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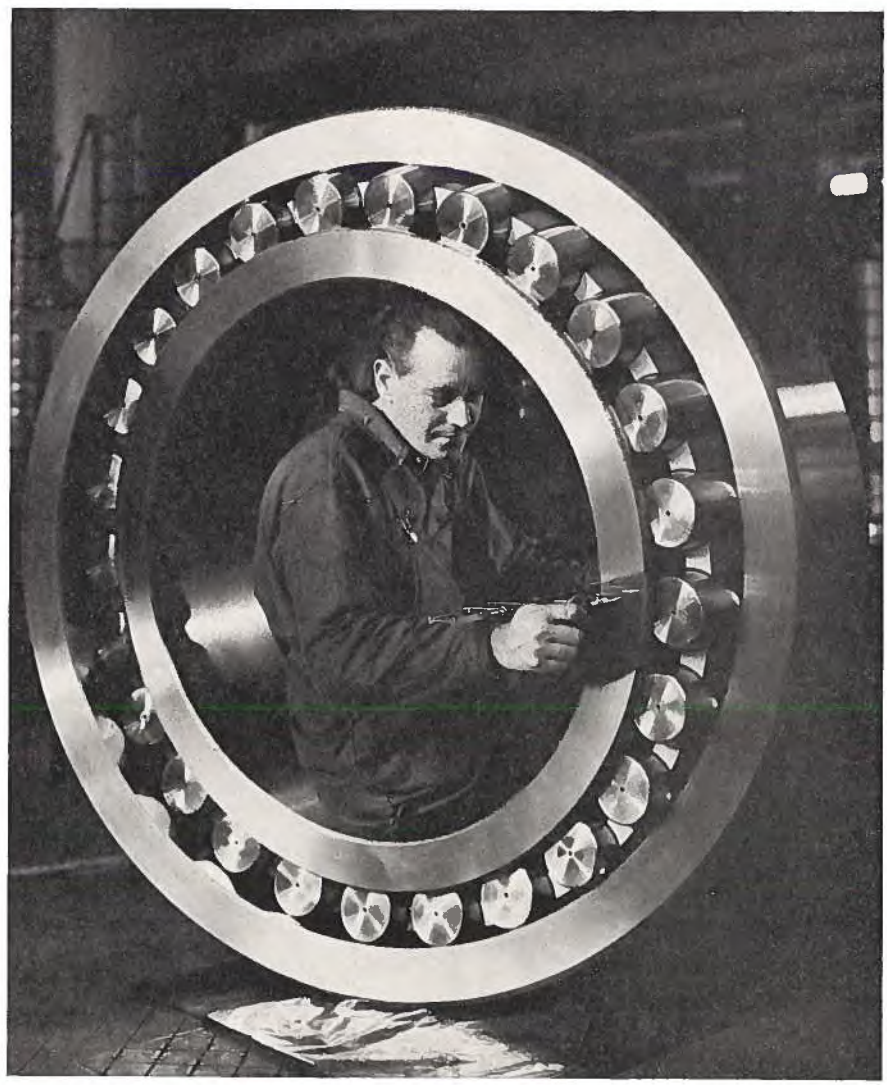
FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA



Selling to Industry in Sweden

FOREIGN TRADE

OCTOBER 14, 1967 Vol. 128 No. 8

COVER: Sweden's industrial reputation is based upon specialization; many Swedish companies lead the world in their particular fields. One prime example is SKF, makers of ball bearings. In our photograph, a technician is carrying out a final check on an SKF product. The article on page two reviews Swedish industry and how Canadians might provide some of its needs.

