few years and have worked toward developing stronger relationships with sources and better liaison on new product development. In reducing the number of sources, both companies have favored manufacturers which produce groups of related products. The integrated housewares manufacturer, making all types of stainless steel cookware, servingware and specialty items, is a good example. This type of company has a much better chance to sell Sears or Wards than a manufacturer making three models of stainless pots or a single line of pliers or sawblades. The single product or single line manufacturer may still be successful but his products must be extremely competitive.

Opportunities for Import Merchandise

—Sears and Wards are both strongly oriented toward imported goods. Each company maintains overseas buying offices and the merchandise departments use the overseas personnel, in conjunction with trips by the buyers, to search out new products in most of the world's major markets. Neither company has a buying office in Canada, because they consider Canada and the U.S. as one source area, which can be covered from the central buying offices. In 1965, Sears sold well over a million dollars of Canadian-produced merchandise and Ward's merchandise offerings often contain items made in Canada. The buying offices of both are open to Canadian manufacturers and for Sears, a second channel of approach is the buyers at Simpson-Sears. If a Canadian product is good value, it will be considered carefully. Moreover, the comments of the experienced buyers in these large companies are sometimes extremely valuable to a manufacturer, even though he may not sell his line.

Buying Procedures

Initial Contact—The recommended method of approach to Sears for a Canadian manufacturer to follow is direct contact with the appropriate buyer. The buyers' names can be obtained through the Trade Commissioner in Chicago, who can also arrange an initial meeting. The approach to Wards should be made through its Import Department. Its personnel screen the product before the buyer examines it. This may seem like an additional hazard but any reasonably good product will find its way to the buyer. If it has been screened by the Import Department, the manufacturer will find that he has an ally who will follow up on a purchasing decision, arrangements for a lab test, or other details.

The most important thing to remember in planning an initial approach to a buyer at Sears or Wards is to have all the facts and figures on your product at your finger tips. The buyer will rapidly lose interest if he does not get complete and satisfactory answers. Samples (if practical), literature, prices in U.S. dollars duty paid, and information on production capacity and technique, plant location, financial strength, present marketing

channels and plans for future growth all will be required.

Testing of Merchandise—Assuming the initial meeting has gone well, that the buyer is interested in the product, and that he has asked for samples for further evaluation, what happens next?

The department manager and the departmental merchandising specialists will examine and evaluate the samples of the product. If everything is still going well, the next step is usually a laboratory test. Both Sears and Wards maintain extensive merchandise testing facilities and the buyers must use them in most instances when selecting new items. (Even current items are tested periodically as a quality check on the manufacturer.) Some items of merchandise being considered for purchase by Sears' and Ward's buyers may escape laboratory testing but it is safer for a manufacturer to expect that his samples will go through this procedure.

"Internal Selling" Concept—If the sample passes the various evaluations and tests, the buyer must then put on his other hat and become a salesman. He works out a tentative merchandising and promotion program and attempts to convince his superior, the merchandise department manager, that he has made the right selection. He must also convince the catalogue and retail merchandising specialists in his department, because they exercise some control over product selections and are also the buyer's allies in attempting to "sell" the selection to the line merchandising personnel in the field. The next step is to present the merchandise to the line merchandising organization for procurement and sale.

In the catalogue division, this is relatively simple because the product is simply included in the next catalogue. Lead time on selection of products for catalogues is approximately nine months. The catalogue house merchandising staff must order at least minimum quantities from the manufacturer to cover themselves against customer orders, and things are under way.

In the retail division, the procedure is more complicated. The product is entered on the "basic list", which is updated frequently and reissued twice a year. This basic list is the guide to all available merchandise and is used

by the retail stores in setting-up and maintaining their inventories. Individual stores do not have to buy everything on the basic list and many line merchandisers are selective in stocking their store departments. This is where the "selling" by the buyer and merchandising specialists enters the picture. They must convince the line merchandisers that the product will sell and will give a good profit. The line merchandising personnel are the key and yet they are too distant from the manufacturer and too numerous for him to approach personally. He must rely on "internal selling".

