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EFTA: a look at Past and Future

A year ago, the EFTA countries reached their goal of internal free trade on virtually all industrial products.

This article reviews the expansion of continental EFTA's trade since 1959 and Canada's share in it.

It also discusses the implications of the movement towards broader European integration.

EUROPEAN DIVISION,
Office of Trade Relations.

TWO IMPORTANT EVENTS have featured the activities of EFTA during the last 12 months. On December 31, 1966, the last tariffs and quotas were removed from virtually all industrial products and the Free Trade Area, the main objective of the Stockholm Convention of January 4, 1960, came into being, fully three years ahead of the original schedule. Exceptions to the general rule of tariff removal were made for Finland and Portugal. Finland, which joined EFTA as an associate member in 1961, will complete the dismantling of tariffs at the end of 1967, and Portugal, in view of the less developed state of its economy, will apply a slower schedule of tariff removal. For a very few products, Norway and Finland will retain greatly reduced tariffs until the end of 1969.

The other event of no small importance was the decision of Britain and three Scandinavian countries (Denmark, Norway, Sweden) in the summer of 1967 to follow Austria's earlier example and seek admission to the European Economic Community. In giving support to these moves the EFTA Governments were hoping to bring closer to realization another cherished objective of the EFTA Convention: the achievement of European economic integration. Two EFTA members, Portugal and Switzerland, remain outside the efforts for direct EEC membership. Portugal is concerned about exposing its fledgling industry to sudden competition from the highly industrialized EEC countries and Switzerland, concerned about its neutrality, prefers simple economic association without the political implications that might be involved in full EEC membership.

During the past 12 months Yugoslavia has renewed its efforts to establish economic and technical cooperation with the EFTA countries. EFTA has responded favorably to these overtures and a joint working group will consider concrete plans of mutual interest before the end of the year.

Trade Patterns

Total world trade of the eight EFTA countries continued to expand in 1966 and again in the first six months of 1967. After a temporary decline in the rate of increase in 1966, there was a marked upswing in the first half of 1967 and exports were 7.7 per cent higher than in the same period of the previous year, reaching a total of U.S.$15,656 million. At the same time, imports increased by 6.2 per cent to a total of U.S.$18,855 million.

The expansion of intra-EFTA trade was, however, much faster, averaging 11.4 per cent per year during the period 1959 to 1966. In the first half of 1967 the tempo increased to a rate of 14.4 per cent, with the export total reaching U.S.$4,175 million.

On the basis of total EFTA trade, the European Economic Community is EFTA's most important trading partner, but indications are that the annual rate of increase in trade exchanges is declining. In the first half of 1967 imports from the EEC, totalling U.S.-$5,702 million, were only 3.8 per cent higher than in the previous year, compared with an average annual increase of 9.4 per cent during the period 1959 to 1966. Exports to the EEC, on the other hand, declined by 1.8 per cent to U.S.$3,790 million. This compares with an average annual increase rate of 9.2 per cent during 1959-1966.

EFTA trade with the United States increased in both directions in the first half of 1967, with exports reaching U.S.$1,490 million and imports U.S.-$1,855 million.

EFTA trade with the rest of the world is also growing. Exports during the first six months of 1967, at U.S.$6,201 million, were 11.1 per cent higher than in the same period of 1966, and imports went up by 5.4 per cent over the previous year to U.S.$6,947 million.

Internal Developments

With the removal at the end of 1966 of tariffs on industrial goods moving within the EFTA area, quantitative import restrictions were finally eliminated. Certain agricultural products, however, and a very few selected industrial items remain under control.

The dismantling of tariff protection on industrial goods removed the grounds for the granting of drawbacks of duty on imported materials used to produce industrial goods for export. By a decision of the EFTA Council which came into force on December 31, 1966, EFTA goods can no longer benefit from both EFTA tariff treatment and drawbacks.

Another measure of some importance was adopted last July, making permanent a provisional relaxation of the so-called consignment rule. This means that, subject to certain conditions, EFTA goods stored in customs warehouses in non-EFTA countries are to be regarded as goods consigned directly from one EFTA country to another and thus entitled to the EFTA area tariff treatment.

TABLE I

CANADIAN TRADE WITH CONTINENTAL EFTA

	1959	1966
	(Can.$ million)	
Total Canadian exports to Continental EFTA	123	210
of which:		
Norway	62	107
Sweden	15	37
Switzerland	26	31
Austria	8	12
Denmark	6	11
Finland	3	7
Portugal	3	5
Total Canadian imports from Continental EFTA	66	180
of which:		
Sweden	18	56
Switzerland	25	44
Norway	4	34
Denmark	9	20
Austria	6	12
Portugal	3	11
Finland	1	3

Trade with Canada

Because EFTA is not a customs union, a single market has not emerged completely, although industrial goods now flow freely between member states. The removal of internal tariff barriers has affected the relative access position of Canadian suppliers vis-à-vis their EFTA counterparts. At the same time, the formation of EFTA has contributed to a high level of economic activity within the member states. In this context, an examination of Canadian trade with non-Commonwealth members of EFTA (that is, excluding Britain which gives Canadian goods preferential access) has considerable relevance.

In a comparison of statistics from the years 1959 and 1966, Canadian trade with these continental members of EFTA has slightly more than doubled. Exports to this area have now reached almost $210 million, an increase of 70 per cent over 1959. Imports expanded still more rapidly— by 170 per cent to $180 million over the same period. On a country basis, Norway continues to be Canada's largest market in continental EFTA (see Table I). Exports to Sweden have shown the most impressive gains, rising from $15 million in 1959 to $37 million in 1966. On the other hand, exports to Switzerland have expanded at a very slow rate. To turn to imports, Canadian purchases from Sweden have more than trebled over the 1959-66 period and this sales success has moved Sweden into first place as a continental EFTA supplier to Canada. Imports from Norway were eight times greater in 1966 than in 1959. Imports from Switzerland have

Canada can and does sell highly manufactured products in Europe. At the Stockholm Technical Fair, for example, which was held recently, an agent exhibited a Canadian-made snowmobile as part of the range of imported products that he handles.

expanded least, increasing by only 75 per cent over the period.

On a commodity basis, traditional products such as wheat, asbestos, and ores and refined metal of copper, aluminum and nickel have continued to hold substantial shares of total Canadian exports to continental EFTA. Manufactured goods have, however, come to play an increasingly important role in Canadian sales abroad. In the countries of continental EFTA, particular success has been achieved in recent years in shipments of Canadian navigation instruments to Switzerland, Norway and Denmark; communications equipment to Switzerland; aircraft engines to Norway, Switzerland and Finland; automobiles to Switzerland, Sweden and Finland, and ice skates to Sweden, Norway and Austria.

EFTA in the Kennedy Round

With the exception of Portugal, the continental EFTA countries participated in the Kennedy Round negotiations on the basis of full linear reductions in the industrial sector. Portugal based its negotiations on what was essentially a bilateral exchange of concessions. In addition, in the latter stages of the negotiations, Sweden, Norway, Denmark and Finland formed a "Nordic Delegation" to present a united front toward the other participants. Sweden, Norway, Denmark and Switzerland already had what are considered to be low tariffs and the new concessions will bring their duties well below 10 per cent in most cases. The tariff reductions will also have the effect of lessening the difference between the free entry accorded imports from EFTA members and the tariffs applied to those from outside sources, including Canada.

The bulk of Canada's exports to continental EFTA currently enter duty-free. More than $30 million worth of the remainder will benefit from reduced rates of duty. Of particular interest among tariff reductions applicable to items now exported from Canada are those on ice skates in Austria, Sweden, Finland and Switzerland; on computers in Norway, Finland and Sweden; on excavating machinery in Austria, Denmark and Sweden; on chain saws in Finland, Sweden and Switzerland, and on fur apparel in Switzerland.

The Future of EFTA

EFTA has succeeded in creating the expanded, accessible market for its producers which was its primary aim. Tariff and quota barriers have been removed. In many respects, regulations have been modified to minimize non-tariff discrimination. The institutions and facilities created have helped to weld varying views on research, technological assistance, labelling, advertising and many other fields directly or indirectly linked to trade. With Finland's final reductions assured for December 31, 1967, and Portugal's progress towards eventual removal of EFTA tariffs, few problems appear on the horizon for continued internal development of the Free Trade Area.

EFTA's repeated appeals for broader European economic integration have, however, begun to take more concrete form and disruptions of the internal order could result. In addition to the British approach to the European Economic Community, Denmark and Norway have made formal application for membership. Sweden has requested the closest possible arrangement with the Community and Austria has been attempting to negotiate associate status for a number of years.

In its report on October 2, 1967, the Commission of the European Communities, although envisaging possible difficulties, advised prompt consideration of the formal bids for membership. At the same time, the Commission suggested that membership or associate status could only be considered for nations which would be able to accept the political implications of the Rome Treaty, thereby cooling Swedish hopes for anything more than a preferential trade agreement with the Communities. Further talks between Austria and the Commission have been delayed because of a number of objections from within the Community and Soviet objections to associate status as a violation of the Austrian "State Treaty" which commits Austria to neutrality. The Commission's verdict on the Swedish approach may further delay resumption of Austrian-EEC negotiations.

The future of EFTA will therefore be greatly influenced by the success or failure of the present initiatives towards further economic integration in Europe. ●

Sweden

D. S. ARMSTRONG,
Commercial Counsellor, and

NORMAN PARSONS,
Commercial Assistant, Stockholm.

ON SEPTEMBER THIRD, Sweden made a remarkable switch from left to right. Although the switch had minor political implications, it had nothing to do with an election upset or a change of government. At a cost of some $150 million and after four years of planning, Sweden become the last country in continental Europe to adopt right-hand traffic.

Although no such drastic switch took place in Sweden's economy in the past year, nevertheless there was a change. The boom conditions which had prevailed for seven years began to give way in 1966 to a somewhat less invigorating climate. The balance of payments, long favourable, shows an alarming deficit that may well be cause for concern until the 1970's; profits continue to decline, and industrial investment lags. The timber and pulp industries have both reported reduced output and excessive stocks in 1967, and even for paper and board there has been no increase in sales. This continued the trend of 1966. The Finnish devaluation in October 1967 did not improve the outlook for Sweden. Expansion will have to await recovery in the British, West German and Dutch markets. There has been expansion in woodworking, including furniture, but this too is likely to be affected unfavourably by the Finnish devaluation.

In most years since the war when demand and prices for Sweden's forest products have been low, there has been a compensatory expansion in engineering exports. This has not been true of the present recession. Engineering production remained unchanged during the whole of the year ended June 1967, despite forecasts of

- Exports, imports up slightly this year.
- Trade with Canada affected by Swedish slowdown.
- Gradual improvement forecast for 1968.

recovery and published plans for expansion. Production rose slightly during the third quarter, and a further increase is expected in the new year. Half the industry still considered its order-books short in September, but more orders are expected both at home in Sweden and for export—especially exports to Britain and North America. Shipyards received more new orders following the Suez crisis.

Financial Restraints

The budget brought down in January contained an astringency that, regardless of unpopular tax increases and spending cuts, is not without important advantages. It was designed to reduce inflation, raise productivity, and speed up the process of "structural rationalization" in industry and distribution (that is, the formation of larger units that can make and market longer series of fewer kinds of goods). There have been several authoritative warnings during the past year of an economic crisis ahead. But the fact is that, even if the permanent labour shortage is just a little less acute than it was (28,700 unemployed at mid-October compared with 18,000 twelve months previously) Sweden is still very prosperous. The outlook for 1968 is uncertain but the forecast is for a slow improvement in the economy.

The Swedish Market

There are some 115 industrial companies in Sweden each with a turnover exceeding $20 million, and 60 marketing companies of that size. Of a total of 16,000 industrial establishments with 740,000 employees, 1,330 have 100 employees or more and account for 60 per cent of the industrial labour force. State enterprises, accounting for 5 to 10 per cent of production value, are of small importance in the total economy. But the armed forces are big customers, and municipalities are expanding their purchasing impressively despite government efforts to curb their spending. Industrial demand is for labour-saving equipment of advanced design; although there are many cellar and backroom workshops, most Swedish factories are among the best equipped in Europe.

The construction industries are relatively large in Sweden. It is a political necessity to maintain the present high rate of housing construction—compared with 89,000 new dwelling units complete in 1966, 95,000 are expected this year, or 30 per cent more per capita than in Canada and twice as many as in Britain. There is intense interest in prefabrication and in labour-saving methods.

The fact that Sweden has the highest standard of living in Europe should not be taken to imply that it is a good market for high-priced products. Neither the exclusive nor the shoddy finds an outlet in Sweden: the consumer market is notable for a good average level of quality from which there is relatively little deviation, whatever the customer's income. Consumption forecasts show that the following commodity groups will increase turnover most in the next few years: furniture, furnishing fabrics, household appliances, clocks, optical instruments and photographic equipment.

Standards and taste are real obstacles for potential exporters of manufactured goods to contend with. Although Sweden campaigns for international harmonization of standards, it has standards and regulations of its own that—reasonable though most of them are—handicap imports. Taste too, (for example, in clothes,) is Swedish and quite distinct from Canadian, German and British tastes.

There is also a concentration of distribution channels: three whole-

This Swedish visitor to the Stockholm Technical Fair, dressed in a fashion familiar to North Americans, examines a fluidistorer circuit made by a Canadian firm.

salers cover most of the grocery trade and the three big department-store chains each cover the whole country effectively. This makes the Swedish market a particularly easy one for Canadian exporters to investigate.

Foreign Trade Picture

High labour costs are the most distinctive feature of the Swedish economy. It has been said, even in labour circles, that the nation-wide three-year wage contract of 1966 added to inflationary pressure and adversely affected exports by pricing them out of foreign markets. Although prices have continued to rise at a 5 per cent rate, circumstances have favoured foreign trade, if only temporarily.

Up to the end of August imports were 3 per cent higher than during the first eight months of 1966. Exports were about 8 per cent higher. The deficit on current account was only about half that during January-August 1966. Foreign exchange reserves continued to increase, reaching a record at the end of August, nearly 14 per cent over the same date a year ago.

The "favourable circumstances" affecting foreign trade include:

- The severe winter in 1966 which slowed exports at the beginning of the year compared with a more normal rate in the early months of 1967.

- A run-down of inventories of imported raw materials and industrial stocks during 1967 which lowered the bill for imports temporarily.

- The impending change to right-hand traffic followed by winter, which resulted in abnormally low car sales and reduced imports of foreign cars (down 22 per cent). Coincidentally, exports of Swedish models increased 25 per cent.

- The closing of the Suez Canal which saved the ailing shipbuilding and ship chartering industries from serious trouble.

Imports from EFTA countries during the first six months of 1967 rose 6 per cent over the same period of 1966 and exports increased by 17 per cent. Thus there was a rise in the favourable balance of trade with EFTA countries of 140 per cent (from Swedish kronor 373 million to Swedish kronor 892 million for the two half-year periods). Imports from the Nordic countries (Norway, Denmark, Iceland and Finland) increased by 12 per cent and exports to them by 20 per cent. Imports from Britain dropped by 2 per cent but exports rose by 16 per cent. In Sweden's trade with the European Economic Community, imports during January-June decreased 1 per cent and exports were down 7 per cent. The excess of imports over exports increased 17 per cent over the same period in 1966. Imports from West Germany dropped by 2 per cent and exports by 18 per cent. In trade with Eastern Europe, imports rose by 2 per cent and exports by 13 per cent. Imports from the United States dropped by 3 per cent and exports rose by 4 per cent. Imports from developing countries increased by 1 per cent and exports by 11 per cent.

Third-quarter figures just published indicate that, although the trade deficit was running at lower levels during the first three quarters, it will undoubtedly exceed $200 million for the whole of 1967, as exports increased less rapidly than imports during the latter half of the year.