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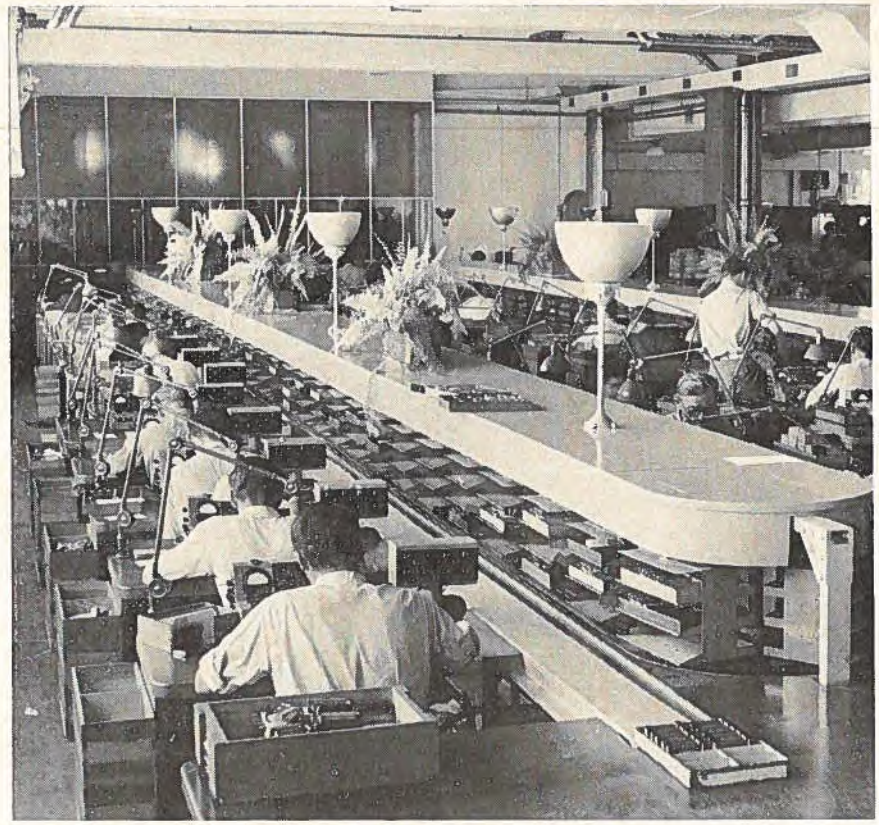
Selling to Industry in Sweden



Telephone relays made by Sweden's L. M. Ericsson are being assembled and adjusted.

Canadian exporters who would like to sell to Sweden's highly organized and advanced industry may need guidance in finding potential customers and in presenting their products effectively.

NORMAN PARSONS, *Commercial Assistant, Stockholm.*

SWEDEN is a highly industrialized country producing, among other things, office machines, ball bearings, rock drills and cars that are known around the world. Specialized and technically advanced industries of this kind need equally specialized capital and production equipment. Such products are particularly well suited to stand the cost of transatlantic freight and the EFTA tariff preference. They sell on sheer technical performance.

Swedish industry purchases raw materials and consumables to a value of $7 billion a year, invests $900 million in buildings, machinery and vehicles, and spends half that amount on maintenance and repair work. (The table gives some of the important items.) The sales value of industrial production (excluding power) is $14,500 million, and 45 per cent of this represents value added.

The expansive sectors are engineering and (on a smaller scale) chemicals; both have a share of total production today one-third greater than before the war. The share of forest products and the main consumer sectors—food and textiles—is, however, smaller.

Although industry in Sweden is in general similar to that in other industrial countries, there are some important differences. Swedish manufacturers are less dependent than most on domestic suppliers and consumers and they buy and sell all over the world. The home market is small (population 7½ million) and relatively unprotected by tariffs (average 2 per cent on raw materials and 6 per cent on manufactures and semi-finished products). The need to achieve economies of scale often means that there is only one Swedish

company making a given product and even it has to export as soon as it attains volume production.

A second feature is the importance of specialized products. The major companies have all been built up either on Swedish raw materials—timber, iron ore, waterpower—or on a Swedish invention or improvement such as SKF's ball bearings, Asea's three-phase electric motor, Alfa-Laval's cream separator, Aga's lighthouse beacon, and L.M. Ericsson's telephone equipment. (The sole exception is Volvo, the only big company with full series production.) It is these specialized companies that are expanding most rapidly. Many of them, though small by world standards, have through specialization become world leaders. Today there is conscious emphasis on inventiveness and technical leadership and this makes Swedish manufacturers especially receptive to buying sophisticated equipment.

