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COMING: SELLING TO INDUSTRY IN SWEDEN, OCTOBER 14 ISSUE

Home Truths about Clothes Abroad

One of the events planned for Canada Week at Atlantic City, June 30-July 6, 1966, was a display of Canadian women's wear.

Merchandise managers of Philadelphia stores were asked what should be done to improve the sales of Canadian apparel in the United States. The answers suggest a complete overhaul of our marketing technique.

WILEY J. MILLYARD, *Consul and Trade Commissioner, Philadelphia.*

CAN CANADIAN-MADE apparel find a substantial market in the United States? Are the sales we already have there likely to continue on a regular basis? Some of our exporters are enthusiastic and claim the United States market varies little from the Canadian, while others say it is futile and a waste of time and money to try to sell across the border.

In an effort to get some sort of a definitive answer to the long-standing and perplexing question of how to sell garments in the United States, two officers from the Canadian Consulate and two representatives of Quebec's Department of Industry and Commerce recently conducted an intensive survey in Philadelphia, the country's fourth largest city and a highly representative one. Over a four-day period, meetings were held with senior merchandise managers of the four main department stores and a leading ladies' specialty store in the city. Some of the information gathered, if put to good use, would make possible a marked increase in sales of Canadian apparel.

Make It Distinctively Canadian

At every meeting without exception there was an atmosphere of goodwill and an obvious desire to offer constructive suggestions. In all the stores we heard favourable comments on Expo 67 and the hope expressed that Canada would take advantage of the impact it had made. Some of the observations were made by managers in more than one store but all came up with a number of imaginative proposals of their own. There were virtually no contradictory statements. Taking them all together, we found we had a blueprint for selling in this country that export-minded apparel producers in Canada would be foolish to ignore.

Nearly all the store executives candidly admitted that they had had little or no experience with Canadian merchandise, particularly in recent times. The one exception was a manager who had had a diversity of sample ladies' garments presented to him in the last twelve months. He said, "There is nothing distinctive about their styling, colouring or workmanship which creates in me a desire to buy". This was a recurrent theme—lack of something distinctively Canadian and excessive use of U.S. patterns, particularly by branches of U.S. companies. One manager exclaimed, "The American public only buys fashion. Make Montreal the Paris of the New World!"

The four department stores send buyers to New York regularly and all send from ten to twenty-six buyers overseas several times a year. One executive remarked, "When a buyer knows we are spending $2,600 on his trip, he feels that he must buy something to justify the outlay. He would not feel the same compulsion if he were to go to Toronto or Montreal. You've got to have things that are different."

Become Known in New York

All four stores belong to different merchandise buying houses with headquarters in New York. These organizations are constantly sending out circulars to their member stores describing new and appealing items that have come to their attention. None of the managers could recall seeing any Canadian merchandise featured, though one commented on the amount of Mexican clothing that his buying house seemed to promote. Another manager remarked that a major Canadian store belonged to his group, but if the group ever found anything new and interesting in Canada it certainly did not bother bringing it to the attention of the others.

Two of the stores felt that it would be a good idea for the federal or provincial trade departments or even the garment industry itself to invite the president of their buying house and one or two key assistants to go to Canada to see what was really going on. If they felt that there was something new and distinctive taking place, they would not be long in letting all the stores in the group know about it. One manager thought it would pay a Canadian apparel association to follow the example of the California apparel producers who have permanent offices in New York so as to be in the closest possible contact with buying houses and individual stores.

Talented Designers Wanted

One of the most senior merchandisers said that in his opinion there were only two basic reasons why stores in the United States would favour Canadian apparel: an indigenous difference and/or price appeal. He pointed out that in the past five years London has become a focal buying centre, not by copying what Paris produced but by creating clothing distinctively British. Italy had done likewise and even Ireland, small though it was, had established an identity of its own. In addition, the California garment industry had developed so many distinctive styles in recent years that most big stores in the East now felt it imperative to send buyers there at least once a year. Asked how he thought Canadian couturiers could best attract attention, he replied, "Develop some designers that can make an international name for themselves. You don't have any now that I know of." A good way to do this, he thought, would be for our guilds or associations to send promising young people on scholarships to design schools in the United States or else sponsor contests in these schools and offer the winners attractive jobs in Canada. Another executive thought that U.S. knitwear designers were so good that Canada should "steal" some of them.

Certainly the subject of good design came up so often in our talks that there was no doubt of the importance they attached to it. One manager alluded to the tremendous influence wielded by two fashion consultants in New York. Their opinions have a great influence with the leading stores and their advice is constantly being sought. He felt that if one of these ladies could be induced to make a survey of what Canada had to offer and returned to New York full of enthusiasm for what she had discovered, the word would spread like wildfire, with buyers taking off for Canada like prospectors rushing to a new strike.

Show Only the Best

The reaction was mixed when we asked if they were willing to send buyers to Canada now to see the latest styles. One manager said that before he would sanction the expense of a team of buyers he would like to send one person to scout the situation. They were virtually unanimous in preferring to send buyers to visit plants rather than a fashion show (and they would do it at their own expense, too). However, they stressed the need for pre-selection, arranged by either government trade departments or the guilds themselves, so that time would not be wasted on manufacturers who had nothing of particular interest. This was even more important in the case of a large trade show. One manager urged that fairs should be postponed until the right kind of merchandise was ready. If the wrong kind of garments were allowed to be shown buyers would return to the United States determined never to attend another of our shows, let alone visit individual plants. A mistake of this kind could ruin Canadian export prospects for a long time to come.

All were agreed that Canada should forget haute couture as far as the U.S. market was concerned and concentrate on ready-to-wear garments. Executives in two stores stressed specialization and, from what we could gather, this would take the form of concentration on winterwear and tartan classics rather than cocktail or evening dresses. (We should however point out that only one of the four stores seemed to attach much importance to its ladies' ski attire section.) Although we respect the sincerity of these opinions, in retrospect we can not help feeling that the emphasis on such narrow specialization is to some extent due to lack of knowledge of the size and versatility of Canada's apparel industry—lingerie, children's wear, sweaters, dresses and evening gowns are now sold to stores in a number of U.S. cities. While greater specialization would help to establish a Canadian fashion identity in this country, it could probably be more broadly based than was suggested without affecting future export efforts.

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Ground Rules for Success

Some very basic advice on what stores expect of their suppliers came out in conversation:

- **Sizing**—Canadian sizing must be just as reliably standardized as it is in the United States. Two buyers cited instances of carelessness in sizing which had left a bad taste.

- **Calling**—Regular salesmen's calls are essential. Without follow-up, an initial break-through won't bring automatic repeat orders. One of the managers places business worth $20,000 a year with a Montreal lingerie maker but claims he would not be bothered ordering if a company representative didn't regularly make two visits a year to discuss new models and the changes required for local trade.

- **Exclusiveness**—One store in particular laid great stress on the need for exclusiveness, "If they gave the line to one of our competitors we'd be affronted and if they sell to a discounter they're dead as far as we're concerned".

- **Discount**—An 8 per cent discount for cash is standard practice throughout the U.S. "If Canadians want our business they must be prepared to do likewise", we were told.

- **Re-orders**—Ability to fill re-orders promptly is something U.S. stores really appreciate. During a short season when a line is selling out rapidly they need fast replacement.

- **Advertising**—Advertising allowances vary according to the product and the policy of the supplier and store. There is no standard practice. Most European houses do not provide any allowance and the store's mark-up is raised accordingly, usually about 7 per cent. The majority of U.S. suppliers are prepared to share advertising costs and possibly some Canadians would find it advantageous to do likewise, but there is no easy rule-of-thumb.

- **Pricing**—No matter how attractive styling and quality may be, the merchandise must be landed at competitive prices. One manager said that in his experience Canadian prices were inclined to run about 20 per cent too high to allow the store its customary mark-up and still be acceptable to the buying public.

Rather than attempt to summarize so many viewpoints on such a wide-ranging subject, we will let the statements speak for themselves. We suggest that you keep in mind the final remark of one merchandise manager, "Remember, even though we're merchandisers we're also in showbiz. We're always open to new ideas, something that will draw the crowds—that's what keeps us going. Our customers are creatures of habit and you've got to come up with something novel to make them switch. Maybe you have things in Canada we're not aware of that could be exciting. You have a big friendly country right next door and we'd like to know more about what's going on in Canada." These words are characteristic of the friendly interest we found in all the stores we visited. ●

Selling Engineering Services in Malaysia

POTENTIAL industrial and rural development schemes in Malaysia appear to offer interesting possibilities for Canadian consulting engineering firms and consortia to participate through joint ventures. At least three Canadian groups in this field have recently carried out reconnaissance in Malaysia and have aroused considerable local interest. But if these firms or consortia are to win actual contracts or tenders, they must establish local contacts or better still, set up representatives on the spot.

In selling foodstuffs, consumer goods, and other manufactured products, Canadian companies must meet stiff competition from Japan, the Republic of China (Taiwan), Hong Kong, Australia and New Zealand. Prospects appear better for filling some of the requirements of the public sector, such as government projects and development schemes that combine consulting engineering services with the sale of capital goods. Among these are: telecommunications and microwave systems; earth satellite stations; T.V. and radio extensions; the generation and distribution of hydroelectric power; port and harbour development, airport extensions and aids to navigation; aerial surveys and land utilization schemes; setting-up of a forestry complex, including pulp and paper, lumber, veneer, and plywood plants, and also a fish-processing plant; supply of technical and vocational school equipment and scientific and hospital equipment; water services, and sewerage installations.

It is apparent from this list that most of the enumerated potential is in a number of fields in which Canada has already carried out assistance programs under Colombo Plan contributions. The noticeable trend among the 13 contributors to the Aid-to-Malaysia group (of which Canada is one) is to tie their grants and/or loans to specific projects drawn up by the local authorities under the Five Year Plan, most of which have already been vetted by technical teams sent out by the World Bank. Certain of these projects will be going to international tender but a number of them—probably the majority—will be identified and requested as part of the long-term hard or soft loans and outright grants already declared by individual contributors such as Japan, West Germany, France, the Netherlands, Belgium and Canada—to name a few which have indicated definite amounts and contributions to date.

Canada's contributions to Malaysia will reach about $15 million over the life of the Five Year Plan that ends in 1970. Half of this will be in the form of grant aid and the remainder in the form of long-term external aid soft development loans for periods of thirty years at 3 per cent and seven years' grace. Canada has also indicated that the Canadian Export Credits Insurance Corporation is prepared to consider ECIC long-term financing for suitable projects submitted to it by Canadian exporters.

All this could mean substantial opportunities for introducing Canadian goods and services into Malaysia at the government level or through the public sector. Our image is good here, particularly because our total aid contributions to Malaysia from the time that independence was achieved in 1957 have so far exceeded M$50 million (Can. $15 million).

—P. STUCHEN,
Commercial Counsellor,
Kuala Lumpur.

Businessman and Trade Commissioner Explore a Market

GRANT TAYLOR, president of Taylor-Leslie Mining and Engineering Corporation of Toronto, had an idea to sell. Impressed by the acute need for low-cost housing in developing countries—an impression acquired during a visit to Central and South America—he had worked out a modular method of construction, using concrete. This technique produces, at the rate of up to 25 a day, a low-cost but adequate house and needs little skilled labour on site. The problem for Mr. Taylor: where to begin marketing it.

It was midnight when Grant Taylor (centre) finally arrived at the Kuwait Sheraton but he found Ian Macdonald, Canadian Commercial Counsellor in Beirut, waiting to greet him. It was Mr. Macdonald who originally suggested to the Canadian engineer that a personal visit to Kuwait might well prove fruitful.

At this point, Ian Macdonald, Commercial Counsellor in Beirut, Lebanon, came into the picture. His territory includes the Arabian Gulf area and, following correspondence with Mr. Taylor, he decided that there were possibilities of selling this mass-produced housing scheme to the Government of Kuwait. He suggested that the Toronto engineer explore this by visiting the area.

Trade Commissioners, as part of their regular duties, help to plan business visits by making appointments, by lining up prospective agents, by suggesting itineraries and in other ways. Sometimes they are able to accompany Canadians on their rounds, particularly on a first visit and when the market to be explored has unique customs and features. Mr. Macdonald proposed that he meet the Toronto engineer in Kuwait and assist him in his reconnaissance.

The two men rendezvoused in Kuwait last March and spent a week together there. Piloted by the Trade Commissioner, already persona grata in this area, Mr. Taylor met everyone who might have an interest in his housing technique, including the head of the Planning Board, leading businessmen, local contractors, and prospective agents.

The Planning Board thought his techniques useful but pointed out that to satisfy Arab tastes, the house would have to be redesigned. The flat roof would have to have a parapet around it because, on hot nights, the people sleep there. In addition, the house must be surrounded by a high wall. These adaptations of the plans are now being made. Mr. Taylor was offered the post of consultant to the Planning Board but refused it, because Kuwaiti law forbids a man to be both a consultant and active in contracting.

By the end of the week, an agent for Taylor-Leslie had been chosen and briefed and Mr. Taylor departed for other Arabian Gulf countries, confident that business in Kuwait would be forthcoming.

The photographs on the next three pages follow the businessman and the Trade Commissioner as they moved about Kuwait, acquiring first-hand knowledge of a housing market with good potential.

If you are planning a business visit, no matter where and whatever product you want to sell, don't forget that the Trade Commissioners can help you too.

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In preparation for an early start on a round of calls the next morning, the two sat down immediately in Mr. Taylor's hotel room to discuss the appointments that had been made and to brief the new arrival on observing proper protocol.

In Arab countries, an immediate plunge into a business conversation is considered rude. First comes the ceremonial drink of Arabic coffee. Mr. Taylor receives his cup before discussing Canadian-Kuwaiti relations with a prominent Kuwaiti industrialist and the director of the Chamber of Commerce.

One important meeting was with Mr. Saba George Shiber, a leading authority on urban planning in Kuwait. Here Mr. Taylor had an opportunity to talk over with an expert his method of producing low-cost housing for tropical countries.

The next day, activities begin early. At breakfast, Mr. Taylor and Mr. Macdonald entertain a prospective agent (second from right) and a local contractor. Finding an agent was one of the main objectives of Mr. Taylor's visit to Kuwait.

As the search for an agent nears its end, Mr. Taylor engages in a technical discussion of the Taylor-Leslie construction methods. The man shown in this picture, Abdul Rahman Sayid Hashim Al-Gharabally, was Taylor's final choice to represent him.

The relationship between agent and principal is cemented in the traditional Arab way by an exchange of gifts. Mr. Taylor is shown receiving a pictorial history of Kuwait and in return gave the agent a crisp Centennial dollar bill.

With his new agent as a guide, it's time to do a bit of shopping with those back home in mind. What would be more welcome than an oriental rug? Note in the background a highly ornamented Kuwaiti chest.

The encouraging response in Kuwait led Mr. Taylor to accept Mr. Macdonald's suggestion that he also visit Abu Dhabi, Dubai, and Saudi Arabia. With the help of the British Consul in Kuwait (centre) the needed visas were quickly acquired.