Trade with Canada

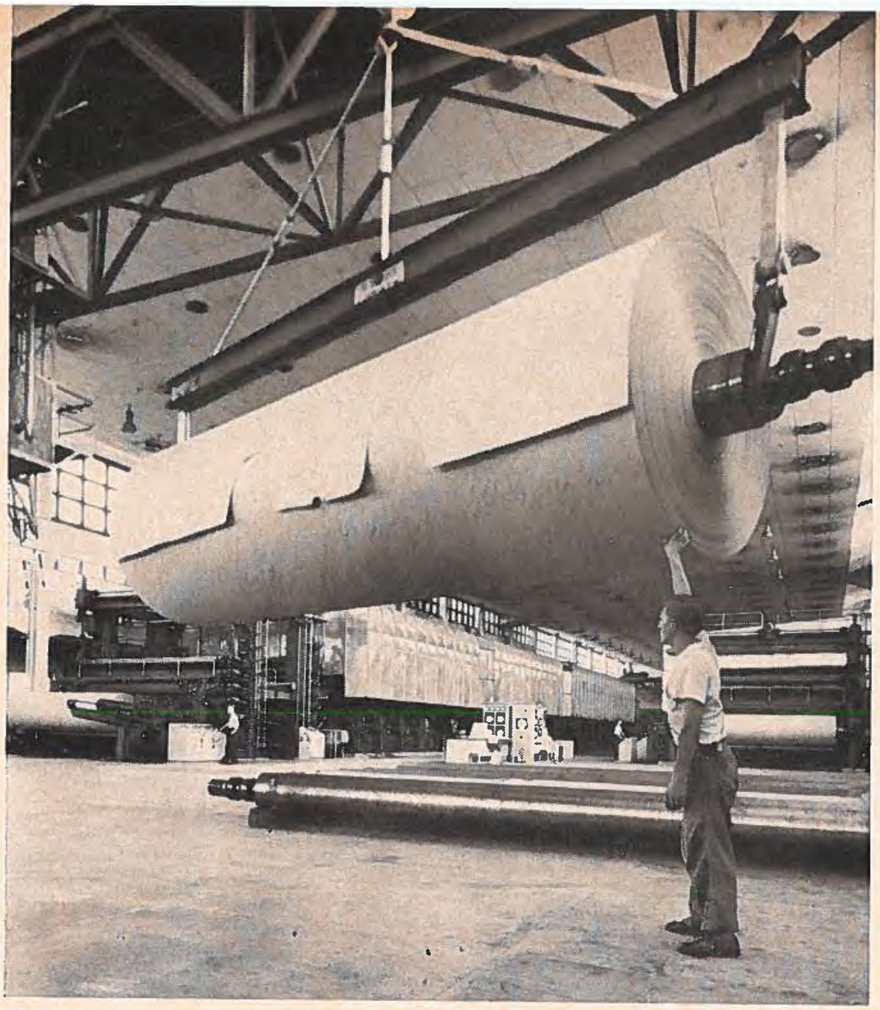
Trade between Sweden and Canada this year is running well below the record levels achieved in 1966. Latest Swedish statistics show a drop of 30 per cent in imports from Canada during the first eight months of the year, and a decline of 13 per cent in exports to Canada in the same period. The drop in eastbound trade resulted from smaller purchases of metals and minerals: aluminum, copper and nickel normally account for half of Sweden's total imports from Canada. Food products and manufactured goods bought from Canada are running at about the same level. Sweden's exports to Canada have resumed a more normal rate after rising to a record level last year, spearheaded by large sales of pulp and paper machinery and other industrial equipment.

Kennedy Round Results

The adoption over the next few years of the Kennedy Round tariff cuts is not expected to affect Sweden's foreign trade to any marked extent. Traditionally Sweden has maintained a low tariff structure on manufactured goods and raw materials (as opposed to a protective policy for agriculture, supported by various restrictions) and few duties are higher than 12 per cent. The successful GATT negotiations were welcomed, of course, as a move towards better access to foreign markets for Sweden's exports.

At the end of July, following similar moves by Britain, Iceland, Norway and Denmark, the Swedish Government formally requested negotiations with the European Economic Community with a view to enabling Sweden to participate in the extension of the EEC in a form compatible with a continued Swedish policy of neutrality. The question of whether Sweden should apply for full membership or association was left open. As of early November a reply had not been received and thus no date has been set for negotiations.

And what happened during the switch to right-hand traffic? The great change took place with barely a hitch. Children went back to school a week early for indoctrination; all the old direction signs were replaced literally overnight; Sweden enjoyed its first fatality-free weekend in 20 years—and the traffic jams remain. ●



Finland today exports less timber and more finished paper, made in its own mills.

Finland

- Country still heavily dependent on forest industries.
- Diversification is making headway.
- Good market offered for some Canadian products.

NORMAN PARSONS,
Commercial Assistant, Stockholm.

THE EXPANSION of the Finnish economy during 1960-65 gave way to a slowdown in 1966-67. Wages and costs rose faster than production, and imports faster than exports. An IMF loan tided the country over a balance-of-payments crisis in January 1967 but because overseas demand for forest products remained low, the drain on reserves continued. In April, Finnish importers were required to pay cash for most manufactured consumer goods and in September the import of cars and vans was stopped.

Reserves fell steadily until by the beginning of October they represented less than a month's imports. Moreover, two years of restrictive measures aimed at curbing private consumption slowed down Finland's economic growth and threatened to create serious unemployment. Then, on October 11, the Finnish mark was devalued, which put the price of imports up 31 per cent.

In the long term, however, Finland is economically sound and vigorous. (The last time Finland had an IMF loan was in 1953.) The gross national product has risen by an average of 5 per cent a year in real terms since the war and Finnish industry paid $300 million in reparations to the Soviet Union in less than the time allowed. On the other hand, the trade deficit has exceeded $220 million each year since 1964 and will probably do so again in 1967.

Finland's Industrial Revolution

Finland is now passing through an industrial revolution. It is becoming a supplier of paper rather than timber. The population is shifting to the towns although even now every fourth Finn is a farmer. During the past five years 180,000 have left the land but not all of them have been absorbed effectively into industry and the service trades. A defect of the economy is its excessive dependence on timber, pulp and paper —two-thirds of exports come from the forests—and when demand in export markets for forest products weakens there is a recession. Production and exports have increased since the war until now Finnish timber resources are almost fully utilized and prices may not always be favourable. Exports of machinery and the new exports such as textiles and chemicals are expanding rapidly. They account for most of the increase but do not materially lessen dependence on selling timber to the building industry in Britain and paper and board to EEC countries. Because Finland has few raw materials apart from wood, an increase in new exports first means higher imports of raw materials. Inflation has put a strain on the economy: wage demands have borne little relation to increases in productivity and larger imports of cars and other consumer goods have not been balanced by exports.

Readjustment Assists

Devaluation was put through as much to stimulate growth at home as to redress the balance of payments. The 14 per cent levy imposed on all Finnish exports until the end of 1968 in conjunction with devaluation is

94302—2½

intended to provide investment capital for railways, power stations, state companies, forest improvement, export credits, and loans to small and medium-sized manufacturers. The devaluation was criticized mainly because no new economic policies went with it.

Devaluation gave Finnish exporters of timber, pulp and paper a temporary price advantage over their competitors; the stimulus to exports has helped industry in general and removed the threat of serious unemployment. The export levy has provided the State with income for the next budget and capital for state companies. However, exporters of forest products are cautious about forecasting a sustained increase in exports because they say they find it difficult to cut prices. Out of the 31 per cent more in Finnish marks which they receive from overseas buyers as a result of devaluation, nearly two-thirds goes to the State as a special levy and most of the remainder is used for higher import costs and wage adjustments. The wage-earners and their unions claim that they are faced with a 12 per cent fall in their standard of living over the coming year unless they obtain new wage increases.

Performance Is Uneven

Industrial production in Finland rose only 3 per cent in 1966, or half as much as in the previous year, and the increase in 1967 is unlikely to be larger. Two reasons were the exceptionally hard and long winter and the introduction of a five-day week from June to August. In 1967 the main factor is the restrictive fiscal and monetary policy. Many sawmills have closed down because of higher wages and material costs and lower export prices—forestry output in 1966 fell 11 per cent. On the other hand, paper output (mainly board and newsprint) rose 4 per cent in both 1966 and 1967. Logging was 26 per cent down in 1966 and would have fallen even farther in 1967 but for a marked increase in firewood logging.

The breadgrain harvest in 1966 was one-third below average and in 1967 was lower still, despite increased acreage. The main reason was rain at harvest time which left nearly half the crop only suitable for fodder.

Wages followed the pattern of the three-year agreements reached in 1966 with a 5½ per cent increase last year, a further 3 per cent rise in January 1967, and the five-day week extended to 21 weeks this past summer. The cost of living rose 5 per cent in 1966 and about the same in 1967. Consumer disposable income rose by about 2 per cent in real terms. Unemployment averaged the usual low level of 1.5 per cent, thanks mainly to the reduction in the working week during the summer months and the slower growth of the working population.

Finland's Foreign Trade

Imports of consumer goods into Finland were 18 per cent higher in 1966 but restrictive measures reduced auto imports by a quarter. Imports of food, clothing and other everyday consumer goods rose by 20 per cent. Raw material imports, which make up approximately 40 per cent by value of the total, rose only 4 per cent.

Exports in 1966 rose by one-tenth for engineering and metal goods, and by a quarter for new exports such as clothing, footwear, chinaware, furniture and household utensils; in the first half of 1967 exports of these groups rose by one-third. Ships, especially icebreakers, and woodworking machinery account for most of the engineering and metal exports. The forest products sector as a whole showed a slight expansion in 1966 and 1967, with slightly less timber, sulphite pulp and newsprint but rather more paper and sulphate pulp. Exports of mink furs rose in 1966 but fell sharply in 1967.

Britain, West Germany, the Soviet Union and Sweden are Finland's principal trading partners. Most Finnish duties on imports from EFTA countries will be completely abolished at the end of 1967 and the rest by the end of 1969. The effect of the tariff changes is already measurable: in 1966, EFTA countries supplied 40 per cent of Finland's imports and bought 36 per cent of its exports—a two-point increase for trade in each direction. In the same year, EEC supplied 29 per cent of Finland's imports (a drop of 2 per cent) and bought 28 per cent of its exports. The Eastern Bloc countries accounted for 20 per cent of the trade (the delivery of major items such as ships or machinery causes the percentage to fluctuate). A "Find Finland" campaign in Sweden raised exports to that country by a quarter in 1966 and a similar campaign is planned for Britain in 1968-69.

Canada's Trade with Finland

Finland's imports from Canada in 1966 totalled $8.7 million, practically the same as in 1965 and 1964. (These are Finnish statistics. Canadian figures are based on the date of shipment—DBS shows exports in 1965 below this.) Nearly half of Canada's sales to Finland in 1966 was accounted for by two commodities, wheat and oilseeds. We also sold the Finns automobiles and parts, machinery, basic chemicals, plastic materials, fruit and fish. In the first half of 1967 our exports to Finland were about one-third higher than a year ago; we sold more machinery, automobiles and pharmaceuticals, but less wheat and basic chemicals.

TABLE I

WHAT CANADA SELLS TO FINLAND

	1965	1966
	(Can.$'000)	
Total	4,792	7,078
of which:		
Wheat	788	2,898
Automobiles	576	557
Chemical compounds	259	360
Chain saws and parts	117	341
Aircraft engines and parts	212	278
Mink	21	245
Papermakers' felts	116	207
Carbon and carbon electrodes	....	205
Flaxseed	....	202
Cranes, winches, hoists	76	166
Whitefish, frozen, whole	7	124
Cattle hides, raw	14	104
Aluminum pigs, ingots, shot, slabs	641	14
Wood pulp	214	61
Clover and grass seed	243	71

Source: DBS

Canada's imports from Finland consist mainly of paper, board, plywood and veneers, woodworking machines, steel castings, and fur-skins (usually a quarter of our total imports from Finland).

Finland is somewhat off the beaten track for the Canadian businessman touring Europe. The market's possibilities should not be exaggerated—the population is only four and a half million and the current ban on automobile imports and the recent devaluation are obstacles to trade. Nonetheless, some Canadian products have met with striking success (see table).

Finland is a country in which "everyone knows everyone", and a visit to the capital, Helsinki, is often all that is needed to establish a rewarding market. The flight takes less than an hour from Stockholm. *Foreign Trade* published a guide for businessmen visiting Finland (see the May 27, 1967, issue) and the Canadian Commercial Counsellor in Stockholm is only too happy to help you. ●

Norway

- **Earnings from shipping now rising.**
- **Trade oriented towards EFTA and EEC.**
- **Canadian exporters must compete on price.**

DENNIS B. BROWNE, *Assistant Commercial Secretary, Oslo.*

UNLIKE many of its European neighbours, Norway's economy continued to develop favourably during the first half of 1967. A slowdown is expected in the second half, however, primarily because of weakening demand in the major export markets. Generally speaking, the development of exports has been satisfactory in the first seven to eight months of this year, but the rate of growth has gradually been reduced.

During the period January to June, the production index for mining, manufacturing industries, and power supply showed an average increase of 5.6 per cent from 1966 to 1967. A breakdown of the increase shows 15.6 per cent for mining, 5.4 per cent for manufacturing industries, and 4.6 per cent for power supply.

Second-quarter statistics on industrial output reveal a somewhat declining trend in production for export. During the first and second quarters it was respectively 5.8 and 3.6 per cent larger in 1967 than in the preceding year.

Production for investment purposes continued to rise faster during the second quarter this year. The first and second quarter increases from the corresponding periods in 1966 were 8.2 and 7.3 per cent. The input of goods in building and construction, on the other hand, tended to slacken—the increase over corresponding periods last year was 11.2 per cent for the first quarter and 6.8 per cent for the second.

During the first half of the year the total fisheries catch rose by about 20 per cent over the same period of 1966, even though there were more than thirty enforced suspensions of fishing activities.

At the end of June, 14,700 more wage earners were employed than at the same time in the previous year but this was a somewhat smaller increase than from June 1965 to June 1966. The largest share of the increase went to the building and construction sector, yet in manufacturing, building and construction the unemployment figures for the second quarter were somewhat larger this year than in 1966.

At the end of June, the total floor area under construction was 8.6 per cent above a year earlier. During the first half of the year, building starts rose by 15.4 per cent but building completions increased by only 6 per cent. Increases were larger in construction of office, commercial and industrial buildings than in dwelling units.

Here, as elsewhere, prosperity is haunted to a certain degree by inflation. A rise in the consumer price index in April led to an income settlement involving about 750,000 wage earners and 220,000 farmers, resulting in a 820 million kroner (Can. $123 million) increase in the total wage bill. Further price increases resulted in wage settlements in July for other large groups of wage earners. The latter increase involved about 95,000 wage earners directly and a further 55,000 non-union wage earners were expected to receive a corresponding boost in wages. This means additional increases in the wage bill of an estimated kr.100 million (Can.$15 million).

Payments Picture

Estimates of Norway's balance of payments for the months January to July showed a deficit on current account of kr. 1,515 million (Can.$227 million) against kr. 50 million (Can. $7.5 million) in the same period last year. The import surplus (excluding ships) amounted to kr. 3,043 million (Can.$456 million) against kr. 2,401 million (Can.$360 million) in the preceding year. Net ship imports rose by kr. 751 million (Can.$112.5 million) or 125 per cent over last year. Net foreign exchange freight earnings reached kr. 2,690 million (Can.$403.5 million) against kr. 2,830 million (Can.$424.5 million) last year.

Norway's net foreign exchange holdings rose by kr. 720 million (Can.$108 million) in the period January to July to reach kr. 6,662 million (Can.$999 million) on July 31, 1967.

The improvement in the freight market since the beginning of June will have considerable importance for Norway's balance of payments. Although in the first half of the year freight earnings, according to preliminary estimates, totalled about kr.380 million (Can.$57 million) per month, in the second half they are expected to average kr.540 million (Can.$81 million) per month.

Exports Fall, Imports Rise

Commodity trade has, however, taken a less favourable turn. Exports of fish and fish products, hides and skins, wood pulp, herring oil, chemical fertilizers and metals have declined; those of canned fish, herring meal, ores, paper and cardboard, iron and steel, machinery and transport equipment have increased.

Among imports, investment goods registered the largest relative rise—25 per cent over the same period last year. Machinery and electrical equipment accounted for about 71 per cent of this. Imports of production goods, on the other hand, showed a relatively small rise of only 9 per cent. Imports of consumer goods also rose by about 9 per cent.

Norway's import statistics for the first seven months of 1967 show that the three largest suppliers were Sweden (Can.$243 million), Britain (Can. $236 million), and West Germany (Can.$234 million). Canada, with recorded exports to Norway of $62 million, ranked seventh, behind the United States (Can.$128 million), Denmark (Can.$94 million), and the Netherlands (Can.$71 million).

When comparing the January to August 1967 figures with equivalent figures for 1966, one finds that the greatest gains were made by Britain (20.5 per cent), Sweden (19.8) and Denmark (15.5). Of the other leading suppliers, U.S. exports to Norway increased by 2.7 per cent and West Germany's by 0.7 per cent. Sales by the Netherlands and Canada each slipped by about 1 per cent. Purchases from EFTA member countries increased by 16.6 per cent but from the EEC countries by only 9.8 per cent.

Some Canadian processed foods are being sold in Norwegian self-service stores.

Canadian Sales to Norway

Over 70 per cent of Canada's exports to Norway consists of shipments of copper and nickel matte and other metals sent from Canadian smelters to be refined in Norway. Another important commodity which has in the past accounted for about 8 per cent of our sales to Norway is copper wire bars. Shipments of this commodity have been slow this year, but it is hoped that the supply situation will improve and that regular shipments will be resumed next year. Other important commodities are grains (with larger shipments this year because of barley crop failures in traditional supplying countries), military equipment and aircraft.

Canadian exports to Norway reached a record high of $106.8 million in 1966. Sales this year are expected to settle back to about $90 million, which is still above the previous high of $82.5 million reached in 1965.

Because of local preferences and existing tariff barriers, prospects for the sale of Canadian consumer goods are not promising, except perhaps for specialty items.

Imports of processed foodstuffs are limited by government regulations designed to protect the Norwegian farmer and food-processing industry. We can, however, foresee a small growth in this area reflecting the housewife's increased purchasing power and greater reliance on convenience foods.

The best prospects for larger Canadian sales appear to be specialized machinery and industrial goods. The forest industries in Norway are entering a period of necessary rationalization which should mean prospects for selling Canadian timber-harvesting machinery and pulp and paper mill equipment. In fact some local operators believe that their best avenue to profit lies in the direction of importing Canadian pulp for conversion to specialty papers in Norwegian mills. This, however, is probably long-term thinking.