A third feature is the high cost of labour—50 per cent more than in Britain, for example. These high labour costs are overcome in several ways. Production and administration are rationalized, straight price competition is avoided by keeping a step ahead technically, and labour requirements are reduced by installing the most up-to-date equipment. So far, Sweden remains competitive in world markets.

The importance of sub-contracting in Swedish engineering is also worth noting. The extent to which Volvo cars and trucks are produced outside the company's own plants is well known. The next largest Swedish company after Volvo—Asea—also contracts out work representing half the value of total sales.

EFTA, with its duty-free imports from Sweden's Nordic neighbours and from Britain, has distorted the pattern of foreign trade but its effect should not be exaggerated. When an imported component is re-exported as part of a complete machine, drawback can be claimed—and in many industries well over half of production is in fact exported. Moreover, many of the products a Canadian exporter would seek to market so far from home are unique. Their purchase is thus unlikely to be affected by marginal price factors once the few potential customers have been identified and an effective presentation made.

SWEDISH INDUSTRY SALES AND PURCHASES, 1964

	Value of Sales	Purchases of Raw Materials	Per cent of Sales	Investment in Machinery	Maintenance
	(million kronor)			(million kronor)	
All industry (except power)	62,223	33,981	49	2,638	1,594
Mining	1,442	253	18	131	78
Engineering and metal-working	29,718	13,461	45	1,051	689
of which:					
iron and steel	3,849	1,544	40	288	301
autos, railways	5,088	2,514	49	133	47
ships	1,932	1,082	56	33	22
electrical	3,501	1,390	40	120	46
Earth and stone	2,498	694	28	171	117
of which:					
cement and products	1,195	430	34	109	79
Timber, woodworking	4,694	2,478	53	123	56
of which:					
sawn timber	2,108	1,290	61	.....	.....
furniture, woodworking	2,204	992	45	.....	.....
Pulp and paper	6,368	3,393	53	514*	333*
of which:					
pulp	2,616	1,513	58	218	162
paper and board	2,574	1,303	51	133	130
Printing	2,217	588	27	.....	.....
Foodstuffs	11,091	7,900	71	198	89
of which:					
flour	530	380	72	.....	.....
bakeries	1,093	463	42	.....	.....
dairies	2,377	1,946	82	.....	.....
meat	4,007	3,236	81	.....	.....
Beverages, tobacco	870	321	37	22	14
Textiles and clothing	4,232	2,011	48	126	51
of which:					
wool	498	250	50	.....	.....
cotton, rayon staple	588	281	48	.....	.....
hosiery, knitwear	476	226	48	.....	.....
clothing	1,704	778	46	.....	.....
Leather, rubber	1,671	789	47	54	30
of which:					
rubber	732	311	43	.....	.....
Chemicals	4,423	2,094	47	248	137
of which:					
elements, compounds	850	358	42	.....	.....
pharmaceuticals	251	54	22	.....	.....
petroleum products	431	347	80	.....	.....
paints	435	189	43	.....	.....
detergents, toilet articles, candles	393	134	34	.....	.....
plastics	686	302	44	.....	.....

Source: Industri 1964

*Includes printing

Importance of Big Buyers

Most of the turnover comes from the 70-odd companies with sales of over $20 million and the 20 biggest industrial groups alone account for more than one-third. In many sectors there are a few dominating companies or even just one.

—*continued on page 6*

How Some Major Swedish Companies Buy

TWENTY COMPANIES account for over one-third of Swedish industrial production. Descriptions of the buying organizations of a few are given below, with the name of the first contact for the Canadian exporter. General information about these companies is contained in their excellent annual reports in English, obtainable either direct, through a Swedish bank, or through the Trade Commissioner.