It's goodhye to Kuwait and on with the reconnaissance in other parts of this area, as the traveller steps into a taxi that will take him to the airport. His newly found partner appears to be expressing a pious hope for the success of the venture.

businessman's bookshelf

Canadian Annual Review for 1966

University of Toronto Press. 521 pages. $25.00.

JOHN SAYWELL'S TEAM of writers, most of them professors of political science or history, were faced with the difficult task of setting in perspective the events of a year which produced one sensation after another. The result is a fascinating chronicle of Canadian public life. The businessman who buys it for the office is likely to find himself taking it home to re-read at his leisure.

The Review is divided into five main sections—Parliament and politics; the provinces; external affairs and defence; the national economy, and life and leisure. The last section is a basket item which contains articles by some of the non-university contributors such as Joan Powers, a PRO from the National Research Council (on science), Ralph Mitchener of DBS (on education), Keith MacMillan of the Canadian Music Centre in Toronto (on music), and David Silcox (on art).

Quotations from the Canadian daily press are used very effectvely to crystallize the contemporary mood. Where the original was in French, the quotation is in French. The modern practice is followed too in printing the contributions of French-speaking authors in their own language, for instance Jean-Charles Bonenfant (on politics), and Jacques Vigneault (on the theatre).

The index is good, but not infallible—Truscott doesn't appear, but you can track down the case if you remember that Isabel LeBourdais wrote the book about it. There are seven pages of brief obituaries with references to the newspapers in which longer notices can be found. The section on the national economy is well done and bristles with quotable figures which will save the speechmaker a good deal of searching.

Order from: University of Toronto Press, Front Campus, University of Toronto, Toronto 5, Ontario.

South American Handbook

Trade & Travel Publications Ltd. 866 pages. $6.25.

THIS edition of the Handbook is the forty-third in a line going back to the 1920's, when travel in South America was much more hazardous than it is today. The Handbook has lost none of its vitality through the years; its power of observation is as keen as ever and it still calls a spade by no other name.

The area it covers is South America, Central America, Mexico, the West Indies, and the Caribbean. There are eight pages of coloured maps in the front of the book and a large number of maps, town plans and sketches interspersed with the text. After a general introduction to the region as a whole come chapters about each country. These are all more or less on the same pattern: a description of the geography and history of the country and its present form of government; a survey of the towns and ports with information on banks, chambers of commerce, hotels, restaurants and entertainments; a survey of the economy, and hints for visitors. There is a good index to places mentioned in the text, but the index to products is mainly concerned with raw materials.

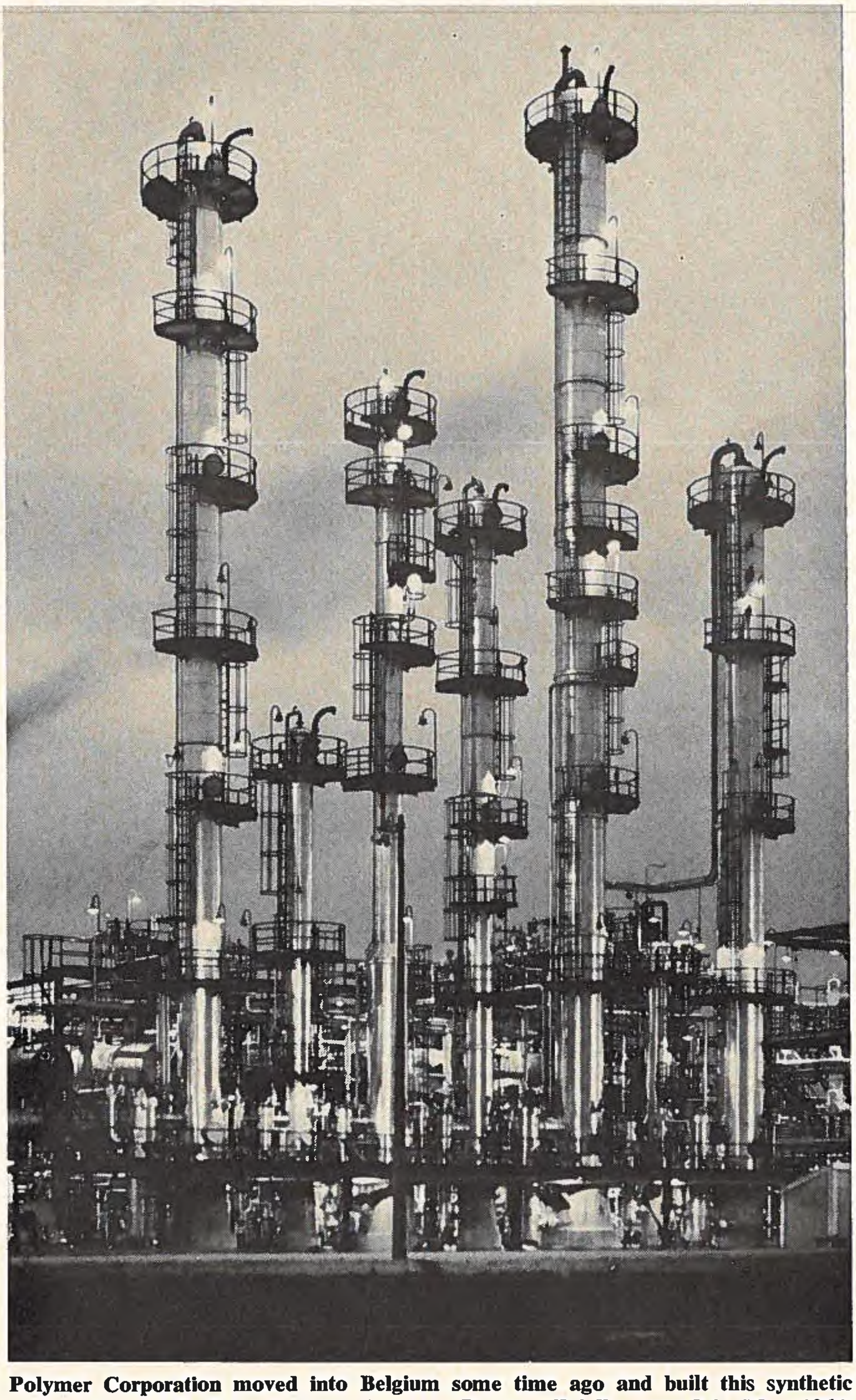
The editorial policy appears to be never to omit anything which is useful or interesting. As a result, the type is frequently switched to a smaller size to make room on the page. Sometimes the reader has to hunt around to get the whole story, but the inconvenience is worthwhile. It really is important for the traveller to know that "all road maps in Brazil are either out of date, wildly optimistic or just plain wrong" and that "corriente (regular) gasoline in Bolivia is 60-octane and little better than kerosene".

The Handbook for 1967 gives trade and economic figures for 1964 and sometimes 1965, and stop-press news up to August 1966. Letters from readers help to keep the information on accommodation and restaurants up-to-date and they provide a delightful commentary on local customs. One inquisitive reader took a quick peep inside a Shipibu Indian's mud hut and found a large, new, expensive radio there. We hope that it was a Canadian-made one, but unfortunately the correspondent omits this detail.

The Canadian businessman trading with South or Central America will find a wealth of information here. He should, however, bear in mind the caution that no editor can guarantee the complete accuracy of a book about a continent which is so alive and changeful, and should verify such things as exchange rates, hotel charges, and air fares.

Order from: Thomas Allen & Son Ltd., 50 Prince Andrew Place, Don Mills, Ontario.

BLEU Strives for Economic Revival



Polymer Corporation moved into Belgium some time ago and built this synthetic rubber plant at Zuijndrecht, near Antwerp. It was officially opened in May 1964.

DONALD M. HOLTON,
Commercial Counsellor, Brussels.

THE LAST of the periods of spectacular economic expansion in the Belgian-Luxembourg Economic Union, popularly known as BLEU, ended with the boom year 1964, when the rate of increase in real terms in the gross national product rose in Belgium to over 5 per cent and in Luxembourg to about 6 per cent. In the last quarter of that year, the rise in economic activity began to level off and throughout 1965 and 1966 and thus far in 1967 BLEU has known economic stagnation and, more recently, rather general economic softening. The rate of increase in the gross national product fell in 1966 to 3 per cent in Belgium and 2 per cent in Luxembourg. Current forecasts are for these figures to drop even farther in 1967.

Financial Position Less Strong

Earlier the economy of the BLEU was sustained by an improved international trading position, and the establishment and expansion of foreign-owned enterprises within its borders. This condition, however, did not continue through 1966 and so far in 1967. According to the National Bank of Belgium, the rise in imports and the slowing down in the expansion of exports led to a reversal of the BLEU's balance of current transactions, with a surplus of $152 million for 1965 giving way to a deficit of $100 million for 1966.

Again, according to the National Bank of Belgium, total current transactions and capital movements as reflected in the balance of payments for the BLEU yielded a deficit of $120 million for 1966 as against a surplus of $152 million for 1965.

According to the Ministry of Economic Affairs, 1,803 direct foreign investments were made in Belgium from 1959 through 1965. Together

Canadian trade has held up fairly well in the face of a recession in the BLEU. The Government has now taken action to stimulate the economy and the effect on business activity should soon be felt.

they amounted to $1,038 million and rose in number from 39 projects in 1959 valued at $50 million to 463 projects valued at $360 million in 1965. In 1966, according to the Ministry, although the number of projects increased to 561, many of these were small in scale and direct foreign investment fell to $114 million.

Although interest rates and prices at wholesale have for some time tended to stabilize, if not decline, prices at retail and wages have continued to rise, though at a slower rate. (The latter are tied to the official cost-of-living index.) At the same time, tension in the labour market has lessened and unemployment has risen sharply, particularly in the metalworking, building, coal and steel industries and more recently in textiles, especially in specific regions. It is reported that many companies in the heavy engineering field, shipbuilding, heavy electrical and electronics industries are in difficulties, not to mention others.

Industrial Picture

For some time a distinct decline in certain segments of the economy at least has been evident, particularly in older sectors of Belgian industry, where profit margins have been narrowing and where new investment, modernization and rationalization have been lacking. It should be noted, however, that greater capacity for steel production, so important to the economy, has been completed at a time when the international market is saturated, at least temporarily.

The Belgian-Luxembourg Economic Union includes both big industrial and commercial enterprises and a very large number of smaller establishments. Comparatively recently, the need to amalgamate or otherwise combine, particularly in the face of the continuing integration of the European Economic Community, has been more and more recognized and this has extended to the financial as well as the industrial and commercial communities. But there is also in the BLEU some rigidity, partly the result of a certain conservatism and resistance to change. However, changes are taking place, largely as a result of external pressures and influences, but these are coming comparatively slowly. The traditional industries of the Belgian-Luxembourg Economic Union are, after farming, forestry and fishing, (which now contribute less than 7 per cent to the gross national product), textiles, glass, iron and steel, ferrous and non-ferrous metalworking and chemicals. However, in Belgium today industry is highly diversified and the newer industrial investments from abroad are tending toward further diversification. Petrochemical developments are one of the bright spots on the economic horizon.

Belgium and the EEC

Although it is generally accepted that the BLEU has benefited from its membership in the Common Market and from the inflow of foreign direct industrial investment, certain questioning has arisen about further integration and some fear of foreign domination of industry and finance. Belgium's commercial policy has always been outward looking and from the earliest times the country has welcomed entrepreneurs and traders from abroad. It has always depended heavily on foreign trade. Its industries have traditionally benefited from favourable government fiscal policies and relatively low and stable wage rates. Its astute importers have been famous for their ability to buy shrewdly abroad (including essential industrial raw and semi-manufactured materials for manufacturers) and equally noted for their ability to convert these by further processing into components and end products for competitive sale abroad as well as in the domestic market. However, with the standard of living rising rather rapidly, especially for the labouring classes, Belgium is becoming less competitive, particularly in traditional products and in overseas markets. Exports to the less developed countries, for example, have been steadily falling.

With the full implementation of the Rome Treaty, the BLEU may become less and less master of its own economic fate. This may prove beneficial to its economy. On the other hand, there has been some questioning about its dependence on intra-Community trade. With over 50 per cent of production going for export—half of this to the combined markets of West Germany and the Netherlands—the BLEU has become very vulnerable to economic conditions in those two countries, which have recently shown a tendency to a rather sharp recession. The great problem for the BLEU is to retain control of its own economic health despite cyclical swings in the economies of its larger neighbour-partners. It has become increasingly dependent upon them for its all-important trade in relatively unsophisticated products, of which it is often only a marginal supplier. Without parallel integration in the larger industrial groups, the BLEU could become increasingly vulnerable.

The Government of Belgium has for some time resorted to what many consider excessing deficit financing, entailing considerable inflation of the public debt. In 1965 the increase in government borrowings was confined to Belgium, but during 1966 requirements had to be met partly by recourse to money markets abroad. Although a balanced budget has been presented for 1967, recent reports indicate that the Government is continuing extensive deficit financing to meet the requirements of the public sector. This has had a dampening effect on the general outlook for private business.

Government Takes a Hand

On the other hand, however, in recognition of the pressing need to reverse the down-turn in over-all eco-

CANADA'S CHIEF EXPORTS TO BLEU

	1965	1966		1965	1966
	(Can. $'000)			(Can. $'000)	
Wheat	36,899	33,617	Chemicals and plastics	1,416	1,440
Lead and zinc, including ores & concentrates	32,232	27,715	Other crude non-metallic minerals	1,760	1,170
Lumber, pulp and paper	4,954	8,051	Textiles and clothing	623	944
Asbestos	7,067	5,822	Meat	515	915
Seeds	2,144	5,625	Other cereals	476	830
Vehicles, engines and parts	6,229	4,456	Plastics and synthetic rubber	887	790
Nickel	1,844	3,194	Navigational instruments, apparatus & parts	1,217	722
Other metal-bearing ores and concentrates	1,265	2,464	Iron ore	4,616	674
Fish	2,489	2,419	Aircraft assemblies, engines and parts	1,806	636
Silver in ores and concentrates	3,766	2,294	Marine vessels, engines and parts	349	543
Industrial machinery and equipment	1,234	2,117	Hides, skins and furs	408	484
Aluminum	2,622	1,960	Crude sulphur	430	467
Electrical and electronic equipment	941	1,562	Iron and steel, manufactures	225	329
Copper and brass	3,192	1,552	Wheat flour	294	232
Biological, pharmaceutical & medical products	1,409	1,510	Whisky	1,149	158

nomic activity, the necessity of revitalizing what have become depressed areas, and the need to ensure more equitable public financing, the Belgian Government obtained from Parliament what amounts to emergency powers under an Act of March 31, 1967. Under the Act, the Council of Ministers has been granted authority for approximately seven months to govern by Order-in-Council in certain defined fields to stimulate the economy, speed up economic reconversion of depressed areas, and ensure budgetary stability through a series of tax measures. Although since March 1967 a number of decrees have been issued, their effect has yet to become apparent. The hope is that the new measures will bring the desired results.

Effect on Canadian Trade

In spite of the levelling off and gradual down-turn in economic activity within the Belgian-Luxembourg Economic Union, Canadian exports continued to climb until the end of the third quarter of 1966, when they reached approximately $84 million compared with $81.6 million for the same period of the previous year. Total exports from Canada to the BLEU in 1966 reached $117.5 million, compared with the all-time record of $128 million in 1965.