Purchase Contracts, Purchase Orders

—At the time the buyer places an item on the basic list of all available store merchandise, in a catalogue, or both, he also places a purchase contract with the manufacturer. This covers the amount of merchandise the buyer estimates he will need for a fixed period, the agreed-upon purchase price, and a schedule of delivery dates and quantities. It may also carry any number of other points, such as detailed product specifications, the manufacturer's agreement to warehouse back-up stock at his plant, and

so on. The purchase contract is signed by an officer of each company and becomes a legal document. When the retail stores or catalogue houses order merchandise, they forward purchase orders directly to the manufacturer. These are taken as shipping orders against the purchase contract. The field locations in some instances may forward their purchase orders to the buyer for consolidation. He, in turn, will release them to the manufacturer according to the schedule on the contract. Of course, there has to be "give and take" on both sides in order to maintain a good relationship, particularly because there are many factors beyond the control of either buyer or manufacturer.

It's Not Easy

Selling to Sears or Wards is no easy task. There is no quick way to succeed. The processes of discussion, testing and "internal selling" are all time-consuming and may frustrate a manufacturer who is unaccustomed to them. But, for the manufacturer who has the right product and the persistence, the rewards of becoming a Sears' or Ward's supplier can be substantial. ●



IDA Makes Loan to India

THE International Development Association has approved a credit to India equivalent to U.S.\$65 million to provide foreign exchange for the purchase of industrial materials. Specific industries selected for assistance are those producing commercial vehicles and automotive components, machine tools and cutting tools, electrical equipment, agricultural tractors, ball and roller bearings, industrial and mining machinery, fertilizers and pesticides and basic non-ferrous metals.

The IDA has extended two credits to India in the fiscal year ending March 31, 1967, totalling U.S.\$215 million. This represents the IDA's contribution to the U.S.\$900 million of financial aid made available by the Indian consortium, of which Canada is a member.

In June 1966, the Indian Government took steps to ease import controls and made other policy changes to make foreign exchange more available to priority industries. The new policy eliminates much of the uncertainty associated with past controls and makes possible the increased use of available productive capacity. Already there has been some increase in the annual rate of production in some industries, notably the production of automotive parts, agricultural tractors, and most types of electrical equipment including cables and wires. The output of nitrogenous and phosphatic fertilizers has also increased. Other government programs to accelerate agricultural production and to improve family planning show encouraging progress as well. ●

THE CANADIAN firm breaking into the United States market has to make as complete a sales presentation as possible and should emphasize any special advantages which the use of its products may bring. An advantage which is often overlooked is the possible benefit from U.S. duty drawback.

Articles manufactured or produced in the United States with imported goods and later exported are generally eligible for a refund of 99 per cent of the duty paid on the imported components. This refund of duty is known as drawback. Drawback can be obtain-

kinds of imported duty-paid merchandise, or any other change, he must file another application with the District Director of Customs.

For each export shipment a notice of exportation must be filed in triplicate along with the U.S. Department of Commerce shipper's export declaration covering the shipment. On one of the copies, the District Director of Customs must certify the export of the merchandise as shown by the records of his office and the name of the U.S. exporter as shown by the shipper's export declaration. The District Director of Customs returns the certified copy and one uncertified copy to the exporter for filing with the drawback entry.

To obtain the refund of duty, the drawback entry and certificate of manufacture in duplicate must be filed within three years of exporting the finished articles.

After filing the drawback entry, the certificate of manufacture and delivery, and any other documents required, the entry will be liquidated and the amount of drawback due determined. Drawback is payable to the actual exporter unless the manufacturer has reserved the right to claim the drawback himself. The manufacturer may make the entry for drawback, which will be paid to him if he produces satisfactory evidence that this reservation was made with the knowledge and consent of the U.S. exporter.