The Volvo purchasing department at Torslanda, Gothenburg, is by far the biggest industrial purchasing unit in Sweden, with purchases rapidly approaching $300 million a year. There is no other Swedish purchasing department responsible for buying half this amount, and only a dozen buying $40 million to $140 million. As a group, the Co-operative Union (KF) is comparable in size to the Volvo Group, but none of the purchasing is centralized. The 30 or so local factories buy fairly independently.

In one group after another there has been reorganization—mostly quite recently—to establish centralized purchasing. Even in groups that have rejected this, there has been increased activity in establishing central agreements enabling member companies to obtain discounts on the basis of bulk buying. This centralization has to some extent simplified the foreign supplier's task, because more and more purchasing is concentrated in Stockholm and Gothenburg: nearly two-thirds of the companies with sales exceeding $20 million have their head offices and central purchasing departments in or near these two cities. The following are the most important industrial buyers situated three hours or more from Stockholm, Gothenburg or Malmö: Saab, Stora Kopparberg, Swedish Cellulose Co. (SCA), Uddeholm, Bofors, Facit and Husqvarna.

VOLVO

Volvo produced 145,000 cars, lorries and buses last year, to a value of over Can.$400 million. Two-thirds of this represented brought-in goods, a good deal imported. Purchasing for automobile production is centralized at the Torslanda works just outside Gothenburg. The purchasing department here also buys for the overseas factories at Halifax (for the North American market) and at Ghent (for the European Common Market). A booklet in English, *Selling to Volvo,* provides an introduction to the purchasing department. Canadian suppliers may find it useful to make a preliminary approach to Volvo in Detroit or Halifax. The other factories in the Volvo Group, accounting for one-third of Group turnover, buy independently—BM for tractors, Flygmotor for jet engines, GMA for printing presses, KMW for machine tools and Penta for outboard engines.

The main disadvantage for Canadian suppliers in relation to European suppliers is of course distance and the resultant need for keeping bigger stocks. The assembly lines at Torslanda and Hisingen are backed by only a few hours' supply when a component comes from Volvo's own works in other parts of Sweden but five weeks' supply is considered necessary for a component imported from across the Atlantic. Canadian quotations must therefore be correspondingly lower.

Canadian suppliers also have advantages. Customs duty is charged on Volvo cars imported into Canada and the United States but not on Canadian-made components (every fifth Volvo is sold in North America). Volvo's factory at Halifax, which will in full production make up to 10,000 cars a year, is naturally interested in buying Canadian even when the European factory is buying European. Again, Canadian suppliers can often produce longer series than any company in Europe, because the world's largest auto manufacturers are their regular customers. For the same reason, they are nearer to new ideas and to new solutions to standard problems of auto manufacture.

Volvo wants to buy direct from manufacturers and not through agents. If there is any question to discuss, it must be done directly. One Canadian supplier visits Volvo four to five times a year and is visited by them two to three times a year. The expense of the visits is small for an order worth $1.5 million a year, to be doubled in two years' time.

ASEA

Asea makes electrical equipment for power generation and distribution. The parent company had sales of $245 million last year; purchases amounted to nearly half of this and some 40 per cent was imported, nearly two-thirds from Europe. Asea's factories at Västeras, a two-hour journey northwest from Stockholm, account for three-quarters of production and the purchasing department there for a rather higher proportion of purchasing.

There are three purchasing managers. Ulf Haglund buys basic materials and semis including metals (especially copper), forgings and castings, chemicals, paper, textiles and oil. Kaj Nohrlander buys equipment and materials for mechanical engineering including machine tools, plateworking machinery, springs, bearings, chains, pipe fittings, hand tools and office equipment. Lars Ekstrand buys electrical equipment and materials including instruments, relays, switches, insulated cables, pumps, heat exchangers and semi-conductors. Seventy per cent of Mr. Haglund's materials are purchased on a long-term basis, as against only 25 per cent of Asea's other purchases.