Other specialized industrial machinery should be saleable in Norway, but will probably require visits by the Canadian producer to convince the Norwegian industrial user of his company's capabilities in this sphere and the advantages offered by his machine.

The greatest problem facing the potential Canadian exporter to Norway is his ability to compete on price. Although statistics show that Norway enjoys a high standard of living, working capital is scarce and disposable income for the average consumer is modest. Canadian goods suffer from a disadvantage because of the long and expensive freight haul to Norway, and because Norwegian customs duties are levied on the c.i.f. value of imported goods.

The main disadvantage for Canadian exporters is the Norwegian importer's predisposition towards goods available from EFTA member countries and countries within the EEC. The general pattern of Norwegian trade shows increasing purchases being made in the European blocs, particularly in the EFTA area. Interest in current developments within the trading blocs is high, especially over the possibility of British and then Norwegian entry into the EEC. For this reason, Norwegian importers are seeking sources of supply which will be disrupted least if the trading blocs are reshaped.

It is significant that a large proportion of Canada's exports to Norway consist of bulk goods on which there is little or no duty. Unfortunately, there is still a tendency for local businessmen to think of Canada either as an expensive source of supply or as a supplier whose products are limited to unprocessed agricultural products and industrial raw materials.

These false impressions have been partially offset by the publicity given to the tremendous success of Expo 67. Canada's competitive position vis-à-vis EFTA suppliers will be improved because the Kennedy Round results will reduce the difference between the tariff rates applied to imports from Canada and the free entry enjoyed by those from EFTA countries. Canadian producers of machinery and specialty goods that have applications in Norway and are not readily available in Northern Europe should find good sales prospects in Norway, provided they are willing to expend a little extra effort to sell in this market. ●

Denmark

- Manufactured goods lead exports.
- Per capita income fourth in world.
- Trade with EFTA is expanding.

J. M. HILL, *Assistant Commercial Secretary, Copenhagen.*

THE CANADIAN BUSINESSMAN has been slow to appreciate the changes in the structure of the Danish economy. To him, Denmark is still a producer of unrivalled bacon, cheese, and beer, an innovator in contemporary design and a "must" for the tourist. No one will dispute the benefits which Denmark derives from these. But far-reaching changes in the economic structure of the country have catapulted exports of manufactured goods ahead of agricultural exports and are transforming gradually the size and structure of Danish business. They are also opening the door of opportunity to the aggressive Canadian exporter.

Since 1958, the growth of the Danish economy has been strong, with real gross national product rising by 5.5 per cent per year on average. Under-utilization of resources in the 1950's made possible the rapid expansion of the 1960's. A significant redistribution of labour from agriculture provided the needed manpower and there was in addition an annual increase of over 10 per cent in gross fixed investment from 1958 to 1965.

EFTA Changes Export Pattern

Foreign trade has always been important to Denmark's wellbeing. Exports account for 22 per cent of the GNP compared with 17½ per cent in Canada. The formation of the EEC and EFTA has profoundly influenced the direction of Danish exports. Denmark is a member of EFTA and has benefited from the gradual reduction of customs duties within EFTA (all tariffs on manufactured goods were removed at the end of 1966). This has enlarged the market for Danish goods. Exports to EFTA countries increased by over 100 per cent between 1959 and 1966, compared with a rise of 37 per cent in sales to the EEC and 72 per cent to all other countries (see Table I on page 12).

Even more significant were the changes in the type of goods exported to each bloc. The Common Agricultural Policy of the EEC made for serious difficulties for Danish exporters of agricultural products, especially cattle, eggs, and poultry, and consequently agricultural exports to the EEC declined. On the other hand, Denmark's exports of agricultural products to other EFTA countries and

TABLE I

DIRECTION OF DANISH EXPORT TRADE

	1959		1966		Per cent increase 1959-1966
	(million kroner with percentage of total in brackets)				
EFTA	3,926	(42)	8,007	(49)	101
EEC	3,068	(32)	4,217	(25)	37
Other countries	2,534	(26)	4,366	(26)	73
Total exports	9,528		16,590		74

6.47 Danish kroner=Can.$1.00

TABLE II

WHAT DENMARK SELLS ABROAD

	1959		1966		Per cent increase 1959-1966
	(million kroner with percentage of total in brackets)				
Agricultural products	5,262	(55)	6,854	(42)	30
Industrial products	3,759	(39)	8,555	(51)	128
Other	507	(6)	1,181	(7)	132
Total	9,528		16,590		74

6.47 Danish kroner=Can.$1.00

TABLE III

WHAT CANADA SELLS TO DENMARK

	1964	1965	1966
	(Can.$'000)		
Total exports	7,484	9,183	10,802
of which:			
Asbestos	916	1,612	1,520
Copper	1,381	2,247	1,202
Fish	383	446	903
Plywood	19	177	807
Tobacco	697	226	800
Irish moss, dulse, etc.	115	289	634
Instruments and measuring equipment	19	28	585
Aluminum	653	321	528
Plastics	200	451	337
Computers	185	115	153
Spark plugs	125	30	149
Maple sugar	93	93	120
Refrigerators	38	37	99
Automobiles	333	443	97
Fabrics, yarn, thread	130	131	71
Office machinery	58	20	26

other overseas markets rose sharply, resulting in a net expansion of about 30 per cent.

In the same period, industrial exports increased by some 128 per cent. Not only was this rate of increase far greater than the rise in agricultural exports, but it has altered the structure of over-all export trade and put industrial products in the lead (see Table II).

Must Import Raw Materials

Except for its agricultural assets, Denmark lacks raw materials, so rising exports create the need for more imported raw materials for the expanding industrial output and the capital goods which a country of only five million people does not produce. Danish imports increased by about 66 per cent between 1960 and 1966 to 20.7 billion kroner (over Can.$3 billion). Raw materials for agriculture and industry, fuels, and petroleum accounted for nearly 40 per cent of this. Grouped into categories, significant imports in 1966 were:

	(Can.$ million)
Raw materials, fuel, petroleum	1,230
Semi-manufactured goods	660
Machinery and apparatus	460
Transportation equipment	370
Consumer goods	275
Foodstuffs	205
Total imports	**3,200**

Canada's Trade with Denmark

Raw materials for agriculture and industry are Denmark's main imports from Canada and accounted for over half the total in 1966 (see Table III).

As the table shows, Canadian shipments of manufactured goods are still relatively small. Keen competition from EFTA and EEC countries results in these two trading groups dominating imports of consumer and capital goods. Canadian exporters, however, find that the Danish market is receptive to well-designed quality goods at competitive prices and in time a worthwhile volume of business can be built up.

Canadian exporters of capital goods should note that the pace of Danish industrial exports is quickening and this should mean excellent sales prospects. Demand for consumer goods for home consumption has been very strong too; Denmark ranks fourth in per capita income after the United States, Sweden and Canada. The Government is trying to hold this spending in check and in July 1967 introduced a value added tax of 7 to 10 per cent to replace the existing sales tax. Offsetting this are wage increases falling due under collective agreements and the expansionary forces inherent in the anticipated rise in public spending.

Effect of Kennedy Round

The results of the Kennedy Round applied to Denmark's 1966 imports may be summarized as follows:

		(billion kroner)
Reductions of 50 per cent	1.4	
Reductions of less than 50 per cent	2.2	
Total imports benefiting		**3.6**
No-tariff items from non-EFTA countries	7.4	
EFTA imports—no tariffs levied from end of 1966	7.0	
Imports on which there is no change of duties	1.9	
Total imports with no change		**16.3**
All imports		**19.9**

Canadian exporters should note the 50 per cent reduction in duty on the following items: canned fish, drinking spirits, toilet articles, cleaning articles, paper and paperboard, sandpaper, friction linings, firebrick, hand tools, agricultural machinery, typewriters, chemicals (except soap and plastics), products of lead, tin, and zinc, buses, furniture, and toys.

Cuts in tariffs of less than 50 per cent will apply to table wine in casks, plastics and plastic products, soap, glue, rubber products, leather and leather products, wood products, textile piecegoods, carpets, tents, leather footwear, hats, glass products, electric household apparatus, electric motors, transformers, and radio equipment. The tariff reduction for these products varies, but on most, the tariff will be reduced by one-fourth or one-fifth. Further information on tariff reductions may be obtained from the Department of Trade and Commerce, Ottawa, or from the Commercial Counsellor in Copenhagen.

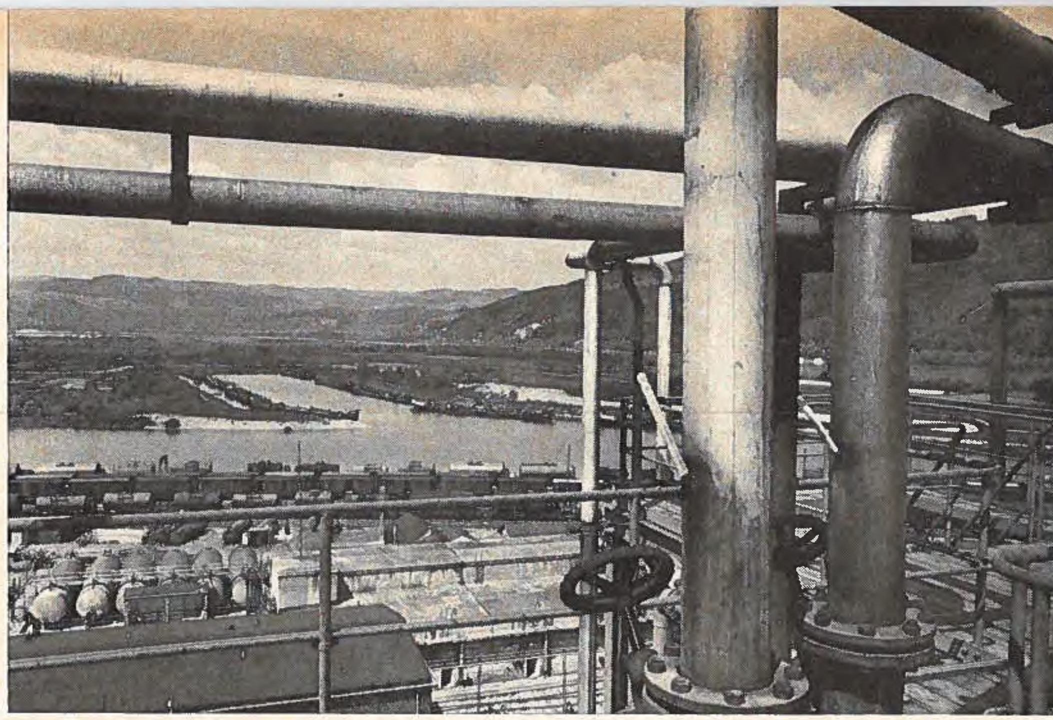
Come, See and Sell

This $3 billion import market on the northern tip of Europe is easily accessible and a delight to visit but, of course, highly competitive. Canadian exporters will find many opportunities here, ranging from food products, specialty textiles, and consumer goods to industrial and electronic equipment.

The interested producer should begin by sending product literature, c.i.f. Copenhagen prices, and terms of payment to the Canadian Commercial Counsellor in Copenhagen, asking him to appraise the prospects. Danish buyers like to meet their foreign suppliers face to face, and the Commercial Counsellor will be happy to schedule business calls for Canadian businessmen.

Don't be dismayed by Denmark's size; it is a larger market than many may think. ●

From imported raw materials, Denmark creates manufactured products for export like this steel wire. Industrial products make up some 51 per cent of its sales abroad.



From the top of a nitrogen plant, an observer can look down on the port of Linz on the Danube.

Austria

- **Government taking measures to stimulate economy.**
- **Exports and imports both down in '67.**
- **Skilful promotion could increase Canadian sales.**

F. IAN WOOD, *Commercial Secretary, and*
H. K. ROTT, *Commercial Assistant, Vienna.*

AUSTRIA'S ECONOMY in 1967 continued to show signs of anaemia and lethargy, much to the concern of a wide segment of private and public interests. Although the condition was diagnosed early in 1966 and observed throughout the year, the treatment prescribed did not halt the disease, which worsened from the beginning of 1967. Two schools of thought have offered opinions about the cause. One attributes it to external conditions and environmental factors over which Austria has no control. The other argues that the cause is internal. Whatever the reason, the 1968 Austrian Budget reflects the general concern felt in government circles by adopting as its major task the support of economic recovery and the promotion of economic growth.

The consensus is that confidence will be restored and business stimulated as we move into 1968. It is expected that business and industrial activity in some of Austria's large neighbours, such as West Germany, will pick up and this will in turn help Austria.

Although prospects for an early arrangement with the Common Market appear dim, economic policy in Austria is nonetheless directed at preparing this country for a role in an integrated European economy by streamlining industry and agriculture to make both more competitive and more profitable.

Exports Now Rising

At time of writing, few figures for this year are available but it is known that industry and other sensitive sectors of the national economy failed to exceed 1966 levels. Relatively satisfactory growth was attained by tourism (plagued by bad weather the year before), trade, various service industries and some crafts.

The slowdown in economic growth first noticed in 1966 has been attributed to "structural deficiencies in the economy" and to a general slackening of the boom. On the external side, the balance-of-payments deficit was further aggravated by sluggishness in Austria's traditional markets. The slowdown eventually spread to domestic business as well and was reflected in a reduced real rate of growth (2.2 per cent, or about half that of the previous year).

Remedial action in the form of relaxed restrictions on credit from domestic and foreign sources and increased public investment succeeded to the point where export volume has in recent months risen satisfactorily. In the same period, lower domestic demand has tended to reduce import commitments. In the view of Austria's largest bank: "Business activity . . .

seems to be stabilizing on a lower plateau."

Industrial Progress Varies

The manufacturing industries as a whole are in divergent stages of development. The steel, chemical, aluminum and paper industries and parts of the textile industry show a highly advanced technology. Other industries are plagued by inefficiencies and inadequacies resulting from small-scale operations. Only about 215 of the 4,700 plus industrial enterprises in Austria in 1964 employed more than 500 persons and 58 per cent of the total had fewer than 50 employees. In order to compete with its potent neighbours, Austria must rationalize its industrial base or fall back in the race for world markets.

An important step in this direction was taken earlier this year when the Austrian Industries Administration Corporation was established to co-ordinate the activities of the nationalized enterprises. Most of the country's production of iron and steel, non-ferrous metals, chemicals, electrical and mechanical engineering equipment and a major segment of its extractive industry will be affected. Moreover, exports from the nationalized sector of the economy account for one-fifth ($364 million in 1966) of Austrian exports. Similar in organization and responsibility to a Canadian Crown Corporation, the AIAC's task is to promote over-all efficiency through mergers, partnerships with foreign firms, licensing agreements, closing of uneconomic enterprises, and measures designed to weed out less profitable lines, improve quality, and lower costs.

Agricultural Subsidies

The Government is also concerned about agriculture. In an effort to stimulate production, a subsidy program for breadgrains (wheat and rye), milk and fertilizers was introduced shortly after the war. In a sense this program has worked too well because there are now excess supplies of breadgrains (this year's wheat crop is said to exceed domestic requirements by some 300,000 metric tons) and of milk. Because support prices are above world market prices (particularly for wheat) the Government has also taken on the job of subsidizing the disposal of excess production. Steps are now being taken to eliminate subsidies step by step and to promote the production of coarse grains, in which Austria is deficient. Since 1961 the Government has also implemented measures under the "Green Plan" which is designed to improve the efficiency of farm operations. This is a much less costly operation (this year's outlays will be close to $30 million) and it will help farmers to become more efficient and competitive.

How Trade Moved

The commodity pattern of Austria's foreign trade in 1967 remained almost unchanged from previous years, but the direction of exports (and, to a much lesser extent, the source of imports) was noticeably affected by the country's failure to come to terms with the Common Market, which includes its most important trading partners.

Over the first half of 1967 Austria exported goods to a value of $936 million (1966 total: $1.82 billion). Base metals and by-products (20 per cent), machinery and equipment (17), textile fibres and fabrics (13), lumber and wood products (7.3), and raw materials for the production of paper (7.2) were the leading groups. Imports in the same period reached

TABLE I

CANADIAN EXPORTS TO AUSTRIA

	1962	1963	1964	1965	1966	1967 (7 months)
			(Can.$'000)			
Total	7,315	6,826	7,475	9,857	11,600	4,988
of which:						
Asbestos, milled fibres and shorts	2,075	1,973	2,430	3,132	3,921	341
Wheat	2,548	1,661	1,869	3,237	3,448	1,008
Barley	....	....	....	691	867	1,693
Metal ores & concentrates	266	261	166	432	849	384
Passenger cars & accessories & parts	9	94	160	438	498	171
Nickel, pellets & cathodes	490	908	769	53	321	....
Nickel, in oxide	80	204	213	471	259	....
Wood pulp	74	223	323	115	246	469
Tabulating computers	209	188	184	155	158	102
Canned sardines	11	62	139	128	115	81
Broad woven fabrics	12	24	18	87	81	6
Synthetic rubber	508	551	482	124	66	20

Source: DBS

TABLE II

CANADIAN IMPORTS FROM AUSTRIA

	1962	1963	1964	1965	1966	1967 (6 months)
			(Can.$'000)			
Total	7,971	9,025	9,597	12,281	15,192	6,476
of which:						
Motor vehicle engines	312	750	559	1,314	3,240	1,378
Embroidered fabrics	876	633	779	709	794	258
Skis	363	477	392	542	667	54
Floor plate, carbon steel	12	55	349	554	455	140
Footwear, n.e.s.	155	191	295	285	389	....
Precious stones (not mounted)	398	270	332	306	307	125
Magnesia, dead burned or sintered	141	73	....	259	292	....
Bars, alloy steel, hot rolled	51	138	101	296	281	119
Sporting & recreation equipment	....	....	128	148	280	42
Wire metal ribbon forming machinery and parts	....	....	114	96	255	58
Ball bearings	186	96	133	207	249	116
Bars or rods, steel, fabricated	81	76	70	110	225	66

Source: DBS

$1.246 billion compared with $2.52 billion in 1966. Machinery and equipment (19 per cent), textiles (12), transportation equipment (12), base metals and products thereof (8) and minerals (8) were the major import groups.