Customs House Brokers

Many U.S. manufacturers are unfamiliar with duty drawback procedures or do not have the staff to process drawback claims. Other manufacturers do not expect to import large enough quantities of materials or components to warrant making a claim for duty drawback if they have to do their own paperwork. For them, a customs house broker who specializes in drawback may be a relatively cheap and efficient alternative. This enables them to benefit from drawback and makes it easier for you to sell against the competition.

Canadian Trade Commissioners in the United States can recommend competent and reliable customs brokers and will help you when you want to tell your U.S. customers the advantages drawback may bring them in buying your products. ●

U. S. drawback may help sell your product.

ed on most products, provided that it is claimed within three years of receipt of the imported goods by the U.S. manufacturer or exporter of the finished article. Certain procedures have to be followed, of course, and we will outline these so you may be able to help potential U.S. customers with a brief explanation.

Obtaining Drawback

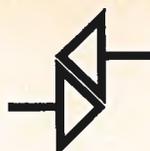
The first step is for the U.S. manufacturer to file an application for rate of drawback with the local District Director of Customs. Within about 45 days usually, a customs agent is assigned to investigate the applicant's manufacturing operation to determine whether he can comply with the requirements of the drawback regulations. The customs agent will also assist him in preparing the detailed statement on the basis of which the drawback rate will be established.

When a drawback rate is established, advice is sent to the District Director of Customs at the port at which the drawback entries will be filed. A synopsis of the letter establishing the drawback rate is also published in the weekly Customs Decisions for the information of other customs ports of entry. The drawback rate is only effective for shipments exported on and after the date on which the application was originally filed. Drawback will be allowed on all shipments if the applicant's records are sufficient and the regulations have been met.

If the manufacturer wishes to have his rate amended to cover additional products, additional factories, other

MALCOLM ROWAN,
*Consul and Trade Commissioner,
Chicago.*

businessman's bookshelf



United Nations Conference on Trade and Development

Kamal M. Hagrás. 171 pages. \$15.00.

THE UNCTAD CONFERENCE held at Geneva from March to June 1964 was an important event in international trade circles, because it was the first gathering attended by virtually all nations for the express purpose of discussing economic problems.

The author first provides some background for his study of the Conference by discussing the evolution of diplomacy, the impact of international organizations on world affairs, the economic problems of developing countries, and the impact of developed nations on the underdeveloped.

He then explains the five committees set up by the Conference and the work of each. The First Committee, for example, made an extensive survey of the problems facing countries which export primary commodities and made some recommendations.

The Conference, the author points out, did not produce unanimity of opinion about development problems. In fact, the differences in thinking between developed and developing countries and between East and West were often apparent. None the less, says Mr. Hagrás, UN diplomacy did succeed in making UNCTAD a permanent instrument in the international field.

The book will appeal primarily to students of international relations and particularly those concerned with the economic advance of the developing areas.

Order from: Burns & MacEachern Limited, 62 Railside Road, Don Mills, Ontario.

The Europa Year Book 1966

Europa Publications Limited, 2,467 pages. Volumes I and II \$44.00 or \$25.00 each.

THIS impressive world survey and directory of countries and international organizations comes in two volumes. The first deals with international organizations and Europe, including the U.S.S.R. and Turkey; the second deals with Africa, the Americas, Asia and Australia.

The section on organizations provides pertinent information on the United Nations and all of its branches, regional economic groupings such as the EEC, EFTA,

LAFTA, CACOM and their agencies, regional defence organizations such as NATO, and a multiplicity of scientific, religious and other organizations.

Political, social and economic information on all countries of the world is given in capsule form. Included in these resumés are such things as government, economic affairs, transportation, weights and measures, currency and exchange rates, and a list of the major newspapers and journals—complete with addresses, frequency of publication and language media. Economic and social statistics are also provided, but are seldom more current than 1964.

The businessman or organization contemplating an expansion into new foreign markets or dealing with any international organization should find this a valuable reference book. As with any comprehensive work of this nature, the information provided is not sufficiently detailed for basing forecasts. However, where information on any country is desired, this yearbook will certainly provide a valuable starting point.