KOOPERATIVA FÖRBUNDET

The Swedish Co-operative Union and Wholesale Society (KF) has over 20 manufacturing companies of importance scattered throughout Sweden. Products include flour, canned and frozen foods, vegetable oils, chocolate; plastics, paper, fertilizers; rayon, clothing, footwear and tires; cosmetics and detergents; domestic electrical appliances, weighing machines and television receivers. Purchases are valued at more than $300 million a year; three-quarters consist of raw materials and the remaining quarter of machinery, buildings and equipment.

Taken together, KF's factories make up the biggest purchasing group in Sweden. However, very little is bought centrally and a supplier should normally direct his efforts to the purchasing department of the individual factory. KF's central management confines its purchasing activity to exerting a general financial control and negotiating central

greements that allow all KF factories bstantial discounts. Such agreements pply at present to tools, electrical wire d switches, road vehicles and acces- ries, tires and gasoline; data-processing uipment; equipment for welding, undries and fire-fighting; wire mesh, cks, thermometers, call signals, tape, llets and compressors.

AAB

Saab started in 1937 as the Swedish ircraft Co. to make planes for the wedish Air Force, and launched the aab car in 1950. Most of its other roducts are a spin-off from military evelopment work—aviation equipment, mputers, process control machines for dustry (especially for textile dyeing nd for machine tools), X-ray television quipment, etc. There is extensive col- boration with other Swedish companies nd also with foreign companies at home nd abroad. In good years, subcontract- g is said to account for 30 per cent Saab's engineering production; in bad mes for only a very small percentage.

Turnover in 1966 was Can.$245 mil- on. An increasing two-thirds is civil. he military proportion depends upon e number of Viggen aircraft to be rdered for the Swedish airforce— riginally 700, but now only a quarter s many. Each aircraft would on the riginal plan have cost about $2 million, f which between a third and a half epresents electronic equipment, largely rought in, and most of the remainder onstruction costs. Saab's own electronics utput now represents "between 10 and 0 per cent" of turnover. Car output is lanned to reach 70,000 this year, and mploys one-third of the labour force.

Purchasing is centralized at Linköping 2½ hours from Stockholm by train), xcept for cars. The purchasing manager t Linköping is Börje Linnersten, assisted y Bertil Elvör and Nils Hellström. In- uiries regarding licensing arrangements hould be directed to the technical direc- ors—T. Gullstrand at Linköping and T. axén at Jönköping.

Car production is mainly at Trollhät- an, where the purchasing manager is laken Sörgardt. Purchases amount to ome $60 million a year; 80 per cent f this is production material, 40 per ent of which is imported (rather less han $20 million). Imports come mostly om West Germany and Britain, but aab's buying office in New York made aterial purchases of $4 million last ear, including crown wheels and pinions nd shock absorbers. Because Saab is a comparatively small manufacturer of cars, it would like to obtain the economies of large-scale production by having components produced in conjunction with a run for a longer series than its own alone.

L. M. ERICSSON

"LM" is the largest organization outside the United States specializing in telephone and communications equipment. Group turnover in 1966, at $420 million, was twice as much as five years previously, though still only one-fifth as great as that of ITT or G.T. & E. and Siemens. Foreign markets take 62 per cent of sales and overseas subsidiaries account for half the labour force of 44,000. The great bulk of Swedish sales go to the Swedish Board of Telecommunications and to the armed forces. Production of radio and television receivers at the Svenska Radio subsidiary was closed down in 1967.

The central purchasing department at the head office in Midsommarkransen, Stockholm, buys for 19 of the 20 factories of the parent company, which had a turnover in 1966 of $190 million. It does not purchase for the cable works at Alvsjö, the seven subsidiary companies, or the foreign manufacturing subsidiaries.

The first approach is normally to the head of the department, Överingenjör K.G. Asbrink. Literature sent to him will be circulated to suitable members of the technical staff, and if interest is expressed, samples may be sent, with prices. Finally, a technical meeting is arranged between supplier and technical staff.