The most notable declines were in exports of lead and zinc $4.5 million, iron ore $3.9 million, wheat $3.3 million, vehicles, engines and parts $1.8 million, copper and brass $1.6 million, silver in ores and concentrates $1.5 million, aircraft assemblies, engines and parts $1.2 million, asbestos $1.2 million, whisky $1.0 million, aluminum $0.7 million, and navigational instruments, apparatus and parts $0.5 million.

The decline in sales of a number of these commodities continued into the first quarter of 1967, but the trend in others was reversed. For example, in the first quarter of 1967 purchases of lead and zinc increased by $0.5 million, copper and brass by $0.3 million, silver in ores and concentrates by $0.2 million, aircraft assemblies, engines and parts by $0.2 million, and aluminum by $0.5 million. Total exports for the first quarter of 1967, however, continued to decline, at $5.05 million less in the first quarter of 1967 than in the first quarter of 1966.

Our exports to BLEU for the years 1965 and 1966 by 30 main statistical groups in order of value are shown in the table above.

Notwithstanding the current recession in the BLEU, it should continue to offer Canada an expanding market for a wide range of Canadian products. Traditionally it has been one of our most important overseas markets and our exports to it have more than doubled within the last decade.

Promoting Business

Canadian businessmen might well make a greater effort to do business *in* the BLEU rather than merely *with* the BLEU. Canadian firms and business associations should, for example, increasingly conduct their own promotion programs in Belgium rather than rely solely on the initiatives of their Belgian representatives.

Doing business in rather than with the BLEU can, of course, extend much farther than simply an adequate advertising campaign, although this could be the all-important step. It could mean having one's own distribution organization with adequate servicing facilities, through to manufacture under licence and assembly plants—or even setting up one's own production facilities within the BLEU.

Ingenuity and drive, plus a good deal of persistence, should ensure for Canadian industry an increasing share of this important market. ●

Air Freight Helps Develop Export Markets

BERRY GROWERS in British Columbia have made extensive use of air freight this year to get their produce to foreign markets in top condition. The B.C. Blueberry Co-operative Association flew approximately 200 tons from 175 growers in the Fraser Valley to buyers in San Francisco recently. The berries in the small boxes were packed into 25-pound cases and shipped from Vancouver in daily consignments of from three to four tons each. The rate from Vancouver to San Francisco for this traffic was 6¼ cents a pound for shipments of 5,000 pounds or more.

Okanagan Valley cherries found a new market in Honolulu because air freight was able to get them there crisp and fresh, despite the distance. Lower rates also made it possible for B.C. growers to send their cherries to London, England, this year by the polar route and Amsterdam. The new rate of 25 cents a pound for consignments of 2,200 pounds or over was low enough for the cherries to be sold at competitive prices on the early market. ●

They Play in Summer Too!

Hockey equipment, ice skates and toboggans from Canada do well in the United States, but we sell very little for other sports. Canadian Trade Commissioners can show you where to start and how to choose a marketing channel.

P. H. LUTRELL,
Commercial Officer, Chicago.

THE United States is a large market for a wide range of imported sporting goods. In 1966 these imports were valued at $75 million, an increase of $29 million since 1963, when imports were equivalent to about 7.7 per cent of U.S. sporting goods production.

In 1963, sales of Canadian sporting goods to the United States were worth $4 million, and accounted for 8.8 per cent of imports from all countries. This is a substantial share of the market and at first glance indicates good penetration. Further analysis, however, shows that $3.7 million (or 92 per cent) of Canadian sales were in three product groups—hockey equipment, ice skates and parts, and toboggans. Canada, in fact, supplied 93 per cent by value of U.S. imports of this traditional winter sports equipment and held an 18 per cent share of the total market. By contrast, Canadian sales of other sporting goods in 1963 were small, as you can see from Table I.

The figures for 1966 show that, although Canadian sporting goods sales increased to $4.5 million, our share of U.S. imports fell to 5.9 per cent, a drop of 2.9 per cent from 1963. But imports of sporting goods into the United States from all sources rose by 64 per cent during the same period. In 1966, the bulk of Canadian exports was still made up of hockey equipment, ice skates and toboggans, but the market share of each was smaller than in 1963. Ice skates did best, falling only 2.6 per cent despite a 33 per cent drop in U.S. sales of skates. Hockey equipment and toboggans fell 12.1 per cent and 0.3 per cent, respectively, although U.S. sales of these products increased by 110.6 per cent and 15.3 per cent. The Canadian share of other product groups fell slightly with the exception of golf equipment, tennis equipment, skis and snowshoes.

Marketing Channels

There are three general types of sporting goods products which a Canadian manufacturer can export to the United States—OEM components (sold to a U.S. manufacturer for inclusion in his product), private brand merchandise, and manufacturer's brand merchandise. The channels through which these three types of goods may be marketed are numerous, and it is important that the Canadian manufacturer select the channel which fits in best with his marketing objectives in the United States.

OEM (Original Equipment Manufacturers) components—OEM sporting goods components include such items as ice skate blades, rifle or shotgun barrels, snowmobile runners, tennis racquet frames, and golf club grips. The purchaser is the U.S. manufacturer who, for one reason or another, prefers to buy components rather than make them himself.

OEM accounts may be developed by the Canadian manufacturer to increase his over-all sales and profits through longer production runs on widely used components. In other instances, the manufacturer may be able to sell components when he can

TABLE I

MARKET FOR SPORTING GOODS IN THE UNITED STATES

	1963 U.S. domestic production	1963 Imports From all sources	1963 Imports From Canada	1966 Imports From all sources	1966 Imports From Canada
	(U.S. $'000)				
Archery equipment	12,411	2	....	....	....
Baseball equipment	32,865	5,662	....	9,629	....
Firearms and supplies	206,141	10,291	159	21,065	306
Fishing tackle and supplies	115,131	14,536	45	17,276	53
Football and basketball equipment	21,360	968	....	....	....
Golf equipment and supplies	126,041	908	6	3,146	80
Gymnasium and playground equipment	46,103	1,185	52	3,760	371
Hockey equipment (ex. skates)	3,610	796	711	1,676	1,289
Ice skates and parts all types	10,969	3,106	2,594	2,072	1,666
Tennis equipment and supplies	9,663	3,530	10	4,210	47
Toboggans	1,500	422	422	487	486
Winter sports equipment (skis, ski equipment, snowshoes)	8,929	4,521	56	11,055	212
Total	**594,723**	**45,930**	**4,054**	**75,521**	**4,510**

no longer sell his finished product. Canadian companies who make OEM components exclusively will probably find that they need field sales staff to get good penetration of the U.S. market. The salesmen can be hired by the company or may be U.S. manufacturers' representatives operating on commission. The decision on which method to use will depend on factors such as market potential, the estimated volume of business, long-range marketing objectives, the need for service, and customers' preferences. In some instances a combination of both methods may be both feasible and desirable; company salesmen based in Canada might handle accounts near the border and U.S. manufacturers' representatives might service other areas.

Private brand merchandise—Private brand or retailer's own brand merchandising has become common in the U.S. during the last five years. Most of the major national merchandising organizations, such as Sears Roebuck, J.C. Penney and Montgomery Ward, sell "own brand" goods almost exclusively. Many conventional department stores have private brand programs or buy private brand goods through central purchasing organizations such as the Associated Merchandising Corporation (AMC).

The private brand purchasing organizations buy in relatively large quantities. There are no distributor middlemen involved, and the retail purchasing organization normally expects the equivalent of a wholesale price. The standard practice is for a manufacturer to treat private brand accounts as house accounts and service them from the home office.

Private brand marketing can be profitable when carried on in conjunction with manufacturer's brand selling. Extended runs and production in normally slack periods are two of the benefits frequently realized by the manufacturer. Too great a dependence on private brands can be dangerous, however—and the sudden loss of a private brand account taking a large part of total production could even be disastrous.

Manufacturer's brand merchandise—The various marketing channels which a Canadian manufacturer of sporting goods can use for branded merchandise can be grouped under four main headings:

1. Sales by the manufacturer's sales staff to one or more levels of trade, with delivery from Canada.

2. Sales through manufacturers' representatives (commission agents) to one or more levels of trade with delivery from Canada.

3. Sales and delivery to a stocking and sales subsidiary in the United States for resale to U.S. accounts.

4. Provision of a consignment stock in the U.S. for sale by either the manufacturer's staff or manufacturers' representatives.

Choosing the Method

There are many variations on each of these basic methods and it is desirable for the Canadian manufacturer to evaluate all of them before making his final decision. Cost factors, traditional methods of doing business, transportation and freight cost advantages, the need for service, and reduced valuation for duty are points which should be carefully considered.

It is often desirable to use different marketing channels in different areas of the U.S. A stocking distributor might be the best choice in New England, for example, and a manufacturers' representative might be the most economical in the Midwest. The California market might call for a sales and stocking subsidiary in Los Angeles, but the manufacturer's own salesmen and shipping department could handle accounts in Ohio and Michigan. Care should be taken that the marketing channels and sales approach used in different areas don't conflict with one another. Don't have two marketing channels in the same sales territory—it may work for products where there are several types of final accounts but in sporting goods the retail dealer is the only final account. (The one exception might be house accounts. It is important to have a clear understanding on the subject with the normal channel.)

Choose the distribution method which suits you best

OEM components are usually sold direct by the maker to the manufacturer who will incorporate them into his finished product. Sometimes a manufacturers' representative is useful, but remember that his commission has to be covered by the selling price and the OEM market is highly competitive.

Private brand merchandise is usually sold direct to the large retailer or catalogue house.

Manufacturer's brand merchandise is sold through a number of channels; a few of the most common of them are listed here:

(a) direct to large retailers and catalogue houses

(b) direct to team retailers (athletic goods)

(c) through a manufacturers' representative to retail dealers

(d) to stocking distributors who sell to retail dealers

(e) through manufacturers' representatives to stocking distributors who sell to retail dealers

(f) to a subsidiary with a warehouse and its own salesmen which sells to retail dealers

(g) to a subsidiary with a warehouse which sells through manufacturers' representatives to retail dealers

(h) by placing consignment stock in a public or private warehouse with your own salesmen selling to retail dealers

(i) by placing consignment stock in a public or private warehouse and selling through manufacturers' representatives to retail dealers.

(The manufacturers' representative works on commission and carries lines from several manufacturers, and is not to be confused with your own salesmen.)

Make your final decision on the channels you will use before you start working out the marketing program, for changes after sales have begun can cause irreparable damage. Customers and middlemen must feel that the manufacturer has a sound approach to marketing and a firm distribution policy is one indication. Switching from one system to another to achieve greater short-term profit will destroy the customer's confidence and competitors will eventually take the business from you.

Introducing Your Product

When you have decided what marketing channel to use, the next step is to introduce the product to potential customers. How you set about this will depend on whether the product is a component, an article to be sold under your customer's private brand, or your own brand.

OEM Components. In the sporting goods industry the Canadian manufacturer must make the initial introduction of his components or of his manufacturing capabilities directly to the U.S. manufacturer. There are no trade shows devoted to components and at trade shows oriented to the wholesale or retail trade you will generally meet marketing rather than manufacturing or purchasing people. Advertising in sporting goods trade journals may bring some inquiries but the majority of readers are wholesale distributors and retailers. Any readers connected with manufacturing are likely to be marketing men checking their product advertisements or seeing what competitors are doing.

The Canadian Trade Commissioners in the United States will be pleased to assist Canadian manufacturers in obtaining a list of potential OEM accounts in their territory and they can provide credit information and other details on most companies.

When you know who your prospects are, write to them or, better still, call on them personally. Here again, the Trade Commissioners can help by obtaining the names of key personnel, arranging appointments and providing experienced counsel on all aspects of doing business in a particular locality. Trade Commissioners will also do a personal follow-up with interested U.S. firms and transmit samples.

In a typical U.S. retail sporting goods store, equipment of many types is displayed.

Private Brand Merchandise. There are normally no middlemen for private brand merchandise. The large volume retail company or central purchasing organization engaged in buying and selling private brand goods usually insists on dealing with the manufacturer direct. A manufacturers' representative may sometimes be used as a field salesman but his commission could make the price too high.

The buyers in organizations selling under private brands can be contacted through a personal visit or by letter. We advocate the personal approach because it is by far the most satisfactory. A salesman with facts and a sample in hand can generally get an interview with a buyer, even if he sometimes has to wait. A letter with literature or even a sample is often overlooked by a buyer dealing with large amounts of paperwork.

Advertising in trade publications is a less effective method of developing leads, but participation in trade shows can result in good contacts and sales leads. The buyers for most of the major private brand merchandising organizations regularly visit the principal sporting goods trade shows and an exhibitor with the right product can usually attract their attention. Often the buyer will be attracted to the booth by the merchandise on display and will bring up the subject of private branding in discussion. The exhibitor can take a positive approach by placing a sign on his booth saying that he is soliciting private brand accounts. However, the office of the Canadian Trade Commissioner is probably the best starting-point.

Manufacturer's Brand Merchandise. The manufacturer seeking to market branded merchandise has three main ways of introducing his products:

1. Direct solicitation of wholesalers or potential agents, either in person or by letter. Meeting potential customers or representatives face to face also provides an excellent opportunity of testing product acceptability, and assessing the reaction to price, design and special features.

2. Participation in trade shows.

3. Advertising in trade publications. This is usually the least effective.

A manufacturer seeking a manufacturers' representative, wholesale distributors, or retail outlets for branded merchandise should begin by contacting the Canadian Trade Commissioner. Names, addresses, credit information, territory covered and other information about customers or representatives may be obtained from the files and records maintained in Trade Commissioner offices for the territory they cover. Itineraries, appointments and personal introductions can also be arranged.

Trade Shows

There are a number of trade shows each year in the United States which offer excellent product exposure to dealers, distributors and sales representatives. The most important is the National Sporting Goods Association Show, the only national show in the sporting goods industry, which attracts exhibitors and visitors from all parts of the United States and many other countries. A manufacturer interested in exhibiting in this show (which is scheduled for Chicago in February 1968, and Houston, Texas, in February 1969) should contact Marvin Shutt, Executive Director, National Sporting Goods Association, 23 East Jackson Blvd., Chicago, Illinois 60604.

The major regional shows are the Sporting Goods Fair in New York and the Western Market which takes place in Las Vegas, San Francisco and Los Angeles by turns. The Western Market is sponsored by the NSGA; Canadian firms are welcome to participate in these shows but manufacturer exhibitors have to be associate members of the NSGA. (Membership details can be obtained from Mr. Shutt.) The Sporting Goods Fair is sponsored by the Athletic Goods Manufacturers Association and the Show Director is George Herrmann, Room 805, Merchandise Mart, Chicago, Illinois 60654.

Trade Magazines

The two leading sporting goods trade publications in the United States are *Selling Sporting Goods*, the official publication of the NSGA (the advertising representative is Robert E. Goodwin at the NSGA address in Chicago), and *The Sporting Goods Dealer*, published by the Sporting Goods Publishing Company, 2018 Washington Avenue, St. Louis, Missouri 63166. Both of these magazines have an inquiry referral service to ensure prompt feedback of inquiries directed to the magazine. In addition, *Selling Sporting Goods* offers a free listing service to associate members of the National Sporting Goods Association who are seeking manufacturers' representatives for their products.