Order from: Europa Publications Limited, 18 Bedford Square, London W.C.1, England.

Dairy Produce, 1965

Commonwealth Economic Committee. 151 pages. \$1.25.

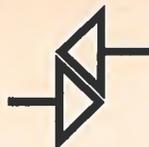
THE CORE of this 150-page review is its 114 tables detailing production, consumption, exports, imports, prices, and government support of dairy products. Separating these tables and logically drawn from them are the Commonwealth Economic Committee's observations.

From the viewpoint of a dairy producer interested in his markets, some weaknesses are apparent. Statistics only cover 1964 and sometimes part of 1965. Second, there is little analysis of the causes underlying the changes and no attempt to forecast future activity in the dairy industry.

A particularly interesting section is the outline of "government measures affecting dairy produce" for more than ten countries, in Appendix I. Retail prices and import duties and controls are also dealt with in the appendices.

Order from: Queen's Printer, Government Printing Bureau, Ottawa, Canada.

foreign tariffs and trade regulations



Guyana

ADDITIONAL IMPORT DUTIES—The Minister of Finance has announced significant tariff increases on a number of commodities, effective January 16, 1967. The following is a summary of the various products involved, showing their tariff increases.

Increases in specific duty range from 20 to 30 per cent
Alcoholic beverages
Tobaccos

Additional duty of 5 per cent ad valorem

Fresh and dried fruits
Nuts
Cocoa
Chocolate and cocoa preparations
Spices
Essences
Margarine
Lard and other shortenings
Food preparations
Non-alcoholic beverages
Domestic stoves and other household cooking or heating equipment
Radios, gramophones, record players and records
Electrical appliances for motor vehicles and cycles
Musical instruments
Refrigerators and parts
Stockings, pyjamas and vests

Additional duty of 10 per cent ad valorem

Preserved fruits and preparations
Sugar, granulated, icing, loaf
Sugar confectionery
Chocolate confectionery
Essences and concentrates
Tires and tubes for motor cars
Jewellery
Firearms
Motor cars and motorcycles and parts
Trucks, lorries, buses, vans and parts
Handbags and other travel goods
Cameras and other photo appliances
Watches and clocks
Cigar and cigarette lighters
Calendars
Post cards, greeting cards, Christmas cards and similar types of cards

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

Malaysia

TARIFF INCREASES—In the Malaysian budget of January 19, 1967, a 2 per cent surtax was imposed on

all imports, levied on the c.i.f. value of imports, excluding duty if applicable. Customs duties on a small number of items were raised including motor vehicles, killed fowl, softwood lumber, and furniture. Most increases were in the range of 5 per cent ad valorem. Full details are available from the Commonwealth Division, Office of Trade Relations.

Peru

DUTIES ON SHIPMENTS TO IQUITOS—The Commercial Secretary in Lima has informed us that, since September 16, 1966, duties collected on shipments to Iquitos via other Peruvian ports are no longer reimbursed in full upon receipt of the shipment in Iquitos. In order to benefit from the duty-free entry accorded imports to Iquitos, shipment must now be direct.



Trade Commissioners on Tour

In Territory

Guyana—D. H. Clemons, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Guyana March 26-April 1.

Indonesia—D. H. M. Branion, Assistant Commercial Secretary in Singapore, will visit Indonesia March 27-April 1.

Leewards—D. H. Clemons, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Antigua, St. Lucia, St. Vincent and Grenada March 26-April 1.

South Korea—W. G. Brett, Commercial Secretary in Tokyo, Japan, will visit South Korea March 28-April 1.

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

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 .93 To convert column two, divide by .93.