Austria's most important suppliers and customers in 1966 were West Germany, Italy, Britain, Switzerland and the United States. It is significant that West Germany provided Austria with over 40 per cent of its imports during the period under review and purchased more than one-fifth of its exports.

That Common Market "discrimination" has affected Austria's pattern of trade is evident from a glance at January-July trade figures for 1967. These show notable increases in Austria's exports to EFTA countries (up 17.3 per cent), to Eastern Europe (up 19.4 per cent), to Asian countries (up 36.5 per cent), and to North and South America (up 3.7 per cent). But collective exports to Common Market countries dropped by 4.5 per cent, and this represents about $35 million over the year.

There were no important changes in the sources of imports, but the EFTA countries collectively increased their share of the import market to about 18 per cent of the total. Canada, by contrast, has for years supplied slightly less than 1 per cent of Austria's imports and has purchased about the same percentage of its exports.

Trade with Canada

Canadian sales to Austria in 1966 ($11.6 million) exceeded by nearly 18 per cent the $9.85 million of 1965. (Austrian statistics disclose that overall imports rose about 11 per cent in the same period.) Our showing in 1966 resulted from larger purchases of traditional Canadian exports such as asbestos fibre ($3.9 million), wheat ($3.4 million), metal ores and concentrates, mostly columbium, ($848,000), nickel pellets and cathodes ($321,000), nickel oxide ($258,000), and wood pulp ($241,000) and not to a diversification of exports. Table I shows that Canadian feed barley has recently become of interest to Austria and $867,000 worth was sold in 1966. Taken together, these products accounted for over 90 per cent of Canada's Austrian sales.

Exporting?

When you are packing for a business trip to a foreign market, be sure to save room for brochures about your company, pictures of your plant, and copies of advertisements for your product in Canadian newspapers and magazines. They will help a prospective agent to decide whether to represent you and may also influence potential customers. Ballpoint pens, rulers, lighters, etc., printed with the name of your company, make excellent small giveaways. Don't forget a good stock of business cards, extra passport photographs, a supply of small notebooks to take the strain off your memory, and plenty of company letterhead and envelopes.

Complete figures for 1967 are not yet available. Seven-month totals are not entirely indicative of annual performance because many Canadian products find their way to Austria during the second half of the year. Barley sales in the first seven months of 1967 were almost double the 1966 total. Asbestos shipments were well off last year's rate, but deliveries usually are heavy in the fall. Wheat sales in 1967 will not approach the 1966 figure in the light of Austria's bumper crop. Sales of mineral concentrates are holding up well.

The Austrian Market

The Austrian market offers definite if somewhat limited opportunities for Canadian exporters. Steadily rising incomes have encouraged consumer spending and promoted demand for an ever-widening variety of goods and services.

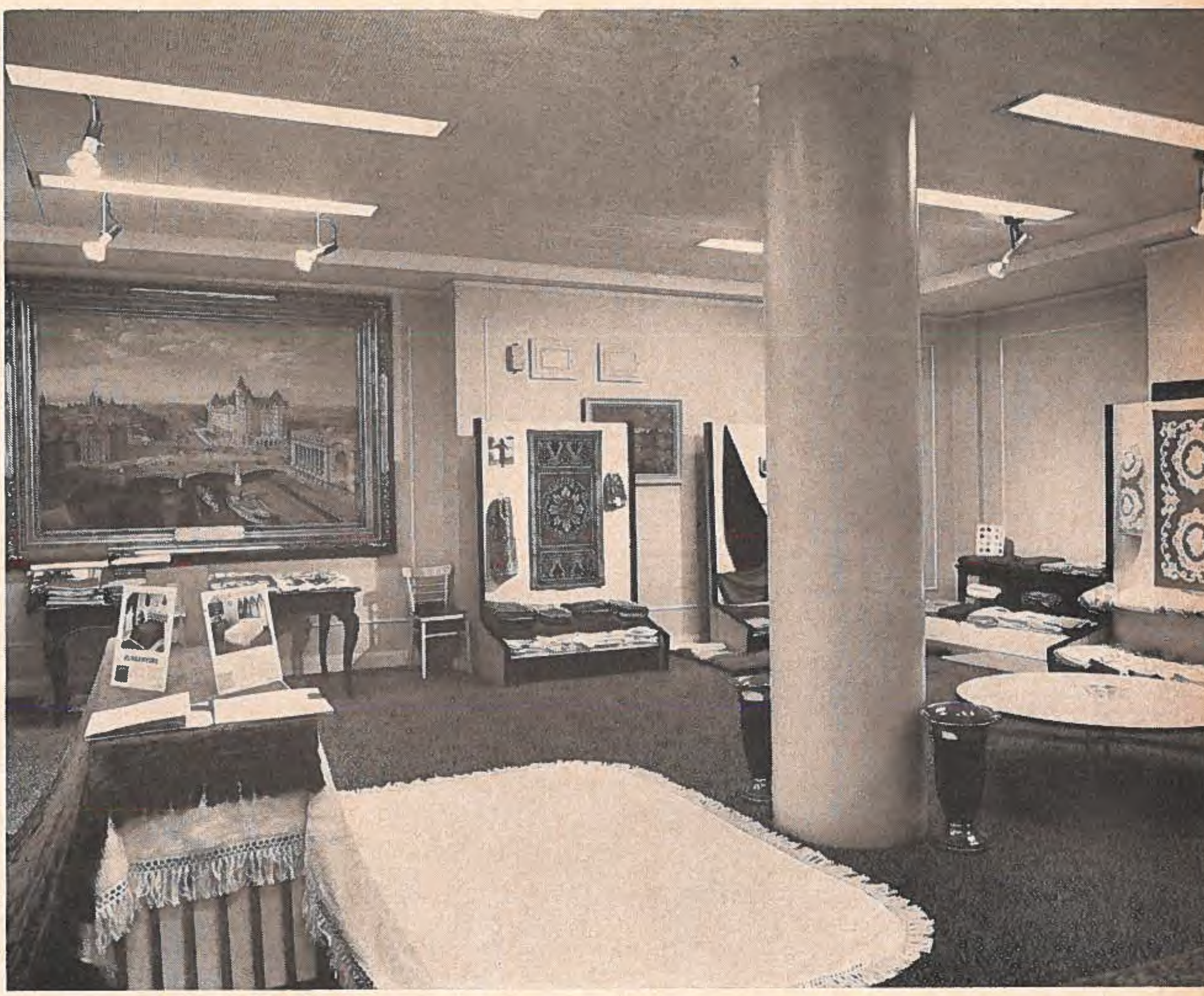
But Austria is by no means a large market (slightly larger in area than New Brunswick and P.E.I. combined —population 7.2 million) nor do its people boast a high per capita income ($1,167). There are relatively few concentrations of population, and the traditional small shopkeeper is only slowly and reluctantly giving way to department and chain store operations. The average Austrian still favours the "corner grocery" type of operation (often nothing else is available) and is especially conscious of his personal relationship with the proprietor. Distribution, wholesale and marketing channels are not necessarily clearly defined nor are they always national in scope.

Notwithstanding, the market is sufficiently attractive to cause world suppliers of consumer and capital goods and industrial raw materials to actively pursue business opportunities here. All are striving to attain a foothold and heightened competition is the result. There is an understandable propensity for Austrian buyers to rely heavily on peripheral countries for their needs. Duty-free entry now accorded most imports from Austria's EFTA partners represents another serious obstacle.

Be that as it may, the relatively free Austrian market merits greater attention from Canadian exporters. Raw materials sales which do not require too much promotional effort on the part of the supplier have not been paralleled by success in the consumer goods field. Happily, Operation Export 1967 encouraged 254 Canadian businessmen to book interviews with the Commercial Secretary from the Vienna office. They requested information on sales opportunities for products ranging from heavy machinery to masking tape, floating drainage pumps to catfood, and wallpaper to tracked vehicles. We are hopeful that a suitable number of buying connections will eventually be achieved.

It is equally encouraging to note that close to 300 Austrian businessmen visited Canada this year to see EXPO 67 and to investigate opportunities for buying and selling. There is every reason to expect that successes achieved as a result of Operation Export and EXPO 67 visits by Austrian importers and exporters will act as a catalyst and serve to broaden the pattern of Canadian sales to Austria in 1968 and the years to come.

An Invitation to Exhibit



at 1 Grosvenor Square London

1000 square feet of prestige exhibition

The open-for-regular-business sign has gone up on Canada's new display room area located on the ground floor of Macdonald House, No. 1 Grosvenor Square, London. The exhibit space is available without charge for periods of one week or less to assist Canadian manufacturers in their export sales campaigns in Britain. Press showings, demonstrations, sales seminars or plain hard selling are only a few of the uses to which, hopefully, the Macdonald House facilities will be put.

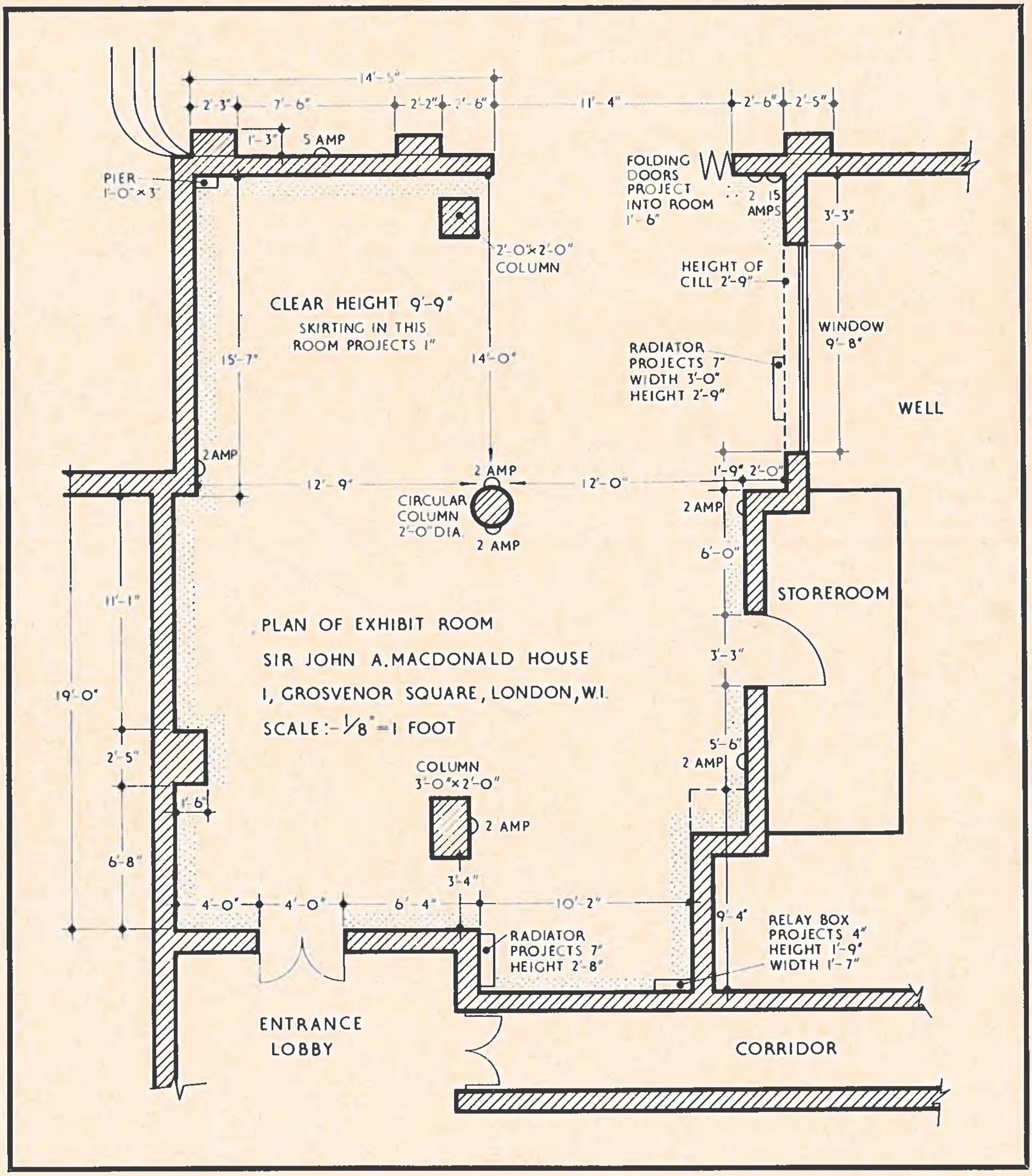
Over an eighteen-month testing period, officers at Grosvenor Square handled a number of shows to gain experience and to develop a set of guidelines for the operation of the display area. These shows proved so successful that repeat requests have already been received from most of the exhibitors, despite a ruling giving preference for use of the space to companies which have not participated previously.

Mr. A. Knight, President of Samsonite of Canada Ltd., commented following his company's very successful luggage showings: "Our Macdonald House displays have been a major factor in our sales success in Britain. Without the prestige of the High Commission as well as the work of the Trade Commissioners and their Exhibition Commission colleagues, we would have been hard pressed to achieve the level of exports we have today."

How about you? Read on to find out what facilities Macdonald House offers and how you can use them.

—M. R. BELL, *Assistant Commercial Secretary, London.*

space in the heart of Mayfair



PHOTOGRAPHS

Cover: The main Macdonald House display room set up for a household linen display. The pin-board units in the background and the counter unit are part of the display material available to Canadian exhibitors from the Exhibition Commission warehouse.

Opposite: Although displays will normally be limited to the display room, for co-operative industry shows (such as this one) when more than 1,000 square feet is required, the reception area can be used to add another 1,200 to 1,500 square feet.

Macdonald House Offers You . . .

- A large display room measuring roughly 28 × 34½ feet (see floor plan for detailed specifications).

- A variable modular display system designed by the Canadian Government Exhibition Commission.

- Extensive reception and catering facilities for entertaining visiting buyers.

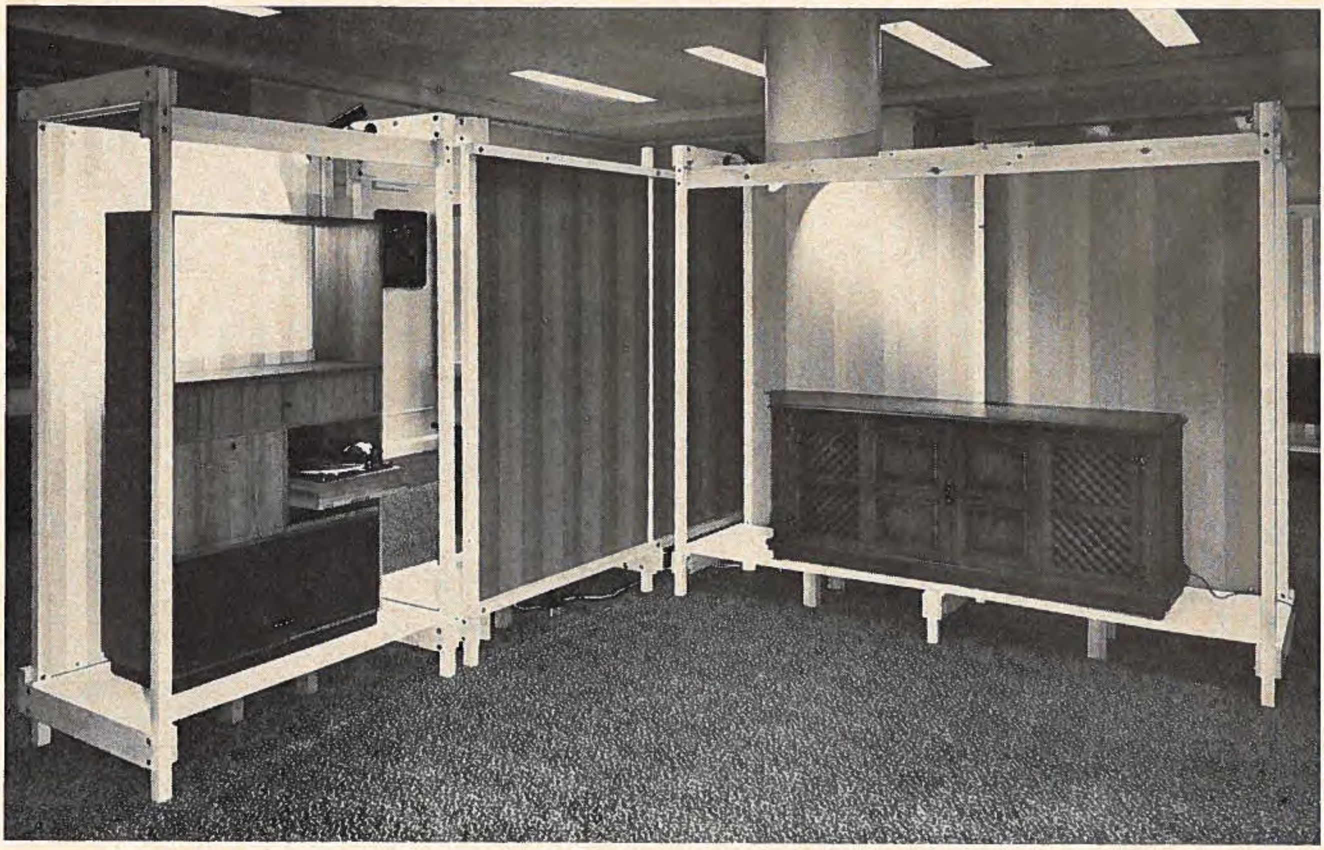
- Display arrangements handled without charge by the High Commission's Exhibition staff—if the work can be performed within the capability of that group. Any special arrangements requested that must be hired or contracted out are at the exhibitor's expense.