Setting up a sales and distribution organization is, of course, only the beginning. Success depends on continued good service, attractive products and the right price. The vast market for sporting goods in the United States offers many opportunities to the aggressive manufacturer. Take a good look at the markets and remember that the Canadian Trade Commissioners throughout the country will give you all the assistance that they can. ●

Malaysian Industry at a Glance

THE CANADIAN visitor to Kuala Lumpur can quickly get an over-all picture of Malaysian industry by paying a visit to the Malaysian Manufacturers' Association's display on the fourth floor of the Chartered Bank Building. There some 80 firms have put their products on view, including samples of locally-made beverages and beer, food products of many kinds, locally-refined sugar, rubber footwear, tires and tubes, pewterware, fertilizers, and flour milled from Canadian and Australian wheat. While the Malaysian rightly takes pride in the development of his country's industry and products which can match imported goods in quality, the Canadian will be looking for gaps in production which he can profitably fill. The display may also suggest to him opportunities for supplying components, accessories and production machinery. The executive offices of the Malaysian Manufacturers' Association are on the same floor and the office of the Canadian High Commissioner is only five minutes away.

—P. STUCHEN,
Commercial Counsellor, Kuala Lumpur.

On the day that the industrial display was opened, July 29, 1967, the Acting Minister of Commerce and Industry for Malaysia, Enche Khaw Kai-Boh (centre) toured it. Our picture shows him listening attentively as the various displays are explained.

Foreign Commercial Representatives in Canada

ARGENTINA

Ottawa—Economic Counsellor's Office, Embassy of Argentina, 211 Stewart Street.

AUSTRALIA

Ottawa—Commercial Counsellor and Australian Government Trade Commissioner, Australian High Commission, 90 Sparks Street.

Montreal—Australian Government Trade Commissioner, Canadian Imperial Bank of Commerce Bldg., 1155 Dorchester Boulevard West.

Vancouver—Australian Government Trade Commissioner, Suite 808, Burrard Bldg.

AUSTRIA

Ottawa—Embassy of Austria, 445 Wilbrod Street.

Calgary—Consulate of Austria, 1132 Kensington Road N.W.

Halifax—Consulate of Austria, 526 Young Avenue.

Montreal—Austrian Trade Delegate, Suite 2275, 630 Dorchester Boulevard West.

Austrian Consulate General, National Trust Bldg., 1350 Sherbrooke Street West.

Toronto—Austrian Trade Delegate, Suite 616, 62 Richmond Street West.

Vancouver—Consulate of Austria, 525 Seymour Street.

Winnipeg—Consulate of Austria, 54 Harrow Street.

BAHAMAS

Toronto—Trade Commissioner of the Bahamas, Room 707, Victory Bldg., 80 Richmond Street West.

BELGIUM

Ottawa—Counsellor, Belgian Embassy, 85 Range Road.

Montreal—Consul General of Belgium, 913 Royal Bank of Canada Bldg., Place Ville Marie.

Vancouver—Consul General of Belgium, Room 916, Baxter Bldg., 1111 West Hastings Street.

BOLIVIA

Montreal—Consul, Consulate General of Bolivia, Suite 827, 305 Dorchester Boulevard West.

BRAZIL

Ottawa—Office of the Commercial Attaché, Brazilian Embassy, 450 Wilbrod Street.

Montreal—Brazilian Consulate General, Suite 1505, 1 Place Ville Marie.

BRITAIN

Ottawa—Minister (Commercial), British High Commission Bldg., 80 Elgin Street.

Edmonton—The British Trade Commissioner in Alberta, Suite 600, Bank of Montreal Bldg., 101st and Jasper Avenue.

Halifax—The British Trade Commissioner in the Atlantic Provinces, 10th Floor, 1645 Granville Street.

Montreal—The Senior British Trade Commissioner in the Province of Quebec, 635 Dorchester Boulevard West.

Regina—The British Trade Commissioner in Saskatchewan, Room 207, Derrick Bldg., 2431 11th Avenue.

Toronto—The Senior British Trade Commissioner in Ontario, 200 University Avenue.

Vancouver—The Principal British Trade Commissioner in British Columbia, Bank of Nova Scotia Bldg., 602 West Hastings Street.

Winnipeg—The British Trade Commissioner in Manitoba and Saskatchewan, 4th Floor, 333 Broadway Avenue.

BULGARIA

Montreal—Trade Office of Bulgaria, Suite 610, 1745 Cedar Avenue.

BURMA

Ottawa—Embassy of the Union of Burma, Royal Trust Bldg., 116 Albert Street.

CEYLON

Ottawa—Commercial Secretary, High Commission of Ceylon, Suites 103-104, 85 Range Road.

CHILE

Ottawa—Embassy of Chile, 58 Sparks Street.

Montreal—Consulate General of Chile, Apt. 101, 1745 Cedar Avenue.

Vancouver—Consul of Chile, 1575 West Sixth Avenue.

CHINA, REPUBLIC OF

Ottawa—Economic Counsellor, Embassy of the Republic of China, Suite 406, 85 Range Road.

Vancouver—Consul General of the Republic of China, 510 Hastings Street West.

COLOMBIA

Ottawa—First Secretary and Consul, Embassy of Colombia, Suite 112, 140 Wellington Street.

Montreal—Consul General of Colombia, Suite 320, 1500 Stanley Street.

Toronto—Consul of Colombia, Suite 726, 67 Yonge Street.

Vancouver—Vice-Consul of Colombia, 2705 West 22nd Avenue.

COSTA RICA

Montreal—Consul General of Costa Rica, 462 Merton Avenue, St. Lambert.

CUBA

Montreal—Cuban Trade Commissioner, Suite 1200, 3737 Metropolitan Boulevard East, Ville St. Michel.

CZECHOSLOVAKIA
Montreal—Office of the Czechoslovak Trade Commissioner, 1280 St. Mark Street.

DENMARK
Ottawa—Royal Danish Embassy, Suite 702, 85 Range Road.
Montreal—Royal Danish Consulate General, Suite 1525, 1245 Sherbrooke Street West.
Toronto—Royal Danish Consulate, 151 Bloor Street West.
Vancouver—Royal Danish Consulate, 1201 West Pender Street.

DOMINICAN REPUBLIC
Montreal—Consul General of the Dominican Republic, 6609a St. Hubert Street.

EASTERN CARIBBEAN (Barbados, Leeward and Windward Islands, and British Honduras)
Montreal—Acting Commissioner, Eastern Caribbean Commission, Suite 351, 2100 Drummond Street.

ECUADOR
Ottawa—Chargé d'Affaires, Embassy of Ecuador, Room 728, 56 Sparks Street.
Montreal—Consul General of Ecuador, Apt. 1105, 2150 Boulevard de Maisonneuve.
Vancouver—Honorary Consul of Ecuador, Apt. 1, 1480 Arbustus Street.

EL SALVADOR
Montreal—Consul General of El Salvador, Room 926, 1255 University Street.

FINLAND
Ottawa—Embassy of Finland, 85 Range Road.
Montreal—Trade Commissioner for Finland, Suite 1114, 1010 St. Catherine Street West.

FRANCE
Ottawa—Commercial Counsellor to the French Embassy, 10 John Street.
Montreal—Commercial Counsellor of France, 2060 Mackay Street.
Toronto—Commercial Counsellor of France, 185 Bay Street.
Vancouver—French Trade Commissioner, Suite 1216, 736 Granville Street.

GERMANY
Ottawa—Commercial Counsellor, Embassy of the Federal Republic of Germany, 1 Waverley Street.
Edmonton—Consulate of the Federal Republic of Germany, 11618 100th Avenue.
Montreal—Consulate General of the Federal Republic of Germany, Trade Commissioner, 1545 McGregor Street.
Toronto—Consulate General of the Federal Republic of Germany, 77 Admiral Road.
Vancouver—Consulate of the Federal Republic of Germany, National Trust Bldg., 325 Howe Street.
Winnipeg—Consulate of the Federal Republic of Germany, 424 Wellington Crescent.

GHANA
Ottawa—Counsellor, Office of the High Commissioner for Ghana, Suite 810, The Sandringham, 85 Range Road.

GREECE
Ottawa—Royal Greek Embassy, Suite 110, Chateau Laurier.

GUATEMALA
Montreal—Consul General of Guatemala, Suite 407, 5165 Sherbrooke Street West.

HAITI
Ottawa—Consul General, Embassy of Haiti, Apt. 111, 150 Driveway.
Halifax—Honorary Consul of Haiti, 50 Sackville Street, P.O. Box 843.
Montreal—Vice-Consul of Haiti, Apt. 202, 1500 St. Catherine Street West.

HONDURAS
Montreal—Consul General, Consulate General of the Republic of Honduras, Suite 101, 1225 St. Mark Street.
Toronto—Honorary Consul, Consulate of Honduras, 19th Floor, 25 Adelaide Street East.

HUNGARY
Montreal—Hungarian Trade Commission, 1390 Pine Avenue West.

INDIA
Ottawa—Second Secretary (Commercial), Office of the High Commissioner for India, 200 MacLaren Street
Vancouver—Trade Commissioner for India, Suite 804, Standard Bldg., 510 West Hastings Street.

INDONESIA
Ottawa—Economic Affairs, Indonesian Embassy, Box 233, Terminal A.

IRAN
Ottawa—Imperial Embassy of Iran, Apt. 502, Sandringham Apartments.

IRAQ
Washington—Third Secretary (Commercial), Embassy of India—Iraqui Interest Section, 1801 P Street N.W.

IRELAND
Montreal—Irish Trade Representative (Irish Export Board), 2100 Drummond Street.

ISRAEL

Montreal—Consul and Trade Commissioner of Israel, 1555 McGregor Avenue.
Toronto—Consul for Economic Affairs of Israel, 159 Bay Street.

ITALY

Ottawa—Commercial Counsellor and Senior Trade Commissioner, Embassy of Italy, 172 MacLaren Street.
Montreal—Consul and Trade Commissioner, Suite 3601, 800 Place Victoria.
Toronto—Italian Trade Commissioner, Suite 510, 100 University Avenue.
Vancouver—Italian Trade Commissioner, 736 Granville Street.

JAMAICA

Ottawa—Counsellor, Office of the High Commissioner of Jamaica, Suite 203, 85 Range Road.

JAPAN

Ottawa—First Secretary (Commercial), Embassy of Japan, 75 Albert Street.
Edmonton—Consulate of Japan, 5th Floor, Toronto-Dominion Bank Bldg., 10004 Jasper Avenue.
Montreal—Consulate General of Japan, Suite 2505, 1155 Dorchester Boulevard West.
Toronto—Consulate General of Japan, 11th Floor, 20 Toronto Street.
Vancouver—Consulate General of Japan, Room 1211, 409 Granville Street.
Winnipeg—Consulate of Japan, 301 Tribune Bldg.

LEBANON

Ottawa—Embassy of Lebanon, Apt. 303, 100 Bronson Avenue.

KOREA

Ottawa—Second Secretary and Consul, Embassy of the Republic of Korea, 151 Slater Street.

LUXEMBOURG

Montreal—Consul General of the Grand-Duchy of Luxembourg, 3877 Draper Avenue.

MEXICO

Ottawa—Embassy of Mexico, Room 706, 88 Metcalfe Street.
Montreal—Consulate General of Mexico, Suite 1730, 1245 Sherbrooke Street West.
Quebec—Consulate of Mexico ad honorem, 2040 Terrasse Stuart, Sillery.
Toronto—Trade Commissioner, Consulate of Mexico, Suite 217, Commerce & Transportation Bldg., 159 Bay Street.
Vancouver—Consulate of Mexico, Room 607, Burrard Bldg., 1030 W. Georgia Street.
Winnipeg—Consulate of Mexico ad honorem, 906-908 Confederation Bldg.

MONACO

Montreal—Consul General of Monaco, 810 Tour de la Bourse, Place Victoria.

NETHERLANDS

Ottawa—Commercial Counsellor, Embassy of the Netherlands, 12 Marlborough Avenue.
Edmonton—Netherlands Consulate, Merit Bldg., 10008 108th Street.
Montreal—Netherlands Consulate General, Room 1736, Place Ville Marie.
Toronto—Netherlands Consulate General, 159 Bay Street.
Vancouver—Netherlands Consulate General, 475 Howe Street.

NEW ZEALAND

Montreal—New Zealand Government Trade Commissioner, Suite 708, 635 Dorchester Boulevard West.
Vancouver—New Zealand Government Trade Commissioner, Suite 615, 409 Granville Street.

NICARAGUA

Montreal—Consul General, Consulate General of Nicaragua, 3601 Decarie Boulevard.

NORWAY

Ottawa—Secretary, Royal Norwegian Embassy, Suite 700, 140 Wellington Street.
Montreal—Consul General of Norway, Royal Norwegian Consulate General, 2112 Place Victoria.
Vancouver—Consul General of Norway, Royal Norwegian Consulate General, 837 West Hastings Street.

PAKISTAN

Montreal—Trade Commissioner for Pakistan, Suite 606, 1230 McGregor Street.

PANAMA

Montreal—Consul General, Consulate General of Panama, 5531 Dupuis Avenue.

PERU

Ottawa—Second Secretary and Consul, Embassy of Peru, 539 Island Park Drive.
Halifax—Honorary Consul General of Peru, 65 Hollis Street.
Quebec—Honorary Consul of Peru, 55 d'Auteuil.
Toronto—Honorary Consul of Peru, 1800 Ellesmere Road, Scarborough.
Vancouver—Consul General of Peru, Suite 116, 525 Seymour Street.
Winnipeg—Honorary Consul of Peru, 4th floor, 356 Main Street.

PHILIPPINES

Vancouver—Philippine Consulate General, 525 Seymour Street.

POLAND

Ottawa—Commercial Counsellor of the Polish Embassy, Apt. 58, 255 Stewart Street.
Montreal—Commercial Section, Polish Consulate General, 1500 Stanley Street, Suite 315.

PORTUGAL

Ottawa—Embassy of Portugal, 285 Harmer Avenue.
Halifax—Consulate of Portugal, 428 Barrington Street.
Montreal—Consulate of Portugal, 4920 Western Avenue.
North Sydney—Consulate of Portugal, P.O. Box 769.
Quebec—Consulate of Portugal, 155 Laurier Avenue.
St. John's—Consulate of Portugal, King's Bridge Court, Apartment 2D.
Toronto—Consulate of Portugal, Suite 712, 159 Bay Street.
Vancouver—Consulate of Portugal, 7th Floor, 736 Granville Street.

REPUBLIC OF SOUTH AFRICA

Montreal—South African Trade Commissioner, Suite 1404, 800 Dorchester Boulevard West.

SAN MARINO

Montreal—Consul General of San Marino, 27 McNider Avenue.

SPAIN

Ottawa—Commercial Counsellor to the Spanish Embassy, 162 Daly Avenue.