Country and Currency	Value of		Country and Currency	Value of	
	Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units at March 3		Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units at March 3
Algeria Dinar	.2186	4.58	Dominican Republic Peso	1.082	.93
Argentina Peso (free)	.0043	232.56	Ecuador Sucre (official) (free)	.0601 .0546	16.67 18.35
Australia Dollar	1.21	.8333	El Salvador Colon	.4328	2.31
Austria Schilling	.0419	23.98	Fiji Pound	2.723	.37
Bahamas Dollar	1.058	.9470	Finland Markka	.3381	2.96
Belgium and Luxembourg Franc	.0218	46.25	France, Monaco, etc.³ Franc	.2186	4.57
Bermuda Pound	3.023	.33	Franco-African Republics⁴ Franc	.0044	227.79
Bolivia Peso	.0913	10.98	French Pacific⁵ Franc	.0120	82.64
Brazil Cruzeiro (official free)	.4003	2.50	Germany D Mark	.2723	3.68
Britain Pound	3.023	.33	Ghana New Cedi	1.515	.60
British Honduras Dollar	.7558	1.32	Greece Drachma	.0361	27.86
Burma Kyat	.2272	4.41	Guatemala Quetzal	1.082	.93
Ceylon Rupee	.2267	4.41	Guyana Dollar	.6298	1.59
Chile Escudo (bank rate) (free)	.2375 .2097	4.21 4.77	Haiti Gourde	.2164	4.63
Colombia Peso (intermediate)	.080	12.50	Honduras Lempira	.5409	1.84
Congo, Republic of¹ Franc	.0072	139.50	Hong Kong Dollar	.1889	5.30
Costa Rica Colon	.1633	6.14	Hungary Forint (official)	.0921	10.86
Cuba² Peso	Iceland Krona (official)	.0252	40.00
Czechoslovakia Koruna	.1503	6.67	India Rupee	.1436	7.00
Denmark Krone	.1563	6.40	Indonesia⁶ Rupiah

Country and Currency	Value of		Country and Currency	Value of	
	Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units		Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
	at March 3			at March 3	
Iran			Philippines		
Rial	.0143	69.93	Peso (free)	.2764	3.61
Iraq			Poland		
Dinar	3.029	.33	Zloty (fixed basic rate)	.2704	3.69
Ireland			Portugal & Colonies⁷		
Pound	3.023	.33	Escudo	.0376	26.66
Israel			Saudi Arabia		
Pound	.3606	2.78	Ryal	.2066	4.84
Italy			Sierra Leone		
Lira	.0017	581.86	Leone	1.512	.66
Japan			South Africa		
Yen	.0030	335.37	Rand	1.512	.66
Kenya			Spain & Dependencies		
Shilling	.1402	7.13	Peseta	.0180	55.55
Lebanon			Sweden		
Pound (free)	.3477	2.87	Krona	.2095	4.78
Malaysia			Switzerland		
Dollar	.3534	2.83	Franc	.2496	4.00
Mexico			Syria		
Peso	.0866	11.61	Pound (free)	.2832	3.52
Morocco			Taiwan		
Dirham	.2164	4.63	New Taiwan Dollar (official)	.0233	42.92
Netherlands			Thailand¹		
Florin	.2997	3.33	Baht (free)	.0526	19.25
Netherlands Antilles			Tunisia		
Florin	.5737	1.75	Dinar	2.072	.48
New Zealand			Turkey		
Pound	3.012	.33	Lira	.1202	8.35
Nicaragua			United Arab Republic		
Cordoba	.1546	6.49	Pound (official)	2.488	.40
Nigeria			United States		
Pound	3.023	.33	Dollar	1.082	.93
Norway			Uruguay		
Krone	.1512	6.63	Peso (free)	.0135	74.07
Pakistan			Venezuela		
Rupee	.2267	4.42	Bolivar (official free)	.2409	4.16
Panama			West Indies		
Balboa	1.082	.92	Dollar ⁸	.6298	1.58
Paraguay			Pound ⁹	3.023	.33
Guarani (free)	.0087	116.27	Yugoslavia		
Peru			Dinar (official)	.0866	11.63
Sol (free)	.0403	24.94			