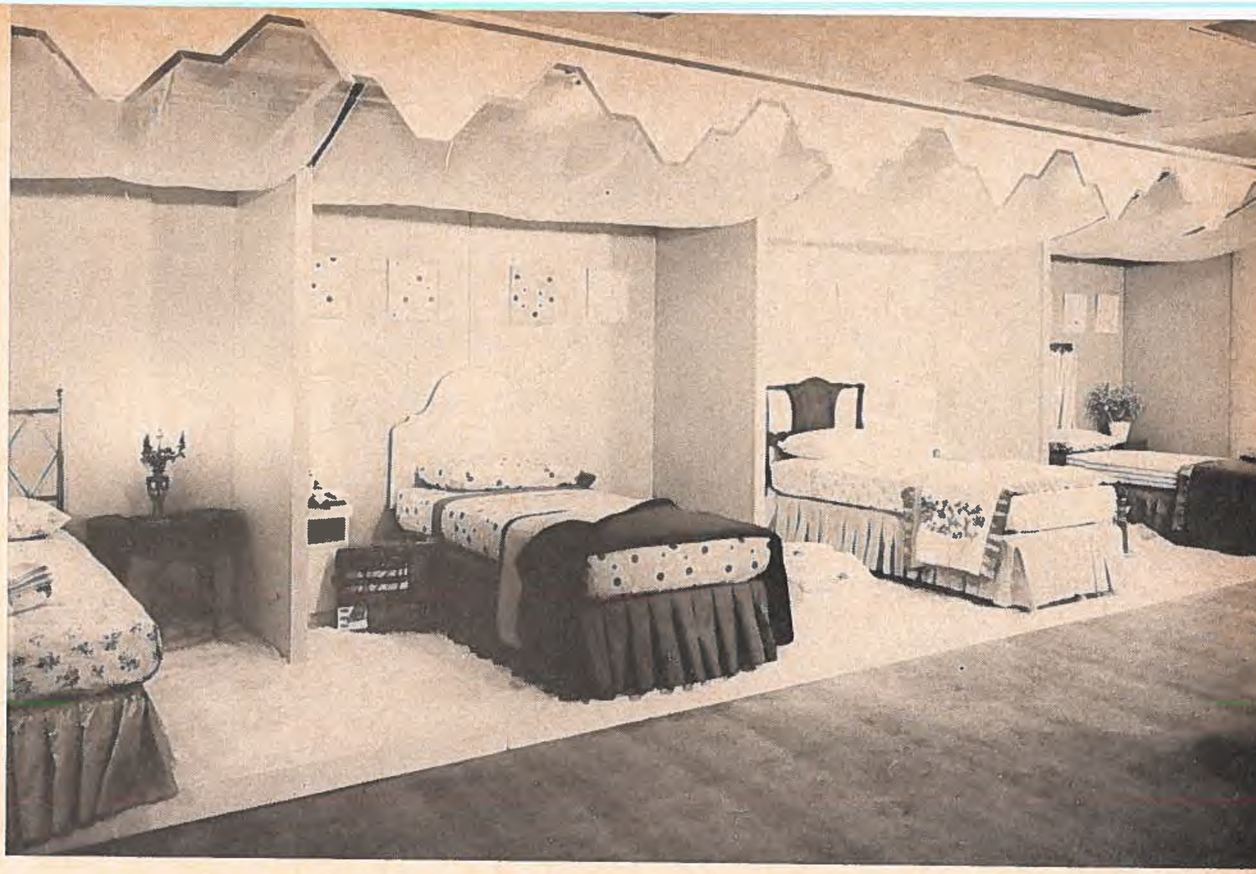
- An attractive invitation which will be used for all Macdonald House shows. It is expected to be headed "An Invitation to No. 1 Grosvenor Square" and to include a drawing of Grosvenor Square, highlighting the Canadian offices, plus instructions on public transport and parking facilities. The inside of this invitation will be left blank so that it can be printed specially for individual shows.

- Lists of potential guests from the British retail, wholesale and distributive trades, from industry, government or the press will be provided by the Trade Commissioner's office if you do not have a British agent to do this for you. Specialist advice is also available from the Trade Commissioner on factoring, import tariffs and tax, market size and structure, and so on.

- The services of an experienced Trade Publicity officer, on duty at the High Commission, to see that your show gets maximum coverage in the British press.

This is part of a recent sound equipment display at Macdonald House.
The modular units are part of the standard stock of display material which will be set up for Canadian exhibitors.
Here the units are used to divide up the display space into living-room-size areas and also to control the flow of visitors.





This major showing of bed linens used the full scope of the main display room at Macdonald House. The canopied setting was prepared by the Exhibition Commission. The beds, side tables and other accessories were loaned by London stores.

The Cost of Showing

Although there is no charge for the display room space itself, experience has shown that these shows cannot be properly mounted without some expense. A few examples of the weekly variable costs involved are:

Shipping and clearing samples	$150-$750
British duty and tax deposits	$0-$600
Personal transportation and accommodation	$500-$800
Printing and mailing invitations	$30-$100
Trade press advertising	$40-$70
Hiring secretary/receptionist	$75-$125
Hiring fashion models	$100-$200 each
Hiring trade publicity agency	$200-$400
Morning coffee and afternoon tea	$6-$9 per day
Buffet luncheon	$75-$125 per day
Evening cocktail party	$4-$5 per person
Full-time bar during day	$30-$60 per day (estimate)

As this list confirms, an all-out effort without the hiring of any outside display equipment can involve an expense of up to $3,000. Most shows in fact cost much less but certainly minimum costs are involved.

Shipping costs and the duty deposit depend, of course, on the bulk and value of the products and on the British tax and tariff classifications.

Personal transportation and accommodation costs can be eliminated if the British agent alone runs the show.

Invitations, limited trade-press advertising, and refreshment facilities are all standard for shows and a minimum for these is $100 to $125 for the week. It is a great help, therefore, if exhibitors in booking space for their shows automatically authorize expenses to this extent on these items. These will be billed to the firms in Canada through the Department of Trade and Commerce.

How You Can Help

Display Format

One of the problems of the display-room program has been that Canadian exporters expect too little. In reply to our requests for detailed information on the articles to be shown they say: "Just give us the room and we'll be happy." They expect to walk in and set up on Sunday evening for a show starting on the Monday.

In fact, however, the High Commission and the Canadian businessman have a great interest in seeing that the Macdonald House display rooms gain and keep the right sort of image with the British trade, for upon the image created by former users of the facilities may depend, to a large extent, the response of local buyers to your own showing.

For this reason, it has been necessary for the Minister (Commercial) to specify a basic display format for any show and to reserve the right to approve any additions, deletions, or changes to this format proposed by the exhibitor. The basic display setup has been kept as simple as possible and is usually filled out by the Canadian Government Exhibition Commission staff in London.

Alternatively, we would appreciate hearing from you of your willingness to accept the layout as set up by the local display staff, apart from minor changes which could be made on the morning the show opens.

Changes to Basic Format

If an exhibitor has any special requests for his display, he must advise the Trade Commissioner as early as possible. For example, are bedspreads to be shown on beds or on racks? Would coloured spotlights bring out certain items in the display better? Are displays of samples to be laid out according to a certain price, colour or pattern of use? Will illustrated background material add to the display?

Strict Time-table Necessary

It has also proved imperative to impose a strict timetable for the provision of information by the exhibitors, for shipment and receipt of samples in London, and for the arrival of the exhibitor himself or his representative. The reason: the display room arrangement must be fitted into the Exhibition Commission's already heavy program of fairs and exhibitions in this country.

Publicity

The effectiveness of the Trade Publicity Officer's work on your behalf depends largely on the amount of information that you supply and the lead time allowed. Professionally taken photographs, special details and stories on the Canadian firm itself and its products, clippings of stories and advertisements from the Canadian press—all this material helps. It must, however, be in our hands at least six weeks before the show if British copy deadlines are to be met.

For major productions where special press previews are contemplated, we recommend that an independent trade publicity firm supplement our own Trade Publicity Officer's efforts. The cost of such an operation, including fees and other expenses, runs to between $200 and $400, depending on the amount of photographic material which must be prepared in this country.

Note These Display Room Specifications

Electrical: Six 2 amp., one 5 amp., and two 15 amp., and outlets of 220 volts, 50 cycle. Increased requirements can be handled by bringing in a cable if necessary, but exhibitors must provide specific advice when arranging for their display.

Lighting: The display room is lit by inset fluorescent ceiling lights. Individual spotlights can be set up on ceiling brackets or on the individual display stands if requested.

Water: There are no water connections in the display room.

Telephone: A telephone is provided in the display room for all shows; the number is (01)-629 9492, ext. 2292.

Materials Handling: All deliveries to the building and all work on the display must be carried out between 8 a.m. and 5 p.m. on weekdays only. Small items can be delivered direct to:

Macdonald House
1 Grosvenor Square
London, W.1

Larger items or packing cases should be delivered to:

Canadian Government Exhibition Commission Warehouse
Canada Building
Blackburn Road
West Hampstead
London, N.W.6

From there they will be taken to Macdonald House.

For this fashion show of Canadian beachwear at Macdonald House, the backdrops and runways were set up in the main display room. Seating for the audience extended into the reception area.

Please Provide as Quickly as Possible • • •

Send us the following information and material as soon as the dates for your show are set:

- Objectives for using display room—whether it is to make a market survey, appoint an agent, make direct sales, and so on.
- Name of British representative if any.
- Twenty-five copies of all sales literature and price lists.
- Professionally taken photographs of products to be shown.
- Suggested format for show invitation.
- Logotype of company trademark or symbol, plus sample of lettering used for reproducing company's name.
- Proposed shipping schedule for display samples.
- Suggested layout for samples.

Would a London showing help your firm to build up exports to Britain?

A small showing of Eskimo fabrics at Macdonald House used the modular units and backdrop material that Canadian firms exhibiting at 1 Grosvenor Square may borrow from the Canadian Government Exhibition Commission's warehouse in London.

If the answer is yes—

—Please read this booklet over again carefully (it has been specially set up so that you can remove it from the magazine and keep it for future reference).

—Study the diagram of the room.

—Go over the checklist of information which will be required.

—Choose the dates for your show, bearing in mind that bookings should be made as far in advance as possible—a minimum of three months—to avoid disappointment.

—Then get off a letter, giving as much information as possible, to:

The Minister (Commercial)
Office of the High Commissioner for Canada
1 Grosvenor Square
London, W. 1, England

Portugal

- **Economy responds to good harvest.**
- **Tourism makes rapid growth.**
- **Foreign investment increases.**

B. A. MACDONALD,
Commercial Counsellor, Lisbon.

TRADE between Canada and Portugal is not very large but it has doubled since 1962. In 1966, we sold to Portugal goods worth Can. $5.2 million and we imported goods worth Can. $13.3 million. The Portuguese economy's prospects for long-term growth are excellent, despite current difficulties.

In the past few years the Portuguese economy has seen significant changes, even if they have not been as spectacular as those in certain other countries such as Spain. But they have made a substantial impact on a country long known for slow growth, resistance to change, and a remarkable degree of monetary stability. From 1959, when the second Six Year Development Plan began, until 1966, economic growth maintained an average rate of just over 6 per cent a year, despite the hesitations brought on by the outbreak of trouble in Angola in 1961. Growth was, however, rather uneven; the more dynamic sectors were secondary industry and tourism, with the position of farming one of relative deterioration.

Price stability gave place in the last two or three years to inflation generated by the rising demand which accompanied economic expansion. Thus the last two or three years have witnessed an appreciable rise in prices. The Government has nevertheless succeeded in maintaining the traditional strict fiscal and financial policies first applied almost 40 years ago. The external payments position is still excellent; gold and foreign exchange reserves are estimated at over U.S. $1 billion.

Until mid-1966, when some signs of recession appeared, the performance of the Portuguese economy was creditable. It is generally felt that over the long term the outlook is good, although it naturally depends to a large extent on developments in Africa and the strain of the large military expenditures. Defence takes about 40 per cent of the budget and most of it goes to meet military needs in the Overseas Provinces.

Foreign Capital Welcomed

Portugal is a corporate state. The Guilds, which represent various economic interests, have in principle a voice in Government through the "Câmara Corporativa," a second chamber rather like our Senate. Almost all sectors of industry are subject to government control and no existing factory can be modernized or expanded and no new plant can be established until a permit is granted. The permit (alvará) determines the location and other conditions; getting one sometimes involves long delays.

There is close supervision of direct and indirect foreign investment—perhaps one reason why until recently most major industries were Portuguese-owned and controlled. However, the authorities have lately become more willing to accept new industries from abroad. The British-Portuguese Chamber of Commerce reported in October that there are now about 600 companies in Metropolitan Portugal in which foreign firms hold a majority of the capital; 200 of them are British, about 100 are German, and 80 are French.

Portugal has modern plants producing textiles, steel, cement, chemicals and petrochemicals, refined petroleum products, fertilizers, metal products, soap, car and truck tires, and pulp and paper. A pulp mill with a capacity of 80,000 metric tons of viscous cellulose was built this summer at Figueira da Foz (between Lisbon and Oporto) for a Swedish-Portuguese group; the design was done and construction start-up supervised by the Canadian firm of consulting engineers, Sandwell & Co. of Vancouver.

U.S., British, French, German and Italian manufacturers are assembling motor cars and trucks in Portugal. A modern shipbuilding and repair yard has been built which is capable of handling large vessels.

A new brewery with an annual capacity of 25 to 27 million gallons is under construction near Lisbon and will be in operation in 1968. Food processing, especially the preparation of tomato paste, has developed greatly in recent years; sales of canned tomato paste to Canada alone have risen from 694,000 pounds worth $71,000 in 1960 to 31.8 million pounds worth $4.4 million in 1966.

Disastrous 1966 Harvest

Business uncertainty set in about the middle of 1966. Industrial production declined; the textile industry, in particular, encountered serious difficulties. The basic cause of the recession was the bad weather which resulted in the lowest agricultural production for many years, perhaps the worst in this century.

Crop estimates by the National Statistics Institute in August this year indicate, however, that 1967 production of most important crops will be far above that of 1966 (see Table I). Wine production will be only 80 per

TABLE I

ESTIMATED PRODUCTION OF LEADING CROPS

	1967 Production (short tons)	Per cent of 1966
Wheat	635,800	192
Rye	257,730	142
Barley	96,580	178
Hay	133,210	196
Potatoes	706,200	157
Chick peas	27,720	140

cent of that in 1966 but the quality is expected to be high and it may even be a vintage year. (The last one was 1963.)

The tourist industry was unaffected by the depression. Its development continues to be outstanding and it has become the leading earner of foreign exchange. Tourist Board figures on the number of visitors to Portugal in recent years are given in Table II. In order of importance, these visitors have been Spanish, British, American, Canadian and French.

TABLE II

PORTUGAL'S TOURIST INDUSTRY

	Visitors (thousands)	Receipts (Can.$million)
1962	410	55
1963	514	81
1964	1,008	132
1965	1,509	182
1966	1,929	284

Despite present difficulties, most competent observers do not appear to be pessimistic. The Government is expected to take cautious steps towards credit expansion. The Third Six Year Plan will definitely be launched at the beginning of 1968.

Third Six Year Plan

The Second Six Year Development Plan ended in 1964. Because of the difficulties in the African Overseas Provinces, the Third Plan was not put into effect at the beginning of 1965. Instead, development was carried on under a so-called transitional or interim plan. The Government has announced that the Third Plan will be introduced in January.

Details of the new plan are not yet available but the main points have been announced:

- Investment in Metropolitan Portugal (Portugal, Maderia and the Azores) will be 184 billion escudos (Can.$7,000 million) in the 1968-73 period.

- In the same period, 44,860 million escudos (Can.$1,705 million) will be invested in the Overseas Provinces of Angola, Mozambique, Cape Verde, Guiné, São Tomé e Príncipe, Macao and Timor.