SWEDEN

Ottawa—Royal Embassy of Sweden, Suite 604, 140 Wellington Street.
Montreal—Royal Consulate General of Sweden, Suite 800, 1155 Dorchester Boulevard West.
Toronto—Trade Commissioner for Sweden, 94 Cumberland Street. (Eastern Canada)
Vancouver—Trade Commissioner for Sweden, Dominion Bank Bldg., Suite 912, 1111 West Hastings Street. (Western Canada)

SWITZERLAND

Ottawa—Counsellor of Embassy, Swiss Embassy, 5 Marlborough Avenue.
Montreal—Consul General of Switzerland, 1572 McGregor Street.
Toronto—Consul General of Switzerland, 100 University Avenue.
Vancouver—Consul of Switzerland, 402 West Pender Street.
Winnipeg—Consul of Switzerland, 1130 One Bentall Centre, 505 Burrard Street.

THAILAND

Montreal—Consulate General of Thailand, 1155 Dorchester Boulevard West.
Vancouver—Consulate of Thailand, 608-1445 Marpole Avenue.

TRINIDAD AND TOBAGO

Montreal—Trade Commissioner, Suite 200, 1210 Sherbrooke Street West.

TURKEY

Ottawa—Commercial Counsellor, Turkish Embassy, 197 Wurtemburg Street.

UNION OF SOVIET SOCIALIST REPUBLICS

Ottawa—Commercial Counsellor, Embassy of the U.S.S.R., 24 Blackburn Avenue.

UNITED STATES

Ottawa—Commercial Attaché, Embassy of the United States, 100 Wellington Street.
Calgary—Consul General of the United States, 805 8th Avenue S.W.
Halifax—Consul General of the United States, Bank of Nova Scotia Bldg.
Montreal—Consul General of the United States, 1558 McGregor Avenue.
Quebec—Consul General of the United States, 1 Ste. Genevieve Avenue.
Saint John—Consul General of the United States, Suite 701, Harbour Bldg., 133 Prince William Street.
St. John's—Consul General of the United States, King's Bridge Road.
Toronto—Consul General of the United States, 360 University Avenue.
Vancouver—Consul General of the United States, Burrard Bldg., 1030 W. Georgia Street.
Windsor—Consul General of the United States, Kent Trust Bldg., 500 Ouellette Avenue.
Winnipeg—Consul General of the United States, 6 Donald Street.

URUGUAY

Uruguay—Chargé d'Affaires a.i., Apt. 102, The Rockliffe Arms, 124 Springfield Road.

VENEZUELA

Montreal—Consul General of Venezuela, Room 850, 1980 Sherbrooke Street West.
Vancouver—Consul of Venezuela, 525 Seymour Street.

YUGOSLAVIA

Ottawa—Embassy of the Socialist Federal Republic of Yugoslavia, 17 Blackburn Avenue.
Montreal—Trade Representative for Yugoslavia, Interprogress Company Ltd., 2055 Peel Street West.
Toronto—Consul General of the SFR of Yugoslavia, 377 Spadina Road.

Development Planning in Singapore

F. M. MULKERN,
Assistant Trade Commissioner, Singapore.

Planning Procedure

The Ministry of Finance has the over-all responsibility for the Plan, which is formulated in the Economic Division of its Economic Planning Unit. The Plan is, however, essentially a compilation of projects prepared by various executing agencies. The Economic Planning Unit is involved in long-run planning and the Economic Development Board implements it and carries out specific planning.

Planning Agency

The Economic Planning Unit
Ministry of Finance
Fullerton Building
Singapore, 1

Duration of the Plan

The Plan is expected to be published before the end of 1967 and will cover the years 1966 to 1970, inclusive.

Sectors Emphasized

General infrastructure facilities (electric power, transportation facilities), specific infrastructure facilities for industry (industrial estates), education and housing.

Priority Projects

Of the total budgeted funds for 1966-1970, these major projects will receive the following proportions:

- Twenty-two per cent to Jurong Industrial Estate, for assistance in establishing industries.
- Twenty per cent for public utilities, including a 120 mv. addition to the Pasir Panjang B Station and a 240 mv. station at Jurong. Demand for electric power is expected to increase 16 per cent over the period.
- Slightly over 12 per cent for improvement of the Paya Lebar Airport, expansion of the telephone system, expansion of international telecommunications, and completion of Johore water supply project.
- Eleven per cent for housing.

Opportunities for Canadians

Supply of power and communications equipment in public sectors, where equipment is purchased by public tender.

Availability of Plan

The Plan has not yet been published but general information may be obtained from the Economic Development Board. Technical information on specific projects

This photograph gives some idea of the development currently going on in Singapore. In the foreground is a new television assembly plant and in the background some of the apartment blocks that are part of the tremendous housing development taking place in all parts of the island.

is available from the Public Utilities Board, Singapore Telephone Board, and Department of Civil Aviation.

Total Financing

The Plan envisages total expenditures in the public sector of U.S.$577 million and private investment of U.S.$503 million. The total public expenditure does not include transfer payments to the private sector for land, etc.

Sources of Financing

a. Funds will be raised internally from budgetary surpluses in commercial government enterprises (e.g., Singapore Telephone Board, Public Utilities Board, etc.); from the Central Provident Fund, and from bond issues.

b. Negotiations are now in progress externally with the World Bank and the first loan negotiated is for U.S.$23.3 million for the following work:

(i) To construct a new reservoir at Seletar Bay

(ii) To improve water extraction facilities

(iii) To purchase 77,000 water meters

(iv) To install distribution equipment and cables (145 miles), plus 110,000 new electric meters.

Additional funds for traffic study and urban renewal will be sought from the UN Special Fund.

Private and Public Industrial Development Banks

There are none in the real sense, but the Economic Development Board on occasion becomes an equity participant in commercial ventures—for example, National Iron and Steel.

Canadian Aid for Singapore

Canada has modest technical and capital assistance programs for this country and Singapore is eligible for Canadian external aid development loans.

Canadian Export Credits

The Export Credits Insurance Corporation is prepared to consider short- and medium-term insurance as well as Section 21A long-term financing in support of business obtained by Canadian exporters.●

Chile Expands Metal Fabrication Industry

THE EXPANSION of the Chilean steel industry, particularly in the field of specialty steels, will give an added impetus to the development of the fabricated metal products industry in this country. New and more important industries within this category should emerge. For example, the requirements of the automotive industry are being met by plants manufacturing component parts (bumpers, grilles, gas tanks, hub caps, filters, etc.) and accessories (mirrors, car radio aerials, and reflecting surfaces for lights). Some plants may also go into the production of certain simplified types of motors. The need to have on hand a certain number of forged pieces will create a sufficiently large market to warrant the installation of a light forging industry to supply not only the automotive industry but also other metalworking plants.

New activities would include the manufacture of automobile wheels and brake drums and also the casting of sewing machine frames to high quality standards. The expansion of the machine tool industry and the manufacture of agricultural implements are other examples of what can be done along these lines, supported by an adequate supply of locally produced raw materials.

The expansion program of the copper mining industry will stimulate the market for fabricated copper products and particularly components. At the same time there is a possibility of manufacturing other products which are currently imported and which could be produced locally and economically.

The policy of the Chilean Government is to promote the sale of a fair portion of its copper production in internal and external markets in the form of manufactured or semi-manufactured products, with a high content of Chilean labour and technology. With this end in view, Chilean industrialists are now engaging in joint ventures with foreign firms for the production of a wide variety of metal products.

One example is Madeco, a Chilean manufacturer of fabricated copper products, associated with General Cables of the United States. This firm will install a new plant in Antofagasta to turn out wire and cable, mainly for export, with an initial investment of about 40 million escudos.

The Dutch firm Philips opened a new plant two months ago to make brass bases or caps for incandescent bulbs, based on Dutch design and specifications. Eventually it expects to have enough production to supply these caps also to export markets. Philips is buying its wire from local firms such as Madeco.

Bosch, a German firm associated with Chilean capital, plans to produce electronic wire. An important group of Italian firms is becoming associated with Chilean capitalists and has formed a new company for the manufacture of special-type fittings and pieces made of copper, bronze, tin and alloys, for export. Investment in this venture was initially five million escudos and has now been increased to twenty million.

Anaconda Wire and Cable Co., a member of the Anaconda group, is considering the possibility of installing plants in Chile to supply part of its international market.

Finally, the International Telephone and Telegraph Company is studying the purchase of copper mines to supply its foreign plants manufacturing telephone cables.

Apart from the ventures mentioned above, there are many more possibilities for foreign firms to enter the field of fabricating metal products in Chile, either through joint ventures or licensing arrangements on a royalty basis. Chile, one of the world's leading producers of copper, looks forward to having a good share of the international market for manufactured and semi-manufactured copper products.

—K. H. ROBERTS,
Commercial Officer, Santiago.

What's current in commodities?

Fish and Fish Products

Germany—This product-by-product description of German market opportunities today and potential for tomorrow should encourage Canadian fish producers to increase their sales efforts and revise their long-term planning.

D. S. McCRACKEN, *Consul, and*
E. A. SCHULZ, *Commercial Assistant, Hamburg.*

MANY CANADIAN FISH and fish products can be marketed in Germany in spite of massive domestic production and competition from other countries. Some are selling today; for others the market prospects in the near future are bright. A brief description of the German fishing industry's situation will back up this statement and help to explain why there is a growing export market there for Canadian producers.

The German Industry

The German fishing industry is one of the most highly capitalized in the world both in investment in ships and in processing facilities. Subsidies from public funds alone have exceeded $140 million since 1950 because Germany has recognized the importance to the nation of an efficient deepsea fleet. Two ultra-modern fisheries research vessels are continually developing new techniques and exploring new waters for the benefit of the commercial fleet. Reconnaissance operations have even been carried out in the South Atlantic off the Argentinian coast. Despite these intensive efforts and increasing efficiency, the catch has remained at an average monthly rate of 45,000 tons because the ships have had to range farther afield each year. Costs have increased as a result. At the same time absolute demand is growing even though per capita consumption has decreased slightly as the result of generally high retail prices. Consumption stands at about 12 pounds per person per year and total production last year amounted to more than 500,000 metric tons. It is this increasing pressure on German production costs that will eventually allow broad-spectrum Canadian participation in the German market, which even now must import fully one third of total requirements.

Because of the short German coastline, the continual expansion of territorial waters by other nations, and the exhaustion of nearby fishing grounds, the German fleet has been designed for long distance operations. Last year catches were brought in from as far away as the west coast of Africa. Large ships are needed and, consequently, fishing is a "big business" enterprise dominated by three giants who run completely integrated operations.

The trawler fleet in 1966 numbered 153 large trawlers of which 57 had on-board freezing facilities. In addition, there were 57 factory ships at sea, 17 full freezers and 40 part freezers. This well-equipped deepsea fleet, large by any standards, employed over half of the total 8,200 men engaged in fishing operations. It shows the extent to which the Germans have come to rely upon larger vessels to harvest the ocean systematically and to process the product at sea. It should not be overlooked that the bulk of Germany's processed-at-sea catch comes from Canada's doorstep—the waters off Newfoundland and Labrador.

It is apparent, then, that Canadian success in this market will be determined within this general framework. Our ability to compete is in some cases based on the fact that we can offer a unique product such as salmon, and in other instances on the fact that the ready availability of unexploited resources close to our own processing facilities will enable us to compete on a straight-line basis.

This is the local situation. We now go on to give a product-by-product assessment of the market opportunities.

Market Opportunities Today

Canned Salmon—Canada supplies approximately 10 per cent of the market and because of the superior colour and texture of our product, as compared with Japanese salmon, there are still unexploited opportunities. It must be borne in mind, however, that canned salmon is a luxury product in Germany, and that success will require perseverance and some financial assistance to your agent to promote your brand. Several first class firms have shown an interest in finding suppliers.

At the present time, canned salmon from Canada faces a 16 per cent tariff on the c.i.f. value plus an additional tax of 6 per cent.* Since Germany is a member of the EEC, the Kennedy Round reductions were based on the Common External Tariff (CET), not the German tariff. For canned salmon, the CET was reduced from 16 per cent to 13 per cent. It is anticipated that the EEC will implement 40 per cent of its reduction on July 1, 1968, followed by further 20 per cent cuts on each of January 1, 1970, 1971 and 1972. In any event, the final rate is to be implemented no later than January 1, 1972.

Mild Cured, Frozen, and Smoked Salmon—Demand for frozen and mild cured salmon for smoking continues strong. Exporters with supplies of either product will find this market

*In addition to the duty, a tax varying according to the product is levied on many imports into West Germany.

competitive but rewarding. There are especially good opportunities for frozen salmon now that the German smokers have found out how to process the fish in this form. Frozen Atlantic salmon is in particular demand because it is claimed that its cutting quality is superior to the Pacific Coast varieties.

There is also a growing market for ready-smoked salmon even though the Canadian product faces a higher tariff barrier than competitive products from within the Common Market. The demand is for retailer packages (sliced) as well as for smoked sides in the smaller sizes. It is largely a matter of price and quality, and any smoker who can produce in sufficient volume to bring his unit costs down even modestly will find market opportunities.

The tariff on smoked salmon is 16 per cent of the c.i.f. value plus 4 per cent additional tax payable on the duty-paid value; mild cured salmon 10.2 per cent plus 4 per cent; fresh or frozen salmon 7.2 per cent plus 4 per cent from May 1 to October 30 and 10 per cent plus 4 per cent for the rest of the year. In the Kennedy Round, the CET on smoked salmon was reduced from 16 per cent to 13 per cent, on mild cured salmon from 12 per cent to 11 per cent, and on fresh or frozen salmon from 10 per cent to 8 per cent.

Eels—Germany is one of the world's largest markets for eels for smoking. Domestic production fills only a fraction of the demand and the rest is imported from many different sources, including the Gulf of St. Lawrence. Once again, it is a supply problem from the German point of view and any reasonable offers will get an enthusiastic reception. The demand is for fresh frozen eels from 1 pound up to a maximum of 2½ pounds. They must be sharp-nosed silver eels; no other type is acceptable. The product should be glazed to ensure freshness but, because glazing adds weight, a 3 per cent discount is normally given.

The tariff on fresh frozen eels varies between 6 per cent and 10 per cent, depending on the season of the year, plus the usual 4 per cent additional tax that is levied on most fish products. As a result of the Kennedy Round, the CET on eels was changed from seasonal rates of 5 per cent and 10 per cent to a year-round rate of 5 per cent.

Dogfish—Even the dogfish is in demand in the form of belly-flaps, which are smoked and are considered a delicacy in Germany. Some time ago small quantities of frozen belly-flaps were imported from British Columbia but exports could only be made as long as there was a subsidy on production. Nevertheless, this market is not by any means closed and producers or potential producers would do well to keep it in mind.

Norway is the largest supplier today. The belly-flaps, which comprise about 15 per cent of the fish, are frozen and sent to Germany; the body meat is sent to Britain, East Germany and Yugoslavia. Norwegian supplies have not been sufficient to meet demand because they are a byproduct of the herring catch which has decreased in Icelandic and Norwegian waters in recent years. Therefore, any Atlantic coast herring fishing companies that can guarantee continuous supply should keep the German market in mind. There are several reliable and aggressive fish importers in Hamburg who have a particular interest in dogfish belly-flaps and they are prepared to offer detailed advice on how this product must be dressed for this market.