1. Additional rates are in effect.
2. There is no trading in Cuban pesos in U.S. or Canadian banks at present.
3. Franc is also used in French Guiana, Guadeloupe and Martinique.
4. 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.
5. New Caledonia, New Hebrides, French Polynesia.
6. Because of the complexity of the Indonesian exchange rate system, it is impractical to quote a single representative rate for the rupiah.
7. Approximately same rate for Portuguese territories in Africa.
8. Barbados, Trinidad and Tobago, Leeward and Windward Islands.
9. Jamaica.

trade lines



A Danish engineering firm will build highways in Southern Brazil. The contract for the construction of 300 miles of highway in Parana, Santa Catarina and Rio Grande do Sul was awarded to Kampmann, Kierulff and Saxild—Rio de Janeiro.

A new rubber factory at Szeged, Hungary, will begin by producing high-pressure hoses for the oil-drilling industry. The factory was built at a cost of about \$13.6 million. A car and truck tire plant and a regenerating shop will be added later—Vienna.

Europe's largest installation to prevent pollution of water by industrial wastes is being built in Germany, and a still larger one is planned. The 80 million DM plant under construction at a chemical works in Hoechst near Frankfurt, is to purify industrial drainage. Another chemical firm, at Ludwigshafen, plans a 115 million DM drainage-purification system. A third chemical firm at Leverkusen annually spends 4 million DM on a staff which concentrates full-time on air and water supply and use. Estimates are that industry is now spending more than 100 million DM yearly on air purification simply for maintenance of existing plants and apparatus—Bad Godesberg.

Each person leaving Guyana by air must pay a tax of Can.\$1.20. This new law became effective January 1, 1967—Port-of-Spain.

A French automobile company will deliver 8,000 automobiles to Rumania between now and the summer of 1967. The same firm recently won a contract for the construction in Rumania of a car factory capable of producing 50,000 vehicles a year—Vienna.

British furniture manufacturers report that orders have fallen to the lowest level in three years. The British Board of Trade has estimated orders on hand at the end of November at approximately \$43 million, a drop of over 30 per cent from November 1965—London.

A cellulose plant is planned for Arauco, Chile. Initially the Chilean Development Corporation will provide 55 per cent of the capital and Parsons and Whittemore, a U.S. firm, will provide up to 45 per cent; the total investment will be U.S.\$49.5 million. The plant's capac-

ity will be 350 tons of kraft cellulose per day, mainly for export. It will create employment for 500 at the plant and 1,500 in the forest—Santiago.

Ferrous and non-ferrous castings are in short supply in the Delaware Valley area. Local foundries and die casters are reported to be unable to meet the demand—Philadelphia.

Exports from the Faroe Islands declined in 1966 by 15 million D.Kr. compared with 1965, because of a considerable drop in shipments of salt fish and split cod. At year-end the islands held a stock of 8,000 tons of salted fish destined for the New York market in 1967. Exports of frozen cod fillet and salt herring rose moderately last year—Copenhagen.

The influx of foreign workers into West Germany has slowed down. From mid-1964 to mid-1965 new foreign workers coming in totalled about 231,000. For the same period ending at mid-1966, the new arrivals numbered only about 150,000—Bad Godesberg.

Work on a \$330,000 chemical complex to make cellulose, its derivatives and tannins is scheduled to begin soon in Singapore. The Sekawee Chemicals Company has developed an economical process for the manufacture of cellulose and tannins from local raw materials. Initially, the plant will produce 5,000 tons of cellulose and 50 tons of tannins a year—Singapore.

Yugoslavia's third and newest free trade zone has been operating in the capital, Belgrade, since July 1966. It has a silo capacity of 42,000 tons, a 42,000 square metre storehouse built of metal, a 5,000-ton cold storage building, various other storehouses with 50,000 square metres of closed and 160,000 square metres of open space, and a large area for erection of industrial buildings by foreign and Yugoslav firms. The duty-free area is managed by the Enterprise of the Port and Storehouses of Belgrade—Vienna.