TABLE III

PORTUGAL'S MAIN SUPPLIERS

	1964		1965		1966	
	(Can.$million with percentage in brackets)					
Total	850	(100)	1,009	(100)	1,117	(100)
of which:						
Portuguese Overseas Provinces	126	(15)	138	(14)	149	(13)
EFTA	181	(21)	217	(21)	256	(23)
EEC	279	(33)	352	(35)	384	(34)
United States	90	(11)	82	(8)	89	(8)
Canada	5	(0.6)	6	(0.6)	6	(0.6)

Source: INE (Portuguese National Statistics Institute).

TABLE IV

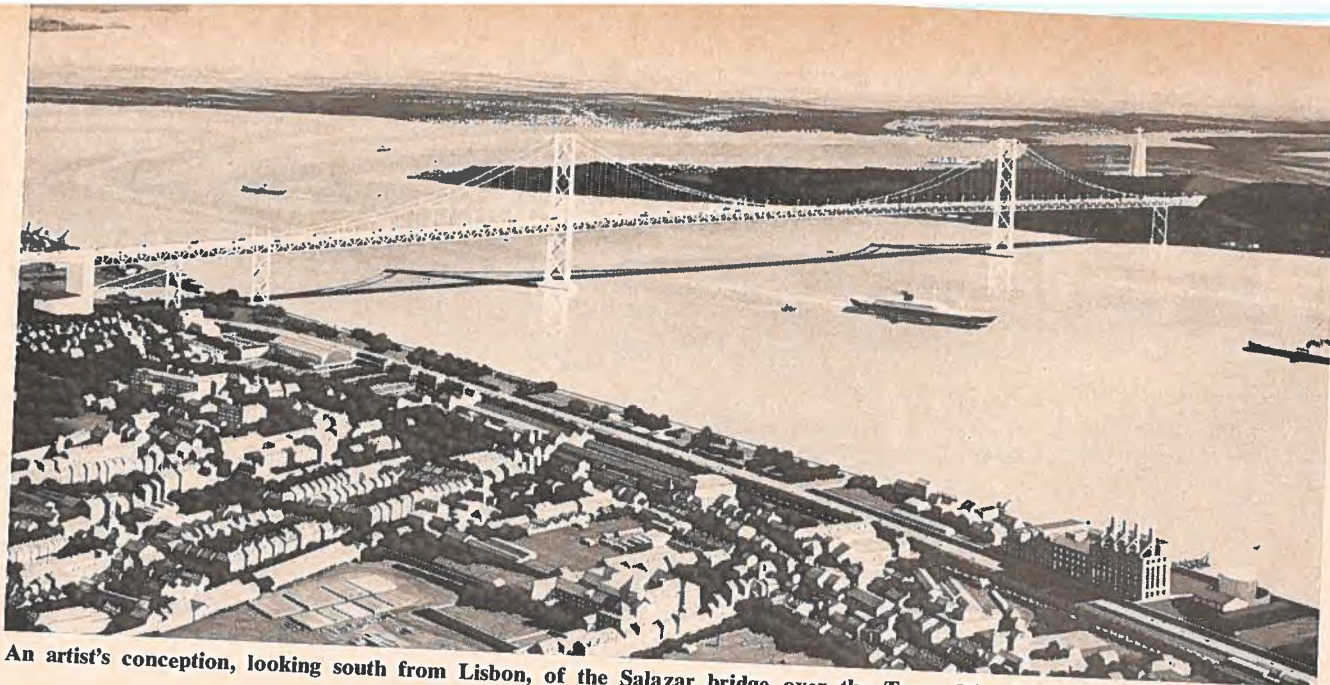
WHAT CANADA EXPORTS TO PORTUGAL

	1963	1964	1965	1966	1967 (7 mos.)
			(Can.$'000)		
Total	5,859	6,264	5,260	5,228	2,797
of which:					
Salt cod, all types	1,722	2,196	1,748	559	795
Wheat	....	786	....	1,197	....
Wheat flour	202	224	264	181	99
Whisky	31	59	38	37	19
Tobacco	76	67	57	....	....
Cattle hides	46	142	107	41	189
Flaxseed	379	822	259	510	....
Asbestos, all types	43	144	223	356	166
Newsprint	24	59	148	62	....
Polyethylene resins	56	74	46	155	....
Plastic and synthetic rubber	164	131	106	76	120
Sheet and strip steel	110	47	96	268	143
Aluminum pigs, ingots, slabs	62	77	44	79	20
Aluminum bars, rods plates	155	230	502	281	254
Copper refinery shapes	600	335	518	366	312
Lead pigs, blocks and shot	....	....	194	73	....
Aircraft engines and parts	410	94	6	97	11
Photo film and plates	36	54	68	73	77

WHAT CANADA IMPORTS FROM PORTUGAL

	1963	1964	1965	1966	1967 (6 mos.)
			(Can.$'000)		
Total	7,713	9,559	11,053	13,288	6,721
of which:					
Sea fish, fresh or frozen	53	113	106	171	60
Anchovy, canned	160	183	178	188	97
Sardines, canned	214	220	286	277	126
Cheese	4	13	32	59	44
Figs, dried	59	67	44	64	12
Olives in liquid preservative, not canned	57	79	144	105	34
Tomato paste, canned	1,414	837	2,911	4,377	1,855
Tomatoes, canned, n.e.s.	52	33	27	64	11
Grape wines	328	713	784	1,042	228
Brandy	80	118	102	127	60
Corks and cork materials	365	336	313	335	174
Hardboard	116	158	215	142	34
Cotton yarn	1,293	1,462	1,459	1,634	864
Baler twine	1,347	1,592	2,063	2,047	1,895
Rope	37	122	199	322	135
Drill, twill warp	....	....	80	108	44
Olive oil	....	....	58	121	62
Marble	....	....	170	76	38

Source: DBS



An artist's conception, looking south from Lisbon, of the Salazar bridge over the Tagus River which was opened in 1966.

• Average annual growth of 7 per cent in GNP is the target. This will bring average per capita income up to 17,200 escudos (Can.$654) by the end of 1973 from the present 11,000 escudos (Can.$418).

These are the sectors which will receive the lion's share of the 184 billion escudos to be invested in Metropolitan Portugal (in millions of escudos): mining and manufacturing 31,200; transport, communications 27,100; energy 17,600; agriculture and forestry 14,600; tourism 11,800; housing and urban development 8,100; education and research 5,600; rural development 2,900; health 2,300; fishing 1,800—total 123,000.

Investment in agriculture and transport and communications is larger than in previous plans and should go a long way towards modernizing Portuguese farming.

Of the 44,860 million escudos to be invested in the Overseas Provinces, Angola and Mozambique, the two largest, are to receive 25,045 million and 15,556 million escudos.

Foreign Trade Growing Fast

Between 1961 and 1966, Portugal's imports increased by about 11 per cent a year, from 19 to 29 billion escudos, and exports increased by roughly 14 per cent a year, from 9 to 18 million escudos. The expanding tourist trade helped to bridge the gap between imports and exports.

One-fifth of the imports came from EFTA countries and one-third from EEC countries. Between 1964 and 1966, the U.S. share fell from 11 to 8 per cent; Canada barely held its small share of less than one per cent (see Table III).

Canada exports a wide variety of products to Portugal. The biggest single item in recent years has been salt cod. Our imports also cover a broad spectrum. Tomato paste, baler twine, cotton yarn and wines are the main items. (See Table IV.)

The Commercial Counsellor, Canadian Embassy, Rua Marques de Fronteira No. 8 - 4°D°, Lisbon, will be pleased to explore the market for your product. Why not write now? •

The Librarian Suggests . . .

you will find the following list of EFTA reports and bulletins useful. For these and other books you should consult your local library. The Department of Trade and Commerce cannot undertake to obtain any of this material for you.

Published by EFTA Information Office, Geneva:

Building EFTA: A Free Trade Area in Europe pp. 147
The Effect on Prices of Tariff Dismantling in Europe pp. 118
Convention Establishing the European Free Trade Association with Amendments to January 1967
Open Doors in EFTA: Report on a Conference
Seventh Annual Report of EFTA, 1966-67
EFTA Trade 1959-65 pp. 150
Annual Review of Agricultural Trade 1966 pp. 50
The Rules of Origin
Agriculture in EFTA
Fisheries in EFTA
EFTA Annual Reports 1961-66
Agricultural Agreements
EFTA—What It is . . . What It Does
EFTA—a Single Market of 100 Million People
Free Trade in EFTA (EFTA Bulletin)
The Operation of a Free Trade Area
EFTA Bulletin (a monthly report)

Published by Blackwell, England, 1967:

Britain and Europe—How Much Has Changed? pp. 119 W. Pickles

Switzerland

- Expansion proceeding at a slower pace.
- Machinery imports growing fast.
- EFTA trade increases but EEC still main trade partner.

G. E. BLACKSTOCK,
Commercial Secretary, Berne.

IN SWITZERLAND, after several boom years during the late fifties and early sixties, economic over-expansion brought inflation, which the Swiss Government moved to counteract in 1964 and 1965. Employment, particularly of foreigners, was increasing rapidly, investment was high, demand higher, prices rising steeply. Drastic new legislation suspended interest payments on foreign-owned bank deposits, restricted domestic investment of foreign funds, curtailed bank credits, and set stringent limits on new building. In the first quarter of 1966, the economic expansion rate in this country fell to 4.3 per cent. The balance of trade and the balance of payments improved. The gross national product was increasing more slowly and investments were down for the first time in six years, although living costs continued to go up steadily. Employment totals eased. Industrial growth slowed. The economy cooled off and headed towards more normal levels.

Progress continued through 1966, with increased exports bringing about an improvement in the adverse trade balance. Building demand steadied and the restrictions on building were removed, but restrictions on loans and on the employment of foreigners were continued. Public expenditure—an inflationary influence—tripled in 1966. In spite of efforts to hold down living costs, consumer prices rose 4.6 per cent in 1966, hardly less than in 1965.

This is the bakery counter in one of Switzerland's modern self-service stores. Living standards are high and opportunities for Canadian exporters are good.

Rate of Expansion Steadies

By mid-1967, the economy no longer showed signs of overheating. The GNP, which had increased by only 2.3 per cent in 1966 to $16.1 billion, was up 5.1 per cent. However, an average increase for the next several years of only 3.5 per cent was being predicted, compared with the 1950-65 average of 4.7 per cent. Restrictions on foreign workers were taking effect. The number of foreigners employed in Switzerland decreased 4.1 per cent in 1966 from the 1965 figure and by nearly 10 per cent by early 1967.

Late in 1966, however, the export rate slackened. The total for the first four months of 1967 was Can. $1,197.5 million, up 7.7 per cent from 1966 but less than the 12.7 per cent increase of 1966 over 1965. During those four months, imports increased 6.7 per cent compared with a 5 per cent rise last year. The widening of the trade deficit continued during 1967 and the export growth rate now is the lowest since 1959.

The economy continues to expand but at a rate slower than at any time since the late 1950's. The last of the government controls introduced in 1964-65 to brake the too rapid economic expansion have been removed, except for the restrictions on foreign workers. October 1967 even saw a small drop in the cost of living. The economy is healthy, the outlook good.

Widening Trade Gap

Swiss imports in 1966 totalled Can.$4.25 billion, up from Can. $4.0 billion in 1965. Exports were Can.$3.6 billion, compared with Can. $3.2 billion in 1965. Thus imports increased 6.7 per cent in 1966 over the preceding year; in 1965 they rose only 2.5 per cent. Exports were up 10.4 per cent in 1966 compared with 12.2 per cent in 1965. In 1967 both imports and exports increased at a much slower rate but imports are still growing faster than exports, widening the trade deficit. Imports into Switzerland in the first nine months of 1967 increased 4.6 per cent compared with the same period in 1966. At the same time, exports increased by only 3.8 per cent reversing the trend in recent years of reduced trade deficits. Equipment and machinery is the fastest growing of the import groups (see Table I).

Table II shows the twenty top import categories. In 1966, imports of crude oil (included in fuels and mineral oils) doubled. Bread and feed grains, rice, and edible fats and oils were up 20 per cent; corn, plastic materials, clothing and synthetic yarns and fibres were up by over 10 per cent. The greatest dollar increases were in non-electrical machinery (up by Can.$38.5 million), optical-medical instruments (up by Can.$21 million), crude oil (up by Can. $20.7 million), copper (up by Can.$20.4 million), and electrical machinery (up by Can.$19.8 million).

Imports which were less in 1966 than in 1965 included table potatoes (down by half); slaughter cattle, condensed and powdered milk, butter and coal (down by 20 per cent); feed wheat, fruit, raw tobacco, raw iron, iron bars and pipes (included in iron and steel), diesel oil, raw lead and zinc (down by lesser amounts). The greatest decreases in dollar value were coal (down Can.$8.7 million), iron pipes and bars (down Can.$8.2 million), raw tobacco (down Can.$6.2 million), granulated sugar (down Can. $4.5 million), and diesel oil (down Can. $7 million).

Of the four broad groups of exports, consumer goods rose fastest in 1966 (see Table I). Swiss exports of non-electrical machinery, watches, chemicals, iron and steel products, dairy products, cotton goods and aluminum all increased more than the average increase for all exports of 10.4 per cent. The greatest dollar increases were non-electrical machinery (up Can.$76.4 million), all chemicals (up Can. $70 million), watches (up Can. $63.1 million), textiles (up Can.$23.5

TABLE I

SWITZERLAND'S FOREIGN TRADE

Imports by groups	**1965**	**1966**	**Per cent change**
	(Can.$ million)		
Equipment and machinery	660	728	(10.0)
Raw materials and semifinished products	1,821	1,937	(6.4)
Consumer goods	1,263	1,342	(6.3)
Fuels	237	245	(2.6)
Total imports	**3,981**	**4,252**	**(6.7)**

Exports by groups	**1965**	**1966**	**Per cent change**
	(Can.$ million)		
Consumer goods	960	1,067	(11.1)
Equipment and machinery	1,004	1,108	(10.3)
Raw materials and semifinished products	1,245	1,371	(10.1)
Fuels	5	5	——
Total exports	**3,214**	**3,551**	**(10.4)**

TABLE II

PRINCIPAL SWISS IMPORTS

	1965	**1966**	**Per cent change**
	(Can.$ million)		
Total	3,981	4,252	+ 6.7
of which:			
Non-electrical machinery	412	450	+ 9.4
Vehicles	313	311	− 6.1
Iron and steel	301	291	− 3.4
Fuels and mineral oils	250	258	+ 3.2
Electrical machinery and equipment	187	206	+11.0
Precious metals, jewellery and pearls	128	156	+21.6
Organic chemical products	129	136	+ 3.4
Plastics	91	101	+10.6
Optical and medical instruments	78	99	+27.0
Cereal grains	81	97	+20.4
Copper	77	97	+26.6
Fruit	95	94	− 1.7
Meat	65	69	+ 6.5
Wood	64	65	+ 2.2
Clothing	55	62	+13.0
Wool	57	59	+ 3.0
Knitted goods	50	57	+14.1
Paper and paperboard	50	55	+10.2
Books, newspapers, pictures, calendars	47	58	+11.9
Rubber	48	52	+ 7.7

TABLE III

SWISS BALANCE OF TRADE

	1963	**1964**	**1965**	**1966**	**1967 (9 mos.)**
			(Can.$ million)		
Imports	3,497	3,885	3,982	4,251	3,305
Exports	2,610	2,866	3,215	3,551	2,710
Deficit	887	1,019	767	700	595
Exports as per cent of imports	74.6	73.8	80.7	83.5	82.1

million), foodstuffs (up Can.$18.2 million), electrical machinery (up Can.$14.5 million) and optical-medical instruments (up Can.$13 million).

Direction of Swiss Trade

Switzerland trades mostly with Europe. In 1966, 80 per cent of the Can.$4.25 billion imports came from Europe and 66 per cent of exports went there. The EEC supplied 60 per cent of 1966 Swiss imports, four times as much as EFTA, and took 38 per cent of Swiss exports, twice what EFTA took. Germany is the biggest Swiss supplier, accounting for 29 per cent last year, and the biggest market, taking 15 per cent of exports in 1966.

The United States was Switzerland's fourth biggest supplier with 9 per cent of the total, and the second biggest buyer, taking 11 per cent of Swiss exports. Canada stands twelfth as a source of Swiss imports, with 0.93 per cent of the total, and ranks thirteenth as an export market, with 1.55 per cent. Apart from countries in Europe and the United States, Japan is the most important trading partner and provided 1.42 per cent of Swiss imports in 1966 and bought 2.04 per cent of Swiss exports.

Swiss imports in 1966 were 6.7 per cent larger than in 1965. Imports from other EFTA countries increased 12 per cent (double the average) and imports from the EEC rose only 3.7 per cent (half the average). At the same time, exports from Switzerland increased 10.4 per cent. Those to EFTA were up 9.3 per cent compared with 5.5 per cent to the EEC. The trend to increased trade between Switzerland and other EFTA members at the expense of trade with the EEC continues in 1967. Both imports and exports in 1966 show a decrease in trade with Europe as a whole of 1 or 2 per cent; trade with the United States rose slightly.