Prices for belly-flaps vary according to supply and exact import prices are not known at this time. However, as a general indication of the worth of the finished product, these Schillerlocken retail in German stores for as much as $1.50 per pound. Part of the generally high prices can be attributed to the tariff, which is 10.2 per cent of the c.i.f. value, plus 4 per cent additional tax. On dogfish, the Kennedy Round resulted in the continuation of the EEC quota of 2,500 tons annually at a rate of 6 per cent and a reduction of the duty for shipments in excess of the quota from 15 per cent to 8 per cent.

Fish Roe—There is always a demand for fish roe in Germany, particularly for Keta caviar and lumpfish roe. Canada exports small amounts each year but our export potential could be more fully realized. This is especially true of lumpfish roe of which additional supplies are easier to obtain. Germany imports roe of various kinds from Iceland, Norway, Denmark, the United States and Communist China as well as from Canada, and the caviar producers are always seeking additional suppliers.

The current tariff is 8.4 per cent on fish roe when it is salted, preserved in brine or dried. Smoked roe is dutiable at 13.8 per cent. In both cases there is a 4 per cent additional tax. The Kennedy Round result reduces the CET on fish roe from 14 per cent to 10 per cent and on smoked roe from 15 per cent to 11 per cent.

Potential in the Future

Herring—The Canadian herring exporter has barely scratched the surface of the potential in this market. Our herring will come into its own on a large scale as Canadian production expands and as European production reaches the inevitable plateau resulting from fishing up to the maximum sustained yield in European waters. There are modest opportunities right now and the future is promising because the German trade looks to Canada as its next principal source.

The evidence suggests that we will even be able to penetrate the market for herring fillets in the future. The demand here is for butterfly fillets laid out flat, quick frozen (preferably in a plate freezer), in blocks of 33 pounds, glazed slightly and not more than four inches thick. Each block should contain fish between 6 and 8 inches long after head and tail are removed, and the count should be three fish per pound. Any exporter who can meet these requirements, now or in the future, would be well advised to include the German market in his plans.

It will be possible to sell herring in other forms as well and eventually we should even be competitive for herring that is deep frozen, whole or headless. However, this market cannot be exploited on a major scale until our over-all production from East Coast waters is substantially increased and we can guarantee continuity of supply as well as high quality. Nevertheless, there can be no serious doubt about our ability to compete in the future and the German fish importers are making their long-term plans accordingly.

Tariff protection is still substantial for part of the year. While herring, either whole or headless, enter duty-free from mid-February to mid-June, there is a 12 per cent duty during the other months. Fillets are dutiable the year round at 12.8 per cent. The additional tax on these products is 4 per cent if they are frozen, otherwise 2 per cent. In the Kennedy Round, the CET on fresh or frozen herring was reduced from 20 per cent to 15 per cent, but the existing duty-free quota was expanded from 32,000 metric tons to 46,000 metric tons. The CET on frozen herring fillets was reduced from 18 per cent to 15 per cent.

Lobster and Crabs—Live Canadian lobster is sold in Germany now but there is ample room for expansion for the exporter who is willing to go to a little extra trouble. Originally mortality rates were high during the trans-atlantic flight but the airlines seem to have profited by experience and this has been largely overcome. Now it is strictly a matter of selling against Norwegian competition. Prices vary with supply. This year German importers have been willing to pay $1.30 per pound f.o.b. for No. 1 Canadian lobster; $0.90 to $1.30 for No. 2's and $0.80 to $1.20 for No. 3's. In addition, air freight costs vary with the size of the shipment, from 33 to 37 cents per pound from Halifax.

There may also be opportunities for canned and frozen lobster but we cannot be sure of this until some interested Canadian firm sends us prices and samples. This is also true for crab meat. German importers are anxious to obtain offers of the newly-discovered East Coast Queen crab.

The tariff on lobster, live or frozen, is 15 per cent, plus 4 per cent additional tax. Crabs are dutiable at 22.8 per cent plus 8 per cent additional tax. As a result of the Kennedy Round, the CET on live lobsters was reduced from 15 per cent to 10 per cent, on whole frozen lobster from 15 per cent to 13 per cent, and on crab from 18 per cent to 15 per cent.

Halibut—The first British Columbia halibut was imported last year. This business is still in its infancy but Hamburg importers are keen on developing it. All that is required is continued supply and some degree of competitive pricing. The import tariff on this product varies between 9 per cent and 13 per cent depending on the season, plus the usual 4 per cent additional tax. The Kennedy Round resulted in a reduction in the CET on halibut from 15 per cent to 8 per cent.

Turbot—Black turbot is another possibility. Germany imports about 2,000 tons a year and this figure will increase. The black-skinned variety of turbot was not popular until recently, but the increasing demand from the catering trade for white-skinned turbot has forced the canners to seek an alternative. This fish is usually shipped headless, gutted and packed in jute bags. The weight of individual fish should not be less than four pounds. Turbot is dutiable at 13 per cent as well as being subject to the 4 per cent additional tax. Once again, the Kennedy Round resulted in a reduction from 15 per cent to 8 per cent in the CET on turbot.

Cod, Redfish and Haddock Fillets—The occasional shipment of fish fillets reaches this market but as a general rule Canadian prices have been too high. The importers are aware that Canadian fish fillets are practically boneless and are of superior quality compared with the German product frozen aboard ship. However, this has not yet penetrated to the consumer level and the key seems to lie in advertising.

Future prospects are good, particularly as Canadian production increases as a result of newer and larger trawlers that can harvest the sea more systematically and efficiently. Success will depend upon quality production and continuity of supply, as well as maintenance of competitive prices. In short, Germany can be a lucrative market for tomorrow's production in spite of the protective tariff, which is 12.8 per cent plus 4 per cent additional tax. It is thought that this tariff will be reduced in the future, with the result that our ability to compete will be increased even further. Frozen fillets benefit from a reduction in the CET from 18 per cent to 15 per cent as a result of the Kennedy Round.

Fish Meal—Germany is a very large importer of fish meal, second only to Britain, because domestic production covers only a small part of demand. In recent years annual imports have amounted to 300,000 tons on average but prices have been extremely competitive. Peru is now the largest supplier and at the end of 1966 the Peruvian product was priced at U.S.$149 per metric ton c.i.f. North German port for shipments of not less than 100 tons. These prices are based on a qualitative analysis of 64 per cent protein, 10 per cent fat, 16 per cent moisture and 9 per cent sand, salt and miscellaneous materials.

Canadian fish meal producers would do well to examine this market. Several excellent brokers in Hamburg are always anxious to find new contacts even if current prices are not competitive. As a matter of interest, direct sales to end-users are rare and the employment of a good broker is the most effective way of continuously promoting your product and at the same time obtaining information on changing market opportunities. The tariff is 13 per cent if fit for human consumption and 2.4 per cent for other types, with a 4 per cent additional tax. The Kennedy Round has reduced the CET on the first type from 15 per cent to 13 per cent, and on the second type from 4 per cent to 2 per cent.

Vigorous Promotion Needed

The German market holds considerable potential for Canadian fish exporters. Some products are immediate saleable and others will find increasing acceptance as current sources become inadequate to meet total demand and as European production costs increase. All products will require vigorous promotion. Because of the demand for high quality and because of local standards, Canadian exporters will discover that this market is very exacting but the rewards can far outweigh the extra effort required. Where do you begin? Start by writing us a letter.

United States Proposes New Customs Invoicing

THE U.S. BUREAU OF CUSTOMS has published a notice in the *Federal Register* issued August 23, 1967, outlining proposed new requirements for customs invoicing.

Under current customs procedures, Customs Form 5515 is required with the entry of shipments covering goods subject to ad valorem rates of duty having an aggregate value exceeding $500. The U.S. authorities propose to dispense with Form 5515 and in its place a new customs invoice will be required. This new invoice will consist of a commercial invoice setting forth all the information formerly required on Form 5515 and additional endorsed certifications by the seller or shipper and by the purchaser or consignee or their agents.

It is also now proposed to reduce from six months to 60 days the time allowed for the production of the required invoicing not produced on the date of entry. Further, the minimum amount of penalty which may be assessed for non-production of the required invoice is to be increased from $25 to $100.

Some of the most important highlights of the new proposal follow:

1. Separate Special Customs Form Abolished

The commercial invoice will become the customs invoice when it includes all the information and certifications required under the proposal. There will be no other or separate customs invoice form.

2. Disclosure of Manufacturer's Name

8.13(b) (1) requires such disclosure when the manufacturer is not the seller or shipper.

3. Certification by Purchaser or Consignee

8.14(b) provides for such certification as to the correctness of the customs invoice or commercial invoice.

4. Assists

8.14(c) (3) requires disclosure by the purchaser or consignee of any "assists" furnished to the manufacturer or any other party to the transaction.

5. Special Relationships

8.14(c) (4) requires disclosure by the purchaser or consignee of any special relationship, such as common ownership or control, exclusive agency or distributorship.

6. Special Considerations

8.14(c) (5) requires disclosure of any warranty, guarantee, advertising or other special allowance, royalties, patents or other factors.

7. Reduction of Time for Production of Invoice

25.17(b) reduces the time allowed for production of invoice from six months to 60 days.

8. Increase in Penalty for Non-Production of Invoice

25.17(b) increases the penalty for non-production of invoice from $25 to $100.

The U.S. Customs authorities have invited views of interested parties prior to final action on the proposal. Consideration will be given to relevant data, views, or arguments which are submitted in writing to the Commissioner of Customs, Washington D.C. 20226, and received not later than October 22, 1967.

The full text of the notice in the *Federal Register* is as follows:

8.9 Entry without required invoice.

If an invoice required under 8.15 is not available in proper form at the time of entry, the entry shall be accepted only if—

*   *   *   *   *

(c) Such person or his agent gives a bond on Customs Form 7551 or 7553, or other appropriate form, for the production of the required invoice within 60 days from the date of entry of the merchandise.

8.13 Customs invoice; incomplete invoice; general requirements supplemented.

(a) A customs invoice shall be a commercial invoice executed by the seller or shipper (or the agent of either) setting forth the information pertaining to the transaction in the detail specified in paragraph (b) of this section. The purchaser (or his agent), or the consignee (or his agent) of merchandise obtained otherwise than by purchase or agreement to purchase, shall certify that such invoice is complete and correct and that there is no other invoice differing from the invoice so certified. When any such invoice is signed by an agent, he shall state thereon the name of his principal.

(b) Every customs invoice shall set forth:

(1) The name and address of the seller or person from whom the goods were obtained, and of the purchaser or consignee.

(2) The name and address of the manufacturer or producer whenever such goods are sold or offered for sale for exportation to the United States by the said manufacturer or producer, and the said manufacturer or producer is not the seller or shipper named on the invoice.

(3) The date when and the city and country where the goods were sold or shipped, and the port of entry to which the merchandise is destined.

(4) A complete description of the merchandise including:

(i) Quantity, quality, and type.

(ii) Manufacturer's or seller's numbers or symbols, if any.

(iii) Importer's or purchaser's numbers or symbols, if any.

(iv) Marks and numbers on shipping packages.

(v) Contents of each individual package.

(5) Invoice unit price, or in the case of non-purchased goods, the value for each item or in the absence of such value, the unit price that the manufacturer, seller, shipper, or owner would have received, or was willing to re-

ceive, for the goods in the currency of the purchase or transaction.

(i) All discounts granted.

(ii) All commissions paid or agreed to be paid.

(iii) The currency of the transaction, and the rate of exchange if fixed or agreed.

(6) Invoice totals and an itemized statement of packing costs and all other costs, charges, and expenses, stating whether they are included in such invoice total.

(7) All rebates, drawbacks, bounties, or other grants allowed upon exportation of the goods, separately itemized, and stating by whom granted.

(8) The current unit price at which the goods are being sold in the home market, if different from invoice prices (see certificate under 8.14(a)).

(9) The current price at which the goods are being sold for export to the United States, if different from invoice prices (see certificate under 8.14(a)).

* * * * *

8.14 Customs invoice certification.

(a) A customs invoice shall have endorsed thereon the following certificate signed and dated by the seller or shipper or the agent of either:

"I certify that all statements contained herein are complete and correct and represent the complete transaction and that there is no separate or different invoice. Unless otherwise noted herein, the goods have been sold or agreed to be sold; no rebates, bounties, drawbacks or other grants are to be received; and the current home market and current export price(s) are no different than the invoice price(s)."

____

Signature of seller or shipper or agent of either

____

Date

(b) A customs invoice shall have the following certificate endorsed thereon or attached thereto, signed and dated by the purchaser or his agent, for merchandise obtained by purchase or agreement to purchase, or by the consignee or his agent, for merchandise obtained otherwise than by purchase or agreement to purchase:

"I certify that I have read the certificate of the seller or shipper endorsed on this invoice and have no reason to believe that the statements contained therein are not correct and complete. I further certify that I am familiar with the provisions of section 8.14(c) of the Customs Regulations (19 CFR 8.14(c)); that from my personal knowledge of this transaction, except as disclosed on the invoice or set forth immediately below, there were no (1) discounts or additions, (2) commissions, (3) assists, (4) special relationships, or (5) special considerations of any kind, whether written, oral, explicit or implicit, as defined in that section. This merchandise was obtained by ☐ purchase or agreement to purchase ☐ otherwise than by purchase or agreement to purchase."

____

Signature of purchaser or consignee or agent of either

____

Date

(c) A full disclosure of the following items, insofar as they may relate to the price(s) shown in the invoice, must be made:

(1) Discounts or additions. Any reductions from or additions to the normal, base gross, list or other price that were used in arriving at the invoice price(s) which are not clearly evident from the invoice.

(2) Commissions. Any commission of whatever nature paid or agreed to be paid to any party in connection with the transaction(s).

(3) Assists. Any material, labor, tools of production, or other consideration of determinable value furnished to the manufacturer or seller by the purchaser or any other party to the transaction.

(4) Special relationship. Any special relationship such as common ownership or control, exclusive agency, or distributorship.

(5) Special considerations. Any warranty, guarantee, advertising or other special allowance, royalties, patents, or other factors.

Section 25.17(b) is amended to read as follows:

25.17 Nonproduction of documents; failure to redeliver packages; sums to be collected.

* * * * *

(b) When a required customs invoice or commercial invoice is not produced on the date of entry or within 60 days thereafter, unless such production is waived under the provisions of 8.15(d) of this chapter, the bond charge for the production thereof may be canceled upon the payment of $100 liquidated damages, provided the person who made the entry submits an application for relief from the full amount of the charge, explaining in detail why the customs invoice or commercial invoice could not be produced within the prescribed period, and the district director of customs is satisfied by such application or otherwise that the failure to produce the invoice within the prescribed period was due to causes wholly beyond the control of the person making the entry and not to any purpose of the foreign seller or shipper to withhold information required by law, regulation, or special instruction to be shown on the invoice.

* * * * *

Title 19, Chapter I of the *Code of Federal Regulations* will be further amended to substitute the words "customs invoice" for the words "special customs invoice" wherever the latter term is used therein and to delete references therein to Customs Form 5515, Special Customs Invoice. Additionally, it is proposed to delete 8.13(f) and (i).