Purchases for military electronics are made not in Stockholm but by Ingenjör E. Merlenius, at the Mölndal (Gothenburg) plant. Purchases in the United States are made through B. O. Hallbergson of the North Electric Company in Galion, Ohio.

SVENSKA METALLVERKEN

SM makes semi-manufactures in copper, brass, aluminum and other nonferrous metals, and also aluminum and plastic foil and cast goods. The parent company's 1966 turnover of $180 million included 130,000 tons of semis and the biggest subsidiary, Sako, smelted $20 million worth of aluminum. Purchases were valued at $150 million, of which over 80 per cent was for crude metals. Metal purchases are made by Nils Isaksson and fall under the sales department. The central purchasing department at Västeras, under Jan Westin, buys heavy machinery and technical equipment, a large part of which comes from abroad. Electrical equipment, lighter machines and consumables are mostly bought by the four main factories individually—Finspang for aluminum semis, copper tubes and strip; Västeras for copper semis; Skultuna for aluminum saucepans, foil and car parts, and Väsby for various finished products in aluminum, zinc, and brass. The Finspang plant is the largest, with 40 per cent of the labour force. Imports from North America are typically products that are unique, without direct competition—for example, a casting line that makes virtually hole-free aluminum foil stock.

SKF

AB Svenska Kullagerfabriken is usually accounted Sweden's biggest company but affords surprisingly limited opportunities for outside suppliers. With a turnover of $750 million and 6,700 employees, it accounts for a quarter of the world's ball bearings. However, these figures refer to the worldwide organization, with 60 factories. The five Swedish factories account for less than a quarter of the total sales and labour force, and each of these does its purchasing independently, except for group agreements providing for quantity discounts on particular products. Swedish SKF is self-sufficient in steel tubes and bars, and machine tools; other machinery and instruments are also largely manufactured within the group, though not sheetworking machinery and electric hand tools. Outside purchases are mostly brass cages (from Svenska Metallverken) and consumables such as high-speed and carbide steel (from Stora Kopparberg), abrasives (mostly from Slip-Naxos), wearing parts, diamond tools and work gloves. Imports are small, but Ake Boll at the head office in Gothenburg is always interested in examining technical literature.

Other Major Buyers

There are several companies whose central purchasing departments buy less than sales figures might lead a seller to expect. Alfa-Laval (formerly Separator) and Swedish Match, for example, have too many specialized products for purchasing to be controlled centrally. The former's Tumba factory designs complex equipment, subcontracts most of the manufacture, and assembles the parts. Of total purchases, one-third comes from companies within the group.

—continued on page 6

The Swedish Match Co.—Tändsticksbolaget—has rechristened itself the Stab Group, for its future lies not in matches but in the 30 Swedish subsidiaries making such diversified products as food-producing machines from Arenco, military electronics from Arel, packaging equipment from Akerlund & Rausing, and plastic-coated fabrics from Jönköping-Vulcan. The central purchasing department in Jönköping handles only materials for match production and group purchasing arrangements.

The Grängesberg Co. has diversified its production from mining to steel, glass and plateworking machinery, and decentralized its buying, in particular to Oxelösund and Nyby Bruk. Coal, alloys and machinery account for over half of purchases.

The Axel Johnson Group, basically a shipping line, has steel mills, engineering works, a shipyard, oil refinery, etc., each of which buys independently, as do the Group's building construction companies. The shipping line, with services to Vancouver, makes all its purchases in Sweden, apart from fresh food. Stora Kopparberg has been at Falun (250 kilometres north of Stockholm) for six centuries, and still purchases centrally there. The Swedish Cellulose Co. (SCA) is in the process of centralizing most of its purchasing at the head office in Sundsvall, but at present each mill makes the bulk of its purchases independently. Skanska Cementgjuteriet, the building contractors, buy more building materials than any other company in the world, but very little is imported. Facit's purchasing for its production of office machines is centralized at Atvidaberg, but a supplier of electronic equipment would make his first approach to the head of the electronic research and development department in Stockholm. Astra's requirements for pharmaceuticals production are purchased in Södertälje (near Stockholm), but the two other factories in the group buy independently. LKAB, which mines the Lappland iron ores 1,400 kilometres north of Stockholm, makes almost all its purchases in Stockholm.