A study of the desalinization of sea water is under way in Antofagasta, Chile, with the object of building a plant there. Experts from Britain are making the study as a result of an agreement between the governments of the two countries. It is clear that sources of fresh

water in the Andes for Antofagasta and other cities in the area will not be sufficient to cope with urban development—Santiago.

Austrian output of rolling mill products increased in the first three quarters of 1966 to 1.8 million tons from 1.73 million in 1965. A decline in domestic sales was offset by a substantial increase in exports, 69.6 per cent of which went to Western countries, 11.6 per cent to the U.S.S.R., and the remainder to other Eastern European countries—Vienna.

A new Chilean copper mining company is to be formed under the name of Cia. Minera Exotica S.A., to work deposits situated near Chuquicamata which, it is estimated, contain 153 million tons of 1.35 per cent ore. The new company will have a capital of U.S.\$15 million. The Government's participation will be 25 per cent and the remaining 75 per cent will be held by the Chile Exploration Company. It is calculated that some U.S.\$45 million will eventually have to be invested to exploit the deposits and that production will reach 100,000 tons of fine copper per year—Santiago.

The self-serve age has arrived in Rumania, which now boasts 11,000 self-service shops and "catering units". Development plans call for considerable extension of this technique in outlets handling food and consumer durables—Vienna.

The Government of Singapore has named five companies to assemble motor vehicles locally. They are: Cycle and Carriage Industries Ltd., and Associated Motor Industries Ltd., (passenger vehicles) and General Transport Co. Ltd., Borneo/Orchard Motors Ltd., and Malaysia Nissen Motor Co. Ltd., (commercial vehicles, including buses). The Ford Motor Co. Ltd., will assemble both passenger and commercial vehicles. The Government has imposed a 10 per cent interim import duty, full and preferential, on all imported passenger vehicles. Eighteen models of cars which are being or will be assembled in Singapore will be exempt from this duty, if imported—Singapore.

The value of the Danish fish catch decreased in 1966 by an estimated 5 per cent or 30 million D.Kr., and totalled 542 million D.Kr. The value of fish landed in Danish ports by foreign fishermen also dropped by 12 million D.Kr. The result will be a probable decline in fish exports from the record of 900 million D.Kr. set in 1965—Copenhagen.

Yugoslavia will continue to import cattle hides in increasing quantities to accelerate production of leather and leather goods. Medium-term development plans call for an annual production increase of 6.8 per cent

by 1970. During the same period, exports are expected to double over 1965. Demands for pigskin can be met locally—Vienna.

The Chilean Telephone Company has added 4,000 new lines to its Las Condes exchange, using automatic equipment of the "Pentaconta" design. The company has spent over U.S.\$110 million on expansion in the past few years—Santiago.

A North American firm may have its boats and out-board motors made under licence in Yugoslavia. The tourist boom, especially along the Dalmatian coast, is expanding the market and this firm wishes to cater to the growing demand—Vienna.

An Austrian company is building for Chile special ore-transport railway cars. These will be used by Chilean mining firms and so far 135 have been shipped—Vienna.

Tourists in Yugoslavia are expected to bring in about Can.\$240 million in 1967. Receipts from tourism rose 25 per cent from 1965 to 1966, and are expected to quadruple in the next five years—Vienna.

Yugoslavia's ship repair services have become substantial earners of foreign currency. Last year these services earned Can.\$9 million, and with the expansion in facilities now under way, this figure is expected to double in four years—Vienna.

Chile is reported to have purchased two more electrical sub-stations from Italy. These will be installed at Monte Aguila and Laja in connection with the State Railways' plans to extend electrification to the South. The cost of the new plant is U.S.\$676,100 f.o.b. Tenders were received from Germany, Japan, Italy, Belgium, France and Britain—Santiago.

Chile ended 1966 with a favourable balance of payments of at least U.S.\$500 million, according to its Minister of Finance. This he attributed mainly to the higher price received for copper during the last half of the year—Santiago.