Prior to final action on the proposal, consideration will be given to relevant data, views, or arguments which are submitted in writing to the Commissioner of Customs, Washington, D.C. 20226, and received not later than 60 days from the date of publication of this notice in the *Federal Register*. No hearings will be held.

(SEAL)

LESTER D. JOHNSON,
Commissioner of Customs.

Approved: August 7, 1967.

MATTHEW J. MARKS,
Acting Assistant Secretary of the Treasury.

(F.R. Doc. 67-9905; Filed, Aug. 22, 1967; 8:49 a.m.)

For further information please contact the Chief, United States Division, Office of Trade Relations, Department of Trade and Commerce, OTTAWA.

trade lines

Spain improves the national herd

The Spanish Ministry of Agriculture's scheme for the improvement of the country's cattle is well under way. In June 1,117 Canadian Holstein-Friesians arrived at Musel-Gijón for distribution to farmers who pay about $600 each (Pts. 33,000) for them. They followed a shipment of 637 Holstein-Friesians from Canada which arrived at Málaga in May and 142 Danish cattle which arrived in April. The first shipment of 210 Herefords from Britain (part of a £100,000 purchase of 600 head) arrived at Pasajes, north Spain, at the end of June. Canada dominates the market for purebred cattle, despite keen competition—Madrid.

Japan's timber imports still rising

Growing demand and a shortage of domestic timber have resulted in a continuous rise in imports over the past six years. Japanese industry predicts that they will reach 24.5 million cubic meters this year, an increase of 12 per cent over last year. Japan's suppliers are the Philippines, Malaysia, the United States, Canada, and the U.S.S.R. The end uses are housing 69.4 per cent, pulp 11.9 per cent, plywood 7.8 per cent, posts, pillars and poles 2.6 per cent, and other uses 8.6 per cent—Tokyo.

Soap from rubber seeds

The Rubber Research Institute and Lever Bros. (Ceylon) Ltd. have found an economic method of extracting oil for soap manufacture from rubber seeds. This is expected to save Ceylon Rs. 5 million in foreign currency annually—Colombo.

Ceylon produces more rubber but less tea

Rubber production in Ceylon rose by 28 million pounds in 1966 to reach a record 288.9 million pounds. The increase is attributed largely to the replanting subsidy scheme started in 1953 to encourage smallholders to replant. Tea production, on the other hand, fell last year to 490 million pounds, 13 million less than in 1965. Production of high-grown tea reached 196 million pounds, of medium-grown 162 million, and of low-grown 132 million—Colombo.

Aluminum extrusion press for Jamaica

Alcan Products of Jamaica Limited will install a 2,000-short-ton extrusion press and anodizing equipment at its plant in Kingston to produce high quality aluminum extrusions for windows, entrances, shopfronts and curtain walls for the construction, furniture and transportation industries. The press is to begin operation in the first half of 1968 and its output will replace imported products. Alcan Products of Jamaica Limited at present makes corrugated aluminum roofing sheets and other roofing products—Kingston.

British drug exports a record

British drug exports reached an all-time high of $225 million in 1966, an 11 per cent increase over the figure for the previous year. A quarter of the total went to EFTA and EEC countries where sales rose sharply. Exports of antibiotics were worth $48 million, of hormones $19 million, and of vitamins $8.7 million—London.

Shorter week worked in Germany

The German worker in January 1967 spent 39.1 hours a week on the job and was paid for 41.3 hours, just over 5 per cent less than in the previous January. The average gross hourly wage (men and women) rose 6.2 per cent to a new high of DM 4.62—Bad Godesberg.

South Africa produces ammonia for fertilizer

The new Milnerton ammonia plant will produce 311 tons of ammonia a day. This will enable South Africa to produce all the lime ammonium nitrate it needs and leave a margin for export. South Africa will save some R.8 million a year in foreign exchange—Cape Town.

Germans with money to spend

Stuttgart has the highest standard of living in West Germany with 1.6 times the average buying power. Frankfurt comes second. Latest figures show that Duesseldorf has slipped from seventh to twelfth place. Rural districts of Bavaria are the poorest with one-third of the average buying power—Duesseldorf.

European group pools shipping knowhow

F. J. Trewent and Proctor Ltd. of London, England, Vine Abel and Partners S.P.R.L. of Antwerp, Etudes et Entreprises Maritimes S.P.R.L. of Antwerp, and Sea Transport Engineering of Amsterdam have jointly set up an International Sea Transport Advisory Group in order to exchange experience in the design of passenger vessels, tankers, bulk carriers, and Rhine and coastal vessels. The four companies will continue to operate independently—The Hague.

Private firms may help develop Argentine oil

With the demand for petroleum products outstripping supply, the Argentine Government has decided to allow private companies to join the state-owned YPF and Gas del Estado in exploiting oil reserves. This is likely to result in an increased market for geological survey, exploration and extraction equipment—Buenos Aires.

Collapsible bicycles for Austrian motorists

A collapsible bicycle which can easily be carried in the trunk of a car will soon be marketed in Austria by Steyr-Daimler-Puch A.G. The saddle and handlebars are adjustable so that the bicycle may be used by adults or children—Vienna.

Germans hear more about British wool

Britain's National Wool Textile Export Corporation which represents 800 exporters of woollen cloth, yarn, and other products has opened an information office in Duesseldorf—London.

Telephones in Switzerland top 1.5 million

Switzerland installed 84,000 new telephones in 1966, bringing the total to 1,550,000. The number of calls went up by 100 million to reach 1.8 billion, of which 837 million were local, 896 million long distance, and 60 million were international calls—Berne.

Big jump in Swiss televiewing

The number of TV licences issued in Switzerland during 1966 rose to 751,700, up 131,000 from the previous year. Radio licences totalled 1,677,000, only 23,600 more than in 1965—Berne.

Greece imports more flaxseed

Greece imported 13,400 metric tons of flaxseed in 1966 compared with 8,000 to 10,000 tons in recent years. Canada was the largest supplier in 1966 with 9,210 tons. Ethiopia was the other major supplier and smaller quantities came from Syria and Iraq—Athens.

South African sugar recovers

Production in the 1966-67 season was 1,794,000 short tons, 792,000 tons more than last year, according to the South African Sugar Association. The 1965-66 season was a poor one with 400,000 tons of sugar being lost through drought—Cape Town.

From Chile

Port construction at Arica to be speeded up

The Chilean Government is providing U.S. $2.4 million so that work may be started on the administration and customs buildings. At present, warehouses are being built and electrical installations made. The hope is that all work now in progress will be finished early in 1968—Santiago.

Copper mine will open this year

The copper mine at Sagasca, about 25 miles from Iquique, will be in production before the end of 1967. The mine is based on a reserve estimated at 10 million tons of copper and will employ 500 men. So far, U.S. $20 million has been invested in it—Santiago.

Ford builds assembly plant

Work will begin this month on an assembly plant in Casablanca for Ford cars and trucks. Production is expected to start in twelve months' time. Renault is said to be planning assembly plants at Santiago and Talca—Santiago.

Financing for small industries

The Chilean Government Development Corporation (CORFO) has a U.S. $53.8 million program for developing small operations in the chemical, plastic, metallurgical, mechanical, electrical, textile, forestry and fishing fields. The Inter-American Development Bank has just approved a loan of U.S. $20 million to CORFO for this purpose; CORFO and the beneficiaries themselves will provide 56 per cent of the financing and other foreign sources 7 per cent—Santiago.

Encouraging beef production

The Government is trying to stimulate domestic beef production and to persuade Chileans to buy other kinds of meat. The methods used include short-term restrictions on slaughter and higher prices. Investment in transportation, warehousing and refrigeration will bring a general improvement in the quality too—Santiago.

Another sugar refinery opens

The new sugar refinery at Cocharas, near Chillán, has a capacity of 60,000 tons and with the other three Industria Azucarera Nacional plants will provide 58 per cent of Chile's sugar needs, saving U.S. $3 million in foreign exchange. A fifth plant, which will be in the Valdivia province, is expected to bring the figure up to 70 per cent in 1969—Santiago.

Selling Hospital Equipment in the Midwest

Part I of this report, which appeared in our last issue, defined the various categories of hospital equipment. Part II discusses how the nature of the equipment determines sales methods used in marketing.

ROBERT F. SEBASTIAN, *Commercial Officer, Chicago.*

THE DISCUSSION of distribution methods for hospital supplies and equipment that follows is intended to be general. There are exceptions to the methods described in each class and judgment should be tempered by this fact.

Marketing of Group I (Built-in Equipment)

a. Original equipment—About two thirds of built-in equipment is sold to new hospitals or established ones which are undertaking additions or renovations. Generally, original Group I equipment is sold direct or through a manufacturers' representative. Because the manufacturers' representative receives a commission only if he makes a sale, no large investment need be made in a sales organization when opening a new territory. However, the need for a continued sales effort and methodical re-education of sales representatives in newly introduced lines require some companies to use the direct sales approach. It is particularly important in selling complex technical equipment.

Primarily it is the architect who is charged with the responsibility for hospital design. Equipment characteristics must be considered in the design and thus the architect may either specify or influence specifying. This is especially true where items do not have direct medical applications, such as cabinets and doctors' annunciators. In the final analysis, however, the building committee has the final say in choosing and purchasing the equipment. Among the members of the committee there is often one whose personal force determines the final choice.

Because the unit cost is high, Group I equipment is expected to function well. For complex technical equipment, effective performance is the prime consideration and the purchase decision is often purely medical. To maintain this performance, service is extremely important. Manufacturers normally give a one-year warranty with free shipping, repair and return, as well as a guaranteed replacement at no cost while the faulty piece of equipment is being repaired. A service centre located near the area of sales may be required if a large volume of equipment is sold. Service can be provided at the factory if a smaller volume is sold.

b. Replacement equipment—Traditionally, sales to replace worn-out equipment in established hospitals have been made direct or through a manufacturers' representative. However, a third agent, the hospital supply house, is beginning to handle this type of equipment. Normally a hospital supply house will accept a line only on an exclusive basis and then only if it has good sales potential. This is doubly true when a manufacturer is introducing a new product. The exclusive basis is usually not a disadvantage, however, because hospital supply houses give good coverage.

Because Group I equipment is expensive, probably no one individual exercises complete control over its purchase. Rather the decision is made by the purchasing committee.

As with original equipment, performance is the main consideration.

Marketing of Group II (Free-Standing Equipment)

a. Technical equipment—Free-standing equipment is usually sold through a hospital supply house or by a manufacturers' representative. What applies to marketing of built-in equipment by these agents is true also of sales made in Group II.

The purchasing committee usually has a major influence on the selection of equipment. For a prescription item —that is, a piece of equipment potentially dangerous to a patient—a doctor's authorization is required and he is the major, if not the only, person to influence purchase.

The major factor to consider is performance. With medical electronic equipment in particular, performance, not price, is the prime consideration. The effectiveness of the equipment is all-important and the purchase decision purely medical. Related to the need for effectiveness is good servicing. Good equipment service is not generally provided by the distributing agents and therefore this responsibility falls on the manufacturer. The one exception is laboratory equipment which is well serviced by hospital supply houses.

b. Non-technical equipment—Hospital supply houses are often used as selling agents. Non-technical equipment, however, can be sold in a number of ways not yet covered. A local distributor, for instance, can be useful in selling non-technical equipment. Many large manufacturers, however, use distributors only after a product is well established and has become a stock item.

Another way to sell non-technical equipment is through a purchasing association (see Part I of this article in the September 16, 1967, issue) which occupies a somewhat peculiar position. On the one hand, it can be considered as the ultimate buyer because it does not re-sell to member hospitals for profit. On the other hand, it can be considered as a distributing agent because the material is passed on for use in the hospital and is not used within the association itself. The purchasing associations should be regarded as non-profit hospital supply houses rather than product-using health institutions. For this reason, we will consider them as distributing rather than buying agents. These outlets give good coverage for a product, but they are somewhat demanding. They commonly buy on contract but sometimes make informal jobbing arrangements, of which members may take advantage.

Because non-technical equipment requires little specialized knowledge for its use, it is most frequently bought by the purchasing agent.

Neither quality nor service is particularly important. However, as demand for quality and service recedes, demand for a low price increases. Price comes first in the purchase of non-technical equipment.

Marketing of Group III (Short-Term Supplies)

a. Technical—Although others may handle these products, hospital supply houses are the primary distributing agents for technical supplies.

Because of the varied interests of members of the hospital staff, the purchasing committee must be used to establish a useful compromise. It is therefore the normal influencing and authorizing agent.

The technical use of these supplies requires good quality. Related to this is the need for good service. This is not, of course, a maintenance service as with equipment but rather an exchange service. That is, if the supplies prove substandard the distributor must be willing to replace them immediately. Even with this demand for quality and service, price is rather important. These three factors —quality, service and price—are considered to be more equal in the purchase of technical supplies than for any other supplies or equipment.

b. Non-Technical—A hospital supply house is the normal selling point for non-technical supplies. These products are, however, particularly suited to group purchasing and are often distributed by purchasing associations.

Because detailed technical knowledge is not required, the purchasing agent commonly authorizes purchases of non-technical supplies.

Price is the prime consideration because quality is taken as relatively equal among brands and service is not particularly important.

c. Pharmaceuticals—Direct sale is the method normally used to distribute pharmaceuticals. Large brand-name manufacturers commonly maintain sales representatives who periodically call on doctors and hospital pharmacists. Alternatively, hospitals purchase pharmaceuticals on short notice from drug wholesalers.

The physicians who use them influence the purchase of pharmaceuticals by prescribing particular brands. Commonly prescribed goods are stocked by the hospital pharmacist and thus he is also an important factor to consider.

Quality, backed by a manufacturer's good name, stands out as the most influential factor. Pharmaceuticals are often available under brand names or in their generic form. Because in 49 states, hospital pharmacists are not allowed to substitute generic for brand-name products, brand-name quality is the most important factor.

Legislation Affecting Marketing

Hospitals must operate within a framework of strict regulation. The controls placed on them are especially severe, because the lives and health of citizens depend upon a safe hospital system. For this reason, the legal environment in which it functions is more important to the hospital industry than to any other.

The most pertinent example is legislation designed to provide equipment and supplies that are safe for patient care. In this area both federal and individual state laws apply. In many states the minimum federal regulations are accepted but in others the laws are much more stringent. Several states are also in the process of up-grading their present requirements. If an exporter is considering any particular state as a marketing objective, he would be wise to contact state as well as federal authorities for the regulations in their jurisdiction. The Appliances and Commercial Machinery Branch of the Department of Trade and Commerce, Ottawa, will be glad to supply a list of these authorities.

A second type of legislation is that designed to aid health institutions financially and in other ways, such as assistance in planning. Chief among these is the federal Hill-Burton Act, mentioned in Part I of this article. The law provides federal grants for construction of additions to or renovation of public and voluntary non-profit nursing homes, hospitals, diagnostic and treatment centres, and other related facilities.

A more general type of legislation may well affect sales of hospital equipment and supplies. Fair trade laws, such as the Robinson-Patman Act, provide that no preferential price can be offered to one buyer over another in the same circumstances. In other words, if two buyers are ordering approximately the same quantities to be delivered in the same locality within a limited time span, there cannot be any price differential. Manufacturers selling direct should be aware of this type of legislation.