Switzerland's balance of trade with EEC, with Europe as a whole, and with the United States is negative; with all EFTA countries except Britain, with every other continent and with Canada, it is positive. The over-all negative Swiss trade balance is more than offset each year by tourism, income from other sources, and net capital transfers, and this regularly results in a positive balance of payments.

Canada's Trade with Switzerland

The trade balance between Switzerland and Canada usually favours Switzerland. Swiss imports from Canada in the 10 years before 1962 ranged between Can.$25 and Can.$30 million annually. In the next three years they built up to a peak in 1965 of Can.$42.4 million but in 1966 they slipped to Can.$39.6 million (these are Swiss statistics). Swiss exports to Canada usually Can.$3 to $6 million more than imports from Canada, reached Can.$48.2 million in 1965. In 1966, however, Switzerland sold Can. $54.9 million to Canada, producing an unfavourable Canadian balance of over Can.$15 million, the largest ever.

TABLE IV

WHAT CANADA SELLS TO SWITZERLAND

	1965	1966
	(Can.$'000)	
Total	27,095	31,010
of which:		
Wheat	6,626	6,241
Copper refinery shapes, bars, rods	3,432	3,383
Plastic and synthetic rubber	404	3,041
Fur skins	1,764	2,527
Fur goods, apparel	1,830	2,437
Aircraft engines, assemblies and parts	356	2,026
Navigation instruments	630	1,639
Automobiles, engines and parts	2,722	1,354
Asbestos	814	1,129
Meat, fresh or frozen	1,144	557
Aluminum pigs, ingots, shots, slabs	179	524
Computers and parts	457	411
Wood pulp	488	379
Newsprint	....	363
Photo film and plates	203	267
Zinc blocks, pigs, slabs	294	226
Animal material, glands	207	247
Rubber fabricated material	244	219
Buckwheat	....	214
Ladies' lingerie	174	155
Broad woven fabrics	95	155
Grass seed	151	149
Sheet and strip steel	42	145
Ophthalmic lenses, goods	105	129
Cattle hides	85	127
X-ray and related equipment	....	127
Salmon, whole, fresh, frozen	59	115
Liquor	94	80
Milk powder	45	64
Salmon, canned	20	67
Lobster	35	53

Source: DBS

Canada's main exports to Switzerland are shown in Table IV (these are DBS statistics based on f.o.b. values).

Opportunities for Exports

Switzerland is a small market but it is highly developed, industrialized and wealthy, with high living standards and no currency or exchange restrictions. There is a demand for almost everything of good quality at a competitive price. Here are some of the products Canadian exporters should be able to sell:

Fish and shellfish, fresh frozen and canned

Meat, particularly frozen beef, but also casings, bladders and offal

Oilseeds and mustardseed

Grass and fescue seeds

Grocery products, particularly specialties and confectionery

Tobacco

Wheat, oats and barley

Raw materials for the chemical and pharmaceutical industries, animal glands and organs, sulphur and synthetic rubber

Prefabricated housing materials, pulp and kraft

Asbestos, special steels, copper, lead, aluminum, zinc and nickel

Military equipment

Automobile parts and accessories, snowploughs, snow removal equipment, earthmoving equipment, tractors and agricultural implements

Synthetic fibres, foundation garments, children's clothing and sportswear

Raw furs and fur garments

Handicrafts and sporting goods (only hockey equipment has been fully exploited so far)

Arc and infra-red lamps

Calculating and other office machines

Domestic heating systems

Vocational training equipment (especially to UN agencies in Geneva).

Effects of the Kennedy Round

Tariffs on well over half of Canada's exports to Switzerland will be reduced in stages as a result of the Kennedy Round GATT tariff negotiations.

Some important Canadian exports already pay no duty or an insignificant duty which either will be reduced marginally or not at all. Copper bars, rods and wire, asbestos, nickel, rough wood (sawn lengthwise, sliced or peeled), alloy and high carbon steels, coins, alcoholic beverages and wheat, oats, meat, oilseeds and other seeds, casings, bladders and stomachs, and raw hides and skins are in this group.

Tariff concessions should produce a noticeable effect on Canada's trade in unwrought and scrap lead, copper and zinc, plastic and synthetic rubber and electric and electronic instruments.

The tariff reductions should have a really significant effect on motor vehicles; on fur garments (the cut was from 1,200 to 1,000 Swiss francs per 100 kilos); on earthmoving machines and snowploughs (where duties of 15 to 60 Swiss francs per 100 kilos were halved); on wood pulp where the reduction from 5 to 4 Swiss francs and 7 to 4 Swiss francs per 100 kilos will help Canada compete with EFTA exporters such as Finland, and on calculating and statistical machines, cash registers, engines and motors, sporting goods, vulcanized rubber products, films, glands and other organs, unwrought aluminum, fish, and foundation garments.

The doors are wide open in Switzerland for Canadian exporters coming to do business and the opportunities have never been better. ●

trade fairs

SPOGA Scores for Canada

CANADIAN EXHIBITORS at this year's International Fair for Sporting Goods, Camping Equipment and Garden Furniture in Cologne (SPOGA), found fair sales far exceeded initial expectations. On-the-spot orders amounted to some $80,000 and after-show orders were expected to reach some $800,000 during 1968.

Sixteen Canadian companies were among the 671 exhibitors showing a variety of equipment for all-year sports activities, plus garden furniture. This was the first time several of the firms had entered SPOGA.

At a reception given by the Canadian exhibitors and the Canadian Consul General in Duesseldorf, some 400 leaders in the European sporting goods trade and industry met their Canadian counterparts and many worthwhile contacts were made. The Lord Mayor of Cologne attended the reception and visited the Canadian exhibit.

Because SPOGA is a European fair, not strictly German, our exhibitors found most business contacts were from countries other than Germany. Inquiries from Britain, Switzerland, Austria, and Italy outnumbered those from Germany and other inquiries came from Chile and South Africa. One exhibitor even made a sale to a Canadian visitor!

The following companies participated:

Fishing tackle
Algonquin-Blanchard Limited,
Toronto, Ontario.

Archery equipment
Archery Craft Company Ltd.,
Toronto, Ontario.

Outboard motors
Arrow Products Limited,
Montreal, Quebec.

Fur boots and coats
Canadian Handicraft and Fur Mfg. Ltd.,
Montreal, Quebec.

Ice hockey equipment, skates
C.C.M.,
Weston, Ontario.

Hockey equipment
Cooper-Weeks Limited,
Toronto, Ontario.

Skates
Daoust Lalonde Inc.,
Montreal, Quebec.

Camping trailers
Emperor Tent Trailer Mfg. Ltd.,
Breslau, Ontario.

Water skis, paddles and oars, golf and ice hockey equipment
Export Enterprises,
Rexdale, Ontario.

Snowshoes
Faber and Co.,
Loretteville, Quebec.

Skate sharpeners
Fleming Gray Limited,
Galt, Ontario.

Garden furniture
Lindsay Specialty Products Ltd.,
Lindsay, Ontario.

Fishing rods
Major Rod Manufacturing Co. Ltd.,
Montreal, Quebec.

Water carriers, skate sharpeners, fishing tackle
Universal Marketing Associates,
Toronto, Ontario.

Ice hockey and baseball equipment
Western Shuffleboard Ltd.,
Calgary, Alberta.

—J. A. ELLIOTT,
Consul, Duesseldorf.

New Plastics at German Fair

THE FIFTH International Plastics Fair, *Kunstsoffe '67*, held in Duesseldorf last October, broke all attendance records for a fair of this type. During the eight-day run, 138,000 visitors from 58 countries trekked through eight display halls, viewing the latest developments in plastics. Some 782 exhibitors from 15 countries displayed a variety of products, including a Canadian-made injection moulding machine.

A wide range of machines, tools, moulds, and equipment for processing plastics attracted attention. Included were a number of auxiliary materials, such as plasticizers and stabilizers, and plastics of all kinds used in the manufacture of beer bottles, bodies for automobiles, and other products.

Among other items shown were plastic cooking pots, dresses and sheets made from a paper pulp (a foam plastic mixture), plastic foam used to prevent underground explosions, a plastic cushion used to attach railway tracks to ties, boxcar wheels, cold-formed plastics, and furniture made entirely from plastic.

Some of the most interesting displays were those showing a new development—the production of fibres from polyolefin, such as polypropylene. This process involves stretching and heating polypropylene film and then splitting it into tapes which are fibrillated. The need for an individual die for each strand of fibre produced is eliminated.

Since the last plastics fair in 1963, world production of plastics has increased 90 per cent. The head of a large German plastics firm recently predicted that in less than 50 years from now three quarters of all materails used by technicians would be plastics.

Four years is a long time in an industry which daily records technical advances. This spiralling progress will be graphically illustrated when the next fair opens in 1971.

—J. H. LANG, *Vice Consul, Duesseldorf.*

Canadian Foods in Belfast

CANADA'S national emblem, the Maple Leaf, became a symbol of friendship at the Belfast Telegraph Ideal Home Exhibition this past fall. Thousands of the tiny replicas were distributed at the Canadian exhibit as part of a mass giveaway promotion plan. To some 240,000 visitors the shiny pins were a mark of prestige, a sign that they had attended Northern Ireland's most important exhibition. This was Canada's first entry in the show since 1939.

Assisted by the Department of Trade and Commerce, five Canadian food companies displayed products such as maple syrup, juices, relishes, canned and processed fruits and vegetables—all seen and sampled.

Press coverage of the event was exceptional. "Arctic" honey, a product of Bee Cee Honey Company Ltd., captured headlines in Belfast's leading newspaper. The story spoke of Canada's area within the Arctic Circle as, ". . . the last place in the world anyone would expect to see bees busily at work making honey."

Visitors included many bargain-hunters attracted to the brightly lit stand. Some only sampled, but others purchased from a wide range of foods. These were packed in colourful maple leaf shopping bags.

In addition to the official exhibit, in-store displays promoted Canadian foods in 22 leading Belfast supermarkets. Five demonstrators, wearing Canadian clothing, enticed visitors to stop and view the exhibit and encouraged local agents to follow up their products at the main exhibit.

From 1964 to 1966 Canada's seaborne trade with this area averaged some $40 million a year. If statistics on goods of Canadian origin arriving from Britain were also available, this figure would be greater. Nevertheless, the outlook for our food exports here continues to be good. In fact, the over-all picture shows that our exports to Ulster are higher than our sales to Sweden, Switzerland, Greece, Denmark, and other trading nations.

Government plans to diversify manufacturing is largely responsible for Northern Ireland's economic upswing. This is apparent in the shipbuilding and aircraft industries (which employ some 10 per cent of the manufacturing force), which report rising employment and new contracts.

A recent order for two tankers (each 240,000 tons) and the acceptance of plans for a new dock capable of constructing ships up to 500,000 tons are examples of an optimistic outlook.

Continuation of this strong economic development will no doubt be reflected in the purchase of more and more high quality foods from Canada.

The following Canadian companies participated in this fair:

Set and clear honey
Bee Cee Honey Company Ltd.,
New Westminster, B.C.

Pickles and relishes
Bick's of Canada Ltd.,
Scarborough, Ontario.

Canned and processed foods
Canadian Canners Limited,
Hamilton, Ontario.

Canned fruits, vegetables and nuts, maple syrup
Grace Kennedy & Co. (Canada) Ltd.,
Montreal, Quebec.

Canned corn, green beans
Green Giant of Canada Ltd.,
Windsor, Ontario.

—DAVID G. NELSON,
Assistant Trade Commissioner, Glasgow.

foreign tariffs and trade regulations

Germany, Netherlands

ADDED VALUE TAX—As of January 1, 1968, Germany and the Netherlands will adopt an added value tax to replace their former turnover or cascade-type tax. In Germany the basic rate will be 10 per cent, with certain agricultural products and a few others subject to a rate of 5 per cent. The Netherlands basic rate will be 12 per cent with a rate of 4 per cent for certain goods and services (mostly agricultural products). Certain specified services will be exempt from this tax in the Netherlands.

It should be noted that both domestic production and imports will be subject to the same rates of tax.

Spain

CURRENCY DEVALUED—Spain devalued its currency following a meeting of the Spanish Cabinet on November 19. The former exchange rate was 60 Spanish Pesetas to one U.S. dollar. The new rate is 70 Pesetas to one U.S. dollar.

Republic of Ireland

LICENCES FOR APPLE IMPORTS—The Department of Agriculture and Fisheries, Dublin, has issued the following statement with regard to the importation of raw apples into the Republic of Ireland.

"To meet the demand until the 1968 home crop of apples becomes available, the Minister for Agriculture and Fisheries has decided to grant licences under the Apples (Regulation of Import) Order, 1951, for importation during the period 5th December, 1967 to 7th July, 1968 of raw apples grown elsewhere than in the United Kingdom. Import licences under the Order are not required for apples grown in the U.K.

"Apples imported from any source during the period 1st August to 28th February are liable to duty at 1½d. per pound. During this period a quota of 3,000 tons of apples of U.K. origin are allowed in at a duty rate of 1d. per pound, in accordance with Article 7 of Appendix III of the Free Trade Area Agreement.

"Apples imported in the period 1st March to 31st day of July from sources outside the U.K. are liable to duty of 1d. per pound. U.K. apples are not dutiable during this period.

"The commencement date of the period during which licences will be granted is earlier than normal this year because apple yields in both this country and the United Kingdom are very much lower than usual. Licences were not issued until 6th January, 1967 and 10th January, 1966"—Dublin.

United States

LABELLING OF ALCOHOLIC BEVERAGES—The October 28, 1967, edition of *Foreign Trade* carried an article on the new United States food labelling regulations. These were issued to bring the label statements required on food packages under the U.S. Food, Drug, and Cosmetic Act into conformity with the regulations of the Fair Packaging and Labeling Act of November 1966. Since publication of the article the Department has received a number of inquiries as to whether these new regulations apply to alcoholic beverages. We have been assured by Washington that the Fair Packaging and Labeling Act specifically exempts beverages subject to the United States Federal Alcohol Administration Act, which controls the packaging and labelling of alcoholic beverages containing not less than 7 per cent alcohol by volume.

Trade Commissioners on Tour

In Territory

French West Indies—K. G. Ramsay, Commercial Counsellor in Port-of-Spain, Trinidad, will visit Martinique and Guadeloupe January 7-13.

Guyana—J. D. Tennant, Assistant Commercial Secretary in Port-of-Spain, will visit Georgetown December 17-23.

Leeward Islands—J. A. Ahow, Commercial Officer in Port-of-Spain, Trinidad, will visit Antigua, St. Kitts and Montserrat January 21-27.

Libya—P. A. Freyseng, Commercial Secretary, and C. D. Miller, Assistant Commercial Secretary, in Rome, Italy, will visit Tripoli and Benghazi January 15-24.

Thailand—D. H. M. Branion, Assistant Commercial Secretary in Singapore, will visit Bangkok December 11-15.

Businessmen who would like the above to undertake assignments for them should write to the post as soon as possible.

The Containerization Movement: Melbourne

The Port of Melbourne, Australia, which has handled containerized coastal traffic since 1964, is spending A$10 million on containerization facilities to make for more efficient handling of overseas trade.

WAYNE A. McKENZIE, *Assistant Commercial Secretary, Melbourne.*

THE PORT OF MELBOURNE was early aware of the significance of compact methods of cargo handling. Now it is spending some A$10 million on facilities for containerization and the expansion of unitization. Trial shipments of canned fruits and wool, among others, have already been made out of inland towns in order to gain experience in the new transport methods.

In preparation for container traffic, the Port of Melbourne is building a new dock complex to be known as the Swanson Docks and also specially reinforced wharves for the new overseas container terminal. More than 1,000 of the projected 1,700 feet of wharf have already been constructed. When completed, the wharf will be 136 feet wide. Although the Port Authority retains ownership and control of all wharves, it will lease land behind them to the cargo-handling companies. This terminal will be operated by Seatainers Terminals Pty. Ltd., which is jointly owned by Overseas Containers (Aust.) Pty. Ltd., (OCL), and Associated Steamships Pty. Ltd. (The latter has operated a coastal container service since 1964 with its ship the *Kooringa.*) Seatainer will use overhead travelling electric cranes for the orderly stacking of the containers before loading and after discharge in the 30-acre area immediately behind the wharf. Along the wharf it will use the PACECO portainer-type cranes, each of which will weigh 500 tons, have a lifting capacity of 45 tons, and stand 220 feet high. They will be manufactured in Western Australia.

Agreement has been reached between the Victorian Railways and OCL on the design of a standard rail truck which will transport up to three containers 20 feet long at one time between the exporter's rail siding and the international container terminal at Melbourne.

What the Port of Melbourne Moves

Number of vessels			
Coastal	1,224	(3,953,024 gross tons)	
Overseas	1,848	(18,051,395 gross tons)	
Import Tonnage			
Coastal	2,670,525		
Overseas	4,937,808		
Principal Commodities (tons)			
Crude oil			1,983,504
Other oil products			400,083
Phosphatic rock			393,936
Motor cars and lorries			211,757
Machinery			185,842
Drugs and chemicals			180,655
Export Tonnage			
Coastal	1,261,442		
Overseas	1,820,338		
Principal Commodities (tons)			
Wool			252,816
Meats			177,753
Fruits, canned and pulp			132,836
Flour			111,206
Fruit, fresh			103,947

Companies Moving Quickly

Developments are proceeding apace because it is anticipated that, beginning in 1969, the British—Europe—Australia trade will see two British consortia operating fully containerized services.