These descriptions cover a few of Sweden's major buyers. The Trade Commissioner in Stockholm would be glad to provide more detailed information about approaching these companies and also about smaller companies which can often be even more important customers for an overseas supplier. Sweden is particularly valuable as a market for specialized and advanced equipment.

The pattern of production and purchasing is far from being as concentrated as turnover figures suggest and this applies especially to the purchasing of imported goods. The 20 companies referred to above account for over one third of sales, but several of them are essentially assembly plants for parts subcontracted to smaller firms, so that their share of value added is considerably smaller. Most of them have decentralized purchasing and consist of groups rather than single buying units.

The exporter who confines his approaches to the head offices of the 20 or even the 70 is likely to find worthwhile buyers but still miss the major part of his potential market. This fact remains little affected by the steady stream of mergers and the establishment of group buying arrangements for a few standard products such as fuel and tools. The 20 per cent of customers who account for 80 per cent of sales may quite well consist mainly of relatively obscure firms. This is especially true when the product offered is of the more specialized kind for which opportunities are best in international trade.

Steps to Selling

There is no short cut to developing industrial sales in Sweden. An exporter must investigate the market thoroughly and part of this investigation should be a carefully planned personal visit.

Purchasing staff attempt to find the best possible combination of quality and price and to obtain the most favourable conditions of purchase. Often they are technically qualified, but they do not claim to possess the knowledge for making technical judgments themselves. They are, rather, a co-ordinating centre for contacts and information both within the company and outside it. They pass inquiries to the specialist or more often a group of specialists best qualified to judge the value of a product or service and they aim at making the best commercial arrangement for the choice made by others. Only when the products to be bought are limited in range and have rigidly defined specifications is the purchasing manager likely to decide without such consultation.

Canadian manufacturers are likely to be first-time suppliers. How resistant are Sweden's industrial compani to taking up a new product? The range from very conservative up. B all believe in buying where the mark is best, even to the extent of passi over their own subsidiaries if the can get a better deal elsewhere.

One purchasing manager buyi both machinery and chemicals has rule of thumb: no change without gross saving of $20,000 a year. For car manufacturer who might have t re-tool, the threshold would be co siderably higher. But price is only o factor: well-established, proven rel tionships are too valuable to be ca aside without strong reasons. Eve if price and service seem to justify change, lengthy testing may be nee ed. For the giants and in the chemic and plastics industries, two to fo years may elapse before a substanti order is placed. Volvo, for exampl needs to test a new product under a conditions of climate and needs t satisfy itself of the consistency an reliability of the new supplier's qu lity and delivery. Military electroni equipment will have to be approve by FTL, the Swedish Defence Labor tories for testing tele equipment, eve if they are MIL approved; and if sol to L. M. Ericsson, they must be teste in its own laboratories.

Several of the purchasing depar ments of Swedish companies provid guides for companies wishing to se to them. Among the points made are

- that technical expertise rather tha salesmanship is expected of th visitor
- that price is not the first nor eve the second consideration
- that long delivery times are a handi cap but that it is the broken deliver that really puts a would-be supplie beyond the pale
- that the buying department ha more than enough visitors and ma have to keep a visitor waiting if h has not made arrangements well i advance.

The most important factor in wi ning an industrial customer is to se that full technical information o your product gets to the right ind viduals. Good technical literatu cannot be sent too often, quotatio cannot include too many technic

details, your representative visiting Sweden cannot be too well informed technically. More than in other countries, orders in Sweden depend not upon a 2 per cent rebate but upon the technical presentation of a product.