Development and Trends

Various trends are appearing which may change present-day marketing techniques.

A first major expected change concerns purchasing associations, which are growing rapidly. The market open to a hospital supply or equipment manufacturer selling through these associations will thus expand quickly. Further, the association's influence through its research, education and counselling activities will also increase proportionately with its growth.

The second trend in the near future is towards the use of disposables. The U.S. hospital industry accepts disposables more readily than Canadian hospitals. One particularly promising area is that of disposable procedural supplies. All the individual items needed to carry out common medical procedures, such as spinal anaesthesia, are pre-packed in a sterilized container. The supplies are used once and then thrown away. The savings in time needed to organize and sterilize the necessary supplies is considerable. With pressure on hospital staffs to use time effectively, the growth in disposable sales can be expected to accelerate.

Finally, the entire hospital supply and equipment market can be expected to expand substantially in the coming years. The U.S. Government is providing more support for health care facilities than ever before. This is a result, in part, of the pressure on present facilities caused by new medical programs such as Medicare. Such pressure will virtually guarantee increased public interest and, more important, continued public financial assistance.

Marketing Approach

One good market approach is for the exporter to calculate duty-paid f.o.b. prices for his area of interest. Providing f.o.b. factory prices for U.S. Customs use in calculating duty is also advisable. These prices, with product information, can be compared with those of competing U.S. items. An actual visit to the market by the prospective exporter is always useful.

The Trade Commissioner in Chicago is always ready to assist an interested manufacturer. In the initial stages, product literature plus a price list should be sent to him and he will survey the market and advise the Canadian firm. It should always be kept in mind, however, that the Midwestern United States market is extremely competitive and requires a thorough and long-term marketing effort. ●

foreign tariffs and trade regulations

Australia

TARIFF BOARD INQUIRY—The Australian Minister for Trade and Industry has referred the following questions to the Tariff Board for inquiry and report before April 30, 1968:

(a) whether, having regard to the Australian Government's acceptance of the recommendations made in the Tariff Board's report on industrial chemicals and synthetic resins dated April 13, 1966, there has been such change in circumstances that would warrant discontinuance or variation of support values for the goods specified below;

(b) for those items where the Tariff Board's findings are that the support values should be varied what are the appropriate support values for each item.

This reference is of Departmental origin; the inquiry will be known as the "Chemical industry support values review".

Particulars of requests which interested parties expect to make at the public inquiry concerning the continuance, discontinuance or variance of support values should be submitted to the Secretary, Tariff Board, King's Avenue, Canberra, at the earliest opportunity.

Tariff Item	Goods
27.07.200	Phenol
28.40.100	trioSodium orthophosphate
28.42.190	Sodium carbonate
29.01.200	Styrene
29.02.100	Dichlorodiphenyltrichloroethane
	o-Dichlorobenzene
	p-Dichlorobenzene
29.04.300	isobutyl alcohol
	Butyl alcohols other than isobutyl alcohol
	Ethanediol
29.06.100	Phenol
29.08.200	Diethylene glycol
	Ethylene glycol monomethyl ether
	Ethylene glycol monoethyl ether
	Ethylene glycol monobutyl ether
	Triethylene glycol
29.14.211	isobutyl acetate
	Butyl acetates other than isobutyl acetate
29.14.212	Vinyl acetate
29.15.100	Phthalic anhydride
	Esters of phthalic acid, isophthalic acid, and of phthalic and isophthalic acid
29.16.300	2,4-Dichlorophenoxyacetic acid and its salts and esters; 2, 4, 5- trichlorophenoxyacetic acid and its salts and esters; esters of phthalic acid, esters of isophthalic acid and esters of phthalic and isophthalic acid.
29.23.100	Triethanolamine
34.02.000	Organic surface-active agents of alkyl phenol ethoxylates or of secondary alcohol ethoxylates

Tariff Item	Goods
34.04.110	Artificial waxes and prepared artificial waxes, being used or based on polyethylene glycols
38.11.200	Goods wholly of, or with a basis of: Dichlorodiphenyltrichloroethane o-dichlorobenzene p-dichlorobenzene 2,4-dichlorophenoxyacetic acid or its salts or esters 2, 4, 5-trichlorophenoxyacetic acid, or its salts or esters
38.19.400	Esters in which, and mixtures and preparations with, a basis of esters, in which: (a) the phthaic acid content; (b) the isophthalic acid content; or (c) the phthalic and isophthalic acid content, of the acid component is not less than 50 per cent by weight
38.19.700	Polyethylene glycols Mixed ethanolamines
39.01.150	Condensation, polycondensation and polyaddition products of polyethylene glycols
39.02.120	Polymerization and copolymerization products of the polyethylene type
39.02.130	Styrene-rubber copolymers and mixtures of polystyrene and rubber. Polymerization and copolymerizaton products of the styrene type, not being styrene-rubber copolymers or mixtures of polystyrene and rubber
39.02.151	Goods of vinyl chloride polymers and copolymers (i) natural rubber latex with added synthetic rubber latex (ii) synthetic rubber latex; prevulcanized synthetic rubber latex; synthetic rubber and (iii) unvulcanized natural or synthetic rubber, in solutions and dispersions including latex:
40.01.411	of polybutadiene
40.02.920	
40.06.121	(1) oil extended (2) other than oil extended
40.05.921	Unvulcanized rubber of (1) polybutadiene and (ii) polybutadiene-styrene or of
40.05.929	polybutadiene and polybutadiene-styrene: (1) oil extended, containing 30 per cent or more by weight of carbon black (2) other than oil extended, containing 30 per cent or more by weight of carbon black (3) oil extended, containing less than 30 per cent by weight of carbon black (4) other than oil extended, containing less than 30 per cent by weight of carbon black

Further information and assistance is available from the Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce.

Denmark

ADDED VALUE TAX—The general sales tax of 12½ per cent levied on most goods at the wholesale level was replaced on July 3, 1967, by the added value tax of 10 per cent. The new tax is levied on the value added to the goods each time they change hands, up to and including the point of retail sale, and applies both to goods and services.

On imported goods the tax is levied at 7 per cent payable by the importer when the goods first enter Denmark, and thereafter at 10 per cent each time they change hands.

New Zealand

REGULATIONS ON WOOD PACKING—The New Zealand Government passed a regulation requiring that exporters declare that any wood packing is free from bark and visible signs of insect or fungal attack. The regulation became effective December 1, 1966. For further information regarding forms, contact the Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce.

Trade Commissioners on Tour

Temporary Duty in Ottawa

The following officers will be on temporary duty in Ottawa. Anyone who wishes to see them should contact the Trade Commissioner Service, phone: 992-1366.

P. Stuchen, Commercial Counsellor in Kuala Lumpur, Malaysia, October 9-13.

J. D. Tennant, Assitsant Commercial Secretary in Port-of-Spain, Trinidad, November 6-17.

In Territory

Britain—J. H. Nelson, Trade Commissioner in Liverpool, will visit Birmingham October 31-November 2 and Manchester November 8 and 9.

K. R. Higham, Assistant Trade Commissioner in Liverpool, will visit Harrogate and Leeds October 9-12.

A. Lloyd, Commercial Assistant in Liverpool, will visit Sheffield October 11-13.

California—D. S. Baker, Vice Consul and Assistant Trade Commissioner in San Francisco, will visit Sacramento October 23-27.

Central America—R. D. Sirrs, Commercial Secretary in Guatemala, will visit El Salvador, Honduras, Nicaragua, Costa Rica and Panama during the second half of November.

Cyprus—M. A. Brault, Assistant Commercial Secretary in Tel Aviv, will be in Cyprus c/o Canadian High Commissioner's Office October 4-12.

Hawaii—R. M. Dawson, Consul and Trade Commissioner in San Francisco, will visit Honolulu October 9-13.

Indo-Chinese States—A. Blum, Assistant Trade Commissioner in Hong Kong, will visit Laos, Vietnam and Cambodia November 21-December 11.

Japan—R. A. Food, Assistant Commercial Secretary in Tokyo, Japan, will visit Osaka and the Kansai area during the second week of October.

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

Foreign Exchange Rates

These nominal quotations may help exporters in checking prices, but they should consult their banks before making any firm commimtents. 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 September 15	Value of Canadian dollar in foreign currency units at September 15
Algeria		
Dinar	.2192	4.56
Argentina		
Peso (free)	.0031	322.58
Australia		
Dollar	1.20	.8333
Austria		
Schilling	.0417	23.98
Babamas		
Dollar	1.048	.9514
Belgium and Luxembourg		
Franc	.0217	46.25
Bermuda		
Pound	2.993	.33
Bolivia		
Peso	.0903	11.07
Brazil		
Cruzeiro (official free)	.3979	2.51
Britain		
Pound	2.993	.33
British Honduras		
Dollar	.7483	1.34
Burma		
Kyat	.2258	4.44
Ceylon		
Rupee	.2245	4.45
Chile		
Escudo (bank rate)	.2016	4.96
(free)	.1807	5.53
Cbina, 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	.1623	6.16
Cuba[2]		
Peso	....	....
Czechoslovakia		
Koruna	.1493	6.68
Denmark		
Krone	.1551	6.45
Dominican Republic		
Peso	1.075	.93
Ecuador		
Sucre (official)	.0597	16.67
(free)	.0543	18.42
El Salvador		
Colon	.4301	.2.33
Fiji		
Pound	2.697	.37
Finland		
Markka	.3360	2.97
France, Monaco, etc.[3]		
Franc	.2192	4.56
Franco-African Republics[4]		
Franc	.0044	227.79
French Pacific[5]		
Franc	.0121	82.64
Germany		
D Mark	.2687	3.72
Gbana		
New Cedi	.0358	.95
Greece		
Drachma	.0357	27.86
Guatemala		
Quetzal	1.075	.93
Guyana		
Dollar	.6236	1.60
Haiti		
Gourde	.2151	4.65
Honduras		
Lempira	.5377	1.86
Hong Kong		
Dollar	.1871	5.34
Hungary		
Forint (official)	.0921	10.86
Iceland		
Krona (official)	.0250	40.00
India		
Rupee	.1425	7.00

Country and Currency	Value of Foreign Currency unit in Canadian dollars at September 15	Value of Canadian dollar in foreign currency units at September 15
Indonesia[6]		
Rupiah	....	....
Iran		
Rial	.0142	70.42
Iraq		
Dinar	3.011	.33
Ireland		
Pound	2.993	.33
Israel		
Pound	.3584	2.79
Italy		
Lira	.0017	581.86
Japan		
Yen	.0030	335.37
Kenya		
Shilling	.1402	7.13
Lebanon		
Pound (free)	.3333	3.00
Malaysia		
Dollar	.3513	2.85
Mexico		
Peso	.0860	11.61
Morocco		
Dirham	.2151	4.65
Netherlands		
Florin	.2988	3.35
Netherlands Antilles		
Florin	.5702	1.75
New Zealand		
Dollar	1.491	.67
Nicaragua		
Cordoba	.1536	6.51
Nigeria		
Pound	2.997	.33
Norway		
Krone	.1503	6.65
Pakistan		
Rupee	.2245	4.45
Panama		
Balboa	1.075	.93
Paraguay		
Guarani (free)	.0090	112.36
Peru		
Sol (free)	.0288	24.94
Philippines		
Peso (free)	.2754	3.69
Poland		
Zloty (fixed basic rate)	.2690	3.72
Portugal & Colonies[7]		
Escudo	.0374	26.66
Saudi Arabia		
Riyal	.2066	4.84
Sierra Leone		
Leone	1.497	.67
South Africa		
Rand	1.497	.67
Spain & Dependencies		
Peseta	.0180	55.55
Sweden		
Krona	.2087	4.79
Switzerland		
Franc	.2478	4.00
Syria		
Pound (free)	.2815	3.55
Thailand[1]		
Baht (free)	.0522	19.64
Tunisia		
Dinar	2.065	.48
Turkey		
Lira	.1195	8.36
United Arab Republic		
Pound (official)	2.473	.40
United States		
Dollar	1.075	.93
Uruguay		
Peso (free)	.0068	147.06
Venezuela		
Bolivar (official free)	.2391	4.18
West Indies		
Dollar[8]	.6236	1.60
Pound[9]	2.997	.33
Yugoslavia		
Dinar (official)	.0860	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

SOUTH AFRICA

Area

Republic of South Africa 471,445 square miles.

Climate

Varies from temperate to sub-tropical. Average summer temperature is 72°F, average winter temperature 58°F.

Population

Total population (June 1966) 18.3 million.

	Europeans	Coloureds	Asiatics	Africans
Total	3,481,000	1,805,000	547,000	12,465,000
Males	1,738,000	894,000	276,000	6,287,000
Females	1,743,000	911,000	271,000	6,178,000
15-24	600,000	323,000	121,000	
25-34	459,000	240,000	80,000	
35 and over	1,267,000	392,000	114,000	

Households

725,000 private residential dwellings.

Income

Net income of the Republic of South Africa, Southwest Africa, Botswana, Lesotho and Swaziland was R. 6,492 million in 1965. The per capita income was R. 324 and the average hourly wage R. 0.40.

Motor Vehicles

In 1966: 134,407 automobiles, 956 buses and 1,180 mini-buses, 35,571 commercial vehicles, 13,195 motorcycles, and 11,803 tractors.

Telephones

In 1965, there were 1,058,702 telephones, of which 525,930 were business, 516,969 were residence and 15,803 were public telephones.

Radio and Television

In 1964, 796,312 radios. There is no television service. The Government owns all broadcasting facilities.

Water

Water is safe to drink in towns. Water pressure ranges from 85 to 230 psi.

Electric Power

50-cycle a.c. 220/380 volts, single and three-phase. A grounding conductor is required in the electrical cord attached to an appliance. The cost for domestic users is ½ cent per unit and there is also a service charge of R.O.25 and R.O.40 a room.

Coal

Anthracite, semi-anthracite and bituminous available. Consumption in 1963 was 42 million tons (production that year was 46.1 million tons). Production in 1965 was 53.4 million tons.

Gas

Manufactured gas is supplied from oil refineries in Cape Town and Durban. At Sasolburg, the South African Coal, Oil and Gas Corporation (SASOL) manufactures gas from coal. There were over half a million domestic and industrial consumers in 1964. The cost per therm is between R.O.11 and R.O.18.

LPG is becoming more popular, particularly for outdoor recreation. In five years, consumption of manufactured gas and LPG has increased by 25 per cent.

Petroleum Products

All petroleum products are available. In 1963, consumption of gasoline was 546 million gallons.

Weights and Measures

Imperial.

Screw Thread

In order of importance, Whitworth, North American SAE, BSF, BA, and metric. Right hand thread is commonly used. A change to metric is being discussed.

Standards

Approval of electrical appliances must be obtained from the:

South African Bureau of Standards,
377 Andries Street,
Pretoria.

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

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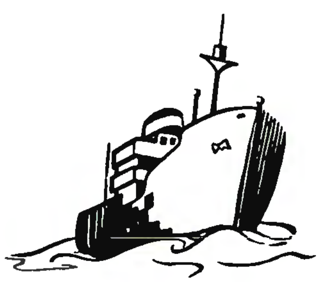

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