The first to announce its plans was Overseas Containers Ltd., composed of:

Alfred Holt and Co.

British and Commonwealth Shipping Co. Ltd.

Furness, Withy and Co. Ltd.

Peninsular and Oriental Steam Navigation Co.

This group has ordered six cellular container ships (five from German

The "Kooringa", part of the coastal fleet of Associated Steamships Pty. Ltd., is the first ship in the world built for container service only. She went into service between Melbourne and Fremantle in 1964. "Kooringa" carries her own crane but shore-based cranes will be used in the future.

shipyards and one from British) for delivery between January and June 1969. The ships will be 745 feet long and have a speed of 21½ knots and a gross tonnage of 27,000. They will sail from Tilbury, Britain, calling at Fremantle in 21 days, Sydney in 26, and Melbourne in 30. Each ship will carry 1,130 containers 20 feet long; of these, one quarter will be refrigerated. All OCL containers will be built to International Standards Organization recommendations of 8 feet by 8 feet by 20 feet long. OCL has estimated that 80 per cent of the cargo carried between Britain and Australia is suitable for containerization. Its fleet of ships will have the capacity to carry up to 30 per cent of Australia's non-bulk export trade to Britain and Europe.

The second consortium, Associated Containers Transportation Ltd., is comprised of:

Ben Lines Ltd.

Blue Star Lines Ltd.

Cunard Steamship Co. Ltd.

Ellerman Lines Ltd.

Thos. and Jas. Harrison Ltd.

It has ordered three cellular container ships from German shipyards. The ships, similar to those of OCL, will have a length of 715 feet, a speed of 22 knots and a deadweight capacity of 23,000 tons.

Overseas Containers Ltd. and Associated Container Transportation Ltd. will integrate their services so as to share the same terminal facilities.

Two other foreign shipping groups are investigating the feasibility of containerized transport, particularly for the rapidly growing Japan-Australia trade.

Used in Coastal Shipping

In Australia, population and industry are mostly located near salt water. As a result, coastal shipping is important to the transport of goods. The Port of Melbourne has gained considerable experience in specialized cargo handling since the introduction by the Australian National Line in 1959 of specialized ships and roll-on, roll-off methods for traffic between Melbourne and Tasmania. Of the 1.4 million tons of cargo trade between Melbourne and Tasmania, 93 per cent is handled by specialized ships and more roll-on, roll-off ships are being built.

Associated Steamships Pty. Ltd., the company which began container services between Melbourne and Fremantle, has ordered two 9,500 d.w.t. container ships for its coastal service connecting Fremantle, Melbourne, Sydney and Brisbane. Loading and unloading will be done by shore-based cranes as opposed to the practice on the *Kooringa*. The ships will be built at Whyalla, South Australia.

Economies Expected

Some idea of the improvement that Melbourne hopes for with the introduction of containerization can be obtained by comparing two general cargo berths. The busiest berth, with an occupancy rate of 80 per cent, had a throughput of 148,000 tons during 1966, but a berth with an occupancy of 50 per cent by a specialized ship allowed a throughput of 226,000 tons. Because almost one half of the calls to Melbourne were by ships from Britain—and it is this trade which will be containerized first—it is expected significant economies can be effected in Australian overseas shipping. ●

trade lines

Brazilian shipyards get orders

The Brazilian Government has ordered twenty-four 12,000-ton cargo vessels from Brazilian yards. Local industry will provide 100,000 tons of steel, the 18,400-h.p. diesel units, 300-b.h.p. auxiliary motors, and generators. The ships will all be delivered by 1971, half of them for use by the government-operated Lloyd Brasileiro, half by private companies—Rio de Janeiro.

Short cut through U.S.S.R. for containers?

Van Gend & Loos (in which Netherlands State Railways holds a majority interest) and the Nippon Express Company hope to develop a containerized goods service from Europe to Japan across the Soviet Union. Containers would go by rail to Nakhodka, near Vladivostok, and then by sea to Niigata on the west coast of Japan—The Hague.

Chicken feet soup up Hong Kong diets

Chicken feet are used as a base for one of Hong Kong's most popular and nourishing soups. Supplies this year are expected to reach five million pounds and the potential market is thought to be seven million. The United States supplies over half the total but shipments from Canada are growing. Competitive prices are U.S.$10 to $11 per 100 pounds c.i.f. Hong Kong. The chicken feet must be fully scalded for easy peeling—Hong Kong.

Marks and Spencer will sell household textiles

The reputation of Marks and Spencer, the British chain, was built on quality goods at reasonable prices. Men's and women's clothing, fruit and baked goods are the chain's main lines. The proposed addition of household textiles, including sheets and towels, could provide opportunities for Canadian suppliers—London.

Scotland builds second distillery waste plant

Scotland is to build another plant to convert distillery waste byproducts into cattle feed. Four Speyside distillers are amalgamating in the new venture—a $900,000 plant at Ballindalloch Goods Station, Banffshire. Raw materials used include distillery draff (a residue of malted barley) and pot or burnt ale. Production is expected to reach 150 tons a week. The manufactured product will be marketed under the name *Distillers' Dark Grains*, and will contain a minimum of 23 per cent protein and high B vitamin feed. Another group of Speyside distillers markets a similar product under the trade name *Scotasol*—Glasgow.

Australian natural gas pipeline contract awarded

SNAM Progetti's Australian subsidiary won the Can.$6.2 million contract for construction of 110 miles of natural gas pipeline from Sale to Dandenong, Victoria. Work should be finished by June 1968—Melbourne.

Midwest will double spending on hospitals

A survey of hospitals in Illinois, Indiana, Michigan and Ohio shows that they plan to spend U.S.$539 million on new facilities in the next decade, compared with U.S. $228 million in the last ten years. This figure includes the cost of automation, computers and closed-circuit television, as well as conventional medical products—Chicago.

Good market for pumps in the Middle East

The British Pump Manufacturers Association reported after a recent mission to the Middle East that there is a strong demand for pumps, especially for shallow well and borehole pumps. Price is the deciding factor in making a sale, but quality and delivery are also important. The mission suggested that members of the Association combine to design a pump for mass production which would then be manufactured by one firm and marketed by all members—Liverpool.

Norway participates in Marseilles Fair

A display of fjords, mountains, and the midnight sun gave Frenchmen a glimpse of Norway at the International Fair in Marseilles during September. This was Norway's third successive year at the fair, and ten firms showed a variety of products including giftware, soft furnishings, linens, calculating machines, and beer. The tourist division of the National Institute for Tourist Traffic in Norway also set up a display. Some 1.5 million visitors saw the fair during its twelve-day run —Oslo.

Construction boom continues in the Bahamas

In the first six months of 1967 the value of building permits issued in Freeport jumped 25 per cent over the same period in 1966. According to the city's building inspection department, construction costs from January to June this year totalled $11.6 million compared with $9.9 million in 1966—Kingston.

New Zealand ships hides by new method

The first overseas shipment of wet salted ox hides using pallets as a packing method arrived in Britain recently. The hides were in good condition after the long journey from New Zealand to Liverpool. Delivery and loading rates were reduced to approximately half compared with the traditional bags. Dock and handling charges were also less—Liverpool.

Ivory Coast mineral production declines

Mineral production in the Ivory Coast continued to decline in 1966. The production of columbite, previously negligible, stopped completely. In spite of prospecting in a new western diamond field, which might have offset a fall in production following closing of fields in the central and northeastern areas, diamond output dropped from 198,300 karats to 183,800. Manganese ore production also fell from 179,800 metric tons to 176,200—Accra.

Solvay goes public

The Belgian chemical firm of Solvay and Co., with assets of some $9 billion and sales in 1966 of $5.6 billion, is to offer shares to the public for the first time since Ernest and Alfred Solvay founded the company a hundred years ago. The $50 million obtained from the sale of shares will be used to finance a major investment program. Solvay has holdings in other chemical companies worth $130 million at market value—Brussels.

Turkey produces glass fibre

Turkey's new glass fibre plant at Gebeze is now in production. Output has been set at 1,200 tons a year, enough to meet domestic needs and allow for exports to the Middle East and the Balkans. Ninety per cent of the raw materials used are domestic. The licensee Linzer Glasspinnerei of Austria, holds 15 per cent equity—Athens.

Housebuilding continues to grow in Sweden

Supported by an expansive credit policy, building in Sweden continues to expand, especially house construction, where high production has been maintained. For January to July, building figures were 40 per cent over the same period in 1966. At the end of August, building credits granted to government-financed projects were extended by $52.2 million. An increase in building starts has resulted and this is forecast to continue until the end of this year when 100,000 units are expected to be completed, compared with 98,000 in 1966—Stockholm.

Jamaica Invites Tenders for Hospital Equipment

THE Government of Jamaica desires to secure the names of capable firms who wish to be prequalified to tender for the supply of fixed and movable electro-medical, electro-surgical, laboratory and food-service equipment for a new 400-bed hospital at Montego Bay, Jamaica.

Tenders will be invited on an international basis and the successful tenderer will be required to enter into a contract with the Government of Jamaica. The firm selected must show evidence that the officer in charge of this installation has the necessary qualification and experience to carry out the assignment. It is a condition of prequalification that the firm is able, if required to do so, to train in its organization a maximum of four local men in the techniques of the operation and servicing of the equipment to be supplied.

Any firm interested in tendering should send particulars of qualifications, experience, catalogues and descriptive literature to the Equipment Consultant, Mr. Rafael A. Cruz-Ginorio, G.P.O. Box 3548, San Juan, Puerto Rico 00936, with two copies to the Permanent Secretary, Ministry of Communications and Works, 140 Maxfield Avenue, Kingston 10, Jamaica, West Indies.

An indication of the approximate delivery date on particular items of equipment would be appreciated. All literature, brochures and other information should reach both the Consultant and the Ministry of Communications and Works by February 7, 1968. ●

Foreign Exchange Rates

NOTE: For a number of countries, no quotations were available at the time of going to press.

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 Foreign Currency unit in Canadian dollars at November 23	Value of Canadian dollar in foreign currency units at November 23
Algeria		
Dinar	.2192	4.56
Argentina		
Peso (free)	.0031	322.58
Australia		
Dollar	1.215	.8333
Austria		
Schilling	.0416	23.98
Bahamas		
Dollar	....	....
Belgium and Luxembourg		
Franc	.0216	46.25
Bermuda		
Pound	2.989	.33
Bolivia		
Peso	.0904	11.06
Brazil		
Cruzeiro (official free)	.3982	2.51
Britain		
Pound	2.604	.38
British Honduras		
Dollar	.7473	1.33
Burma		
Kyat	....	....
Ceylon		
Rupee	.1808	5.53
Chile		
Escudo (bank rate)	.1907	5.24
(free)	.1674	5.97
China, Republic of		
New Taiwan Dollar (official)	.0233	42.92
Colombia		
Peso (fixed)	.066	14.95
Congo, Republic of[1]		
Franc	.0072	139.50
Costa Rica		
Colon	.1625	6.15
Cuba[2]		
Peso	....	....
Czechoslovakia		
Koruna	.1495	6.68
Denmark		
Krone	.1440	6.94
Dominican Republic		
Peso	1.076	.93
Ecuador		
Sucre (official)	.0597	16.67
(free)	.0542	18.45
El Salvador		
Colon	.4305	2.32
Fiji		
Pound	....	....
Finland		
Markka	.2563	3.90
France, Monaco, etc.[3]		
Franc	.2196	4.55
Franco-African Republics[4]		
Franc	.0044	227.79
French Pacific[5]		
Franc	.0121	82.64
Germany		
D Mark	.2700	3.70
Ghana		
New Cedi	1.054	.95
Greece		
Drachma	.0358	27.86
Guatemala		
Quetzal	1.076	.93
Guyana		
Dollar	....	....
Haiti		
Gourde	.2153	4.64
Honduras		
Lempira	.5381	1.86
Hong Kong		
Dollar	....	....
Hungary		
Forint (official)	.0921	10.86
Iceland		
Krona (official)	....	....
India		
Rupee	....	....

Country and Currency	Value of Foreign Currency unit in Canadian dollars at November 23	Value of Canadian dollar in foreign currency units at November 23
Indonesia[6]		
Rupiah	....	....
Iran		
Rial	.0142	70.42
Iraq		
Dinar	....	....
Ireland		
Pound	2.604	.38
Israel		
Pound	.3075	3.25
Italy		
Lira	.0017	581.86
Japan		
Yen	.0029	335.37
Kenya		
Shilling	.1402	7.13
Lebanon		
Pound (free)	.3336	3.00
Malaysia		
Dollar	.3516	2.85
Mexico		
Peso	.0861	11.61
Morocco		
Dirham	.2129	4.71
Netherlands		
Florin	.2990	3.35
Netherlands Antilles		
Florin	.5707	1.75
New Zealand		
Dollar	1.218	.82
Nicaragua		
Cordoba	.1537	6.52
Nigeria		
Pound	....	....
Norway		
Krone	.1507	6.66
Pakistan		
Rupee	....	....
Panama		
Balboa	1.076	.93
Paraguay		
Guarani (free)	.0086	116.28
Peru		
Sol (free)	.0268	37.03
Philippines		
Peso (free)	.2748	3.64
Poland		
Zloty (fixed basic rate)	.2685	3.72
Portugal & Colonies[7]		
Escudo	.0374	26.66
Saudi Arabia		
Riyal	.2066	4.84
Sierra Leone		
Leone	1.506	.66
South Africa		
Rand	1.506	.66
Spain & Dependencies		
Peseta	....	....
Sweden		
Krona	.2080	4.80
Switzerland		
Franc	.2493	4.01
Syria		
Pound (free)	.2812	3.56
Thailand[1]		
Baht (free)	.0522	19.19
Tunisia		
Dinar	2.066	.48
Turkey		
Lira	.1196	8.36
United Arab Republic		
Pound (official)	....	....
United States		
Dollar	1.076	.93
Uruguay		
Peso (free)	.0054	185.18
Venezuela		
Bolivar (official free)	.2396	4.17
West Indies		
Dollar[8]	....	....
Pound[9]	2.604	.38
Yugoslavia		
Dinar (official)	.0861	11.63

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.

Marketing Data Sheet

SWITZERLAND

Area

15,944 square miles.

Climate

The temperature ranges from —35°C. to +35°C. Most populated areas have a temperate climate but the Canton of Ticino has a Mediterranean climate. Centigrade scale is used.

Population

In 1967, population was estimated at 5.9 million.

	Males	Females
15 to 19	217,700	209,300
20 to 39	797,700	776,400
40 to 59	647,800	685,800
60 and over	349,600	470,200

Households

There are 1.6 million family groups, of which 760,000 live in multiple dwellings.

Income

National income in 1966 was estimated at 53.6 billion Swiss francs, 8,900 Swiss francs per capita. The average hourly wage for men was 5.6 Swiss francs in 1966 (5.20 the year before), and for women 3.5 Swiss francs (3.3 the year before).

Motor Vehicles

Registrations in 1966 were 919,000 passenger vehicles, 180,000 commercial vehicles, and 181,000 motorcycles and scooters.

Telephones

378 telephones per thousand persons; 256 subscribers per thousand persons.

Radio and Television

In 1966, there were 1.6 million households with radios and 751,700 with television sets. Radio and television broadcasting facilities (625 lines per picture) are publicly owned.

Water Supply

Safe to drink. Hardness is variable.

Electric Power

50-cycle a.c. single- and three-phase 220/380 volts in most of the country but there are variants (Locarno has 125/220 volts). Frequency stability is good. A grounding conductor is required in the electrical cord attached to an appliance except for small household appliances. The distribution system has a ground wire. National capacity in 1965-66 was 27.4 billion kwh. That year industry consumed 4.5 billion kwh., railways 1.7 billion, domestic, farm and commercial consumers 10.1 billion, and 6.2 billion were exported.

Coal

No local production. In 1966, 1.4 million tons were imported, a drop of a million tons since 1961 largely because of increased use of petroleum products.

Gas

Manufactured gas and LPG are available and natural gas will be imported from the Netherlands in 1972. Consumption in 1966 was 266 million cubic metres of gas produced from coal, 74 million from petroleum, and 7 million LPG. Manufactured gas has a thermal content of 4,200 kilocalories per cubic metre and LPG 6,500 kilocalories. There is a 734-kilometre high-pressure grid operating at 6 to 8 ats. and a 6,959-kilometre low-pressure grid. Basel and Berne are linked by gas pipeline; one from Zurich to St. Margarethen and Schaffhausen will be ready in 1969. Manufactured gas costs between 25 and 38 centimes per cubic metre and LPG between 50 and 60 centimes.

Petroleum Products

All petroleum products are available. In 1966, Switzerland imported 2.3 million tons of crude, 1.3 million tons of gasoline and 4.2 million tons of fuel oil. There is no local production of crude.

Weights and Measures

Metric.

Screw Thread

Metric (international system).

Standards

Official approval is mandatory for gas, electrical and other fuel appliances. The address of SEV, the approvals organization, is:

Schweiz Electrotechnischer Verein
Seefeldstrasse 31
8000 Zurich
Switzerland

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

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