Starting Off

You may know an engineer in the company or the managing director. By all means write to them. But don't overlook the front door to your prospective customer's business—the purchasing manager. It is his function to make sure that your letter and literature go to the right people and that when you come, these people are ready to meet you. In the larger companies at least, he is likely to be a university graduate, usually in engineering. Purchases of raw materials are as a rule his decision entirely. For machinery and plant, although he is unlikely to make the basic technical decision or have the final word on purchases with the board if the decision is at that level, he has many opportunities of seeing who gets the advantage of quoting and can put in a word on a firm's business reputation and standing. Give him the facts he needs. Don't try to sidestep the purchasing manager. In writing to a company for the first time it is often wise to avoid names of individuals and address the letter to the Purchasing Department—"Inköpskontoret".

When you have succeeded in getting your foot in the door, make haste slowly. Swedes rarely decide alone, so avoid forcing a decision. Even the managing director will want to consult someone else before committing himself.

Send a letter and three sets of data sheets to the purchasing manager. (Samples can usually follow later, when initial interest has been expressed.) Provide straight technical facts, but also point out the special features of your product. Name users, if possible in Sweden. Introduce your company—what it specializes in, its capacity, and its connections with other companies. Say when you will be coming to Sweden and when you would like a discussion. Extend an invitation to visit your own factory. Send full technical information well in advance of your visit so that technical staff may examine it before you meet them. Make the purpose of your visit to introduce your product, not to sell it; the process of selling is to be initiated by the purchaser. One visit is rarely enough—persist.

Quoting Prices

Most Swedish firms want a total quotation for the goods delivered on their doorstep, with freight, packaging, insurance and service included. The major companies, however, generally prefer to make their own insurance and forwarding arrangements and therefore want quotations f.o.b. North American port rather than c.i.f. Sweden. They often have arrangements for customs clearance on their own premises instead of at the quay. They want packaging costs stated separately.

Terms of payment can decide the choice of supplier. They are likely to be defined and held to more clearly in the future, and to be raised at an earlier stage of negotiations. How long is the period of guarantee? (In Sweden machine tools, for example, are normally guaranteed for twelve months, or twice as long as in Germany.) In these days of stockless buying, what stocks are to be kept? What credit is offered? The Swedish Association of Engineering and Metalworking Industries (Mekanförbundet) has compiled standard conditions for sale and purchase, but some Swedish firms consider that they favour the seller, in particular in defining "force majeure" as justification for late delivery. Swedish firms often try to include a penalty clause for late delivery of major orders—½ per cent per week's delay, for example—with a corresponding premium for early delivery. A British company forfeited 1½ million kronor for a fortnight's delay on part of a 40-million-kronor order for 250 Stockholm buses. Part of payment may be withheld until a machine is working satisfactorily and the instruction book has been received in Swedish. Terms are typically net three months or 10 per cent three days. The detailed conditions of purchase sent to a supplier by a Swedish purchaser are meant seriously and should be read carefully.

Discounts, revised quotations and negotiation are customary in Sweden, but a number of companies are trying to simplify their work by offering and accepting only one quotation and allowing no discounts, revised estimates or extras. If this is the supplier's policy, it is worth stating at the start. In many sectors of industry a supplier offers not a price, but a value and investment analysis of a particular stage in production. Gifts and free trips are not part of the Swedish pattern of business.

All the big groups in Sweden make general agreements with suppliers of certain consumables for bulk purchasing to enable their member companies to obtain their own relatively modest requirements at a discount of, typically, 30 to 60 per cent. Many of these groups are international and would like to extend the agreement to cover their foreign subsidiaries as well.

Remember that f.o.b. in Europe means free on board across the rail of the ship taking the goods to Europe, and never f.o.b. factory, which would be referred to as f.o.r. or ex factory. Confusion may be avoided by stating "f.o.b. Montreal" or other port. Many firms avoid using f.o.b. altogether and quote f.a.s. or free alongside ship, but responsibility for loss before goods are actually on ship must be defined.

Promoting the Product

Advertising and exhibitions