Social security payments in West Germany for 1967 will be the most expensive in history, at a time when government and industry are economizing during the current business showdown. Last year payments totalled 67,700 million DM, and for 1967 should rise to 75,000 million DM. Social security expenditures in 1966 were 5,000 million DM higher than in 1965—Bad Godesberg.

Marketing Data Sheet

PORTUGAL

Area

Metropolitan Portugal: 35,340 square miles (includes Madeira and the Azores).

Climate

Temperate. Mean temperatures range from 72°F to 45°F on the mainland; in Madeira and the Azores, between 69°F and 58°F. Centigrade scale is used.

Population

Metropolitan Portugal 9.5 million, of which 47.3 per cent are males and 52.7 females; 35 per cent of the population lives in the larger cities.

35 and over	3.5 million
25 to 34	1.3 million
15 to 24	1.5 million

Households

2.4 million families; 2.2 million private residential dwellings, 100,000 families live in multiple dwellings.

Income

National, Can.\$3,128 million (GNP Can.\$3,625 million). Per capita, Can.\$381; average hourly wage is 30 to 50 cents (Can.).

Banks

There are 27 banks operating several branches with total deposits in escudos and foreign currency of Can.\$3,040 million.

Motor Vehicles

Passenger vehicles 350,000, commercial 145,000, motor-cycles and scooters 283,000.

Roads and Railways

20,000 miles of roads; 2,230 miles of railroads; 470 steam, diesel and electric locomotives, 140 self-propelling cars, and 116,000 carriages, wagons, etc.

Telephones

61 per 1,000 persons.

Radio and Television

There are approximately 1.2 million radios and 250,000 TV receivers. Of the 38 radio stations, 30 are privately owned and eight are publicly owned. The two TV stations (625 lines per picture) are privately operated although one-third of the capital comes from the state.

Water

Safe to drink. It is hard in the south and soft in the north. Excellent bottled natural mineral waters are sold all over the country.

Electric Power

50 cycle a.c.; the whole national network is 220 volts and 380 volts (for industrial purposes), single or three-phase. A grounding conductor is required in the electrical cord attached to an appliance. The distribution system does not have a ground wire.

Average cost for domestic use is from 2.66 cents (Can.) per kwh. For industrial use, the price is on a scale going down to 1.14 cents (Can.) per kwh. Total of industrial and domestic consumers is 1.5 million. National installed capacity is 2,000 mw.

Cool

Consumption is 1.6 million metric tons; production of coal is 425,000 metric tons and of lignite is 145,000 metric tons. There are small reserves of coal, but reserves of lignite are estimated to be over 10 million tons.

Gas

Piped coal gas and LPG are available in Lisbon; propane and butane, byproducts of the oil refineries, are sold in bottles. Production is 55 million cubic metres of coal gas, 50 million cubic metres of LPG and 60,000 metric tons of propane and butane. The cost of coal gas and LPG is 6.84 cents (Can.) per cubic metre.

Petroleum Products

A range of petroleum products is produced, including both 85 and 95 octane gasoline. A new refinery with a capacity of between 1.5 and 2 million tons of refined products is under construction. Present production is:

	metric tons
Gasoline	380,000
Fuel oil	575,000
Jet fuel	15,000
Turbo fuel	15,000
Diesel oil	330,000
Kerosene	184,000

Weights and Measures

Metric system. British measurements used in engineering.

Screw Thread

Metric and Whitworth.

Standards

There are no official regulations for gas, fuel and electrical appliances, but gas pipes and cables for electricity and associated equipment must comply with electrical and building regulations. The organizations concerned with approvals are: Camaras Municipais (Town Halls).

Direccao-Geral de Combustiveis (Fuel Control Board), Avenida Miguel Bombarda 6, Lisbon.

Direccao-Geral dos Servicos Electricas (Electricity Control Board), Rua de S. Sebastiao da Pedreira 37, Lisbon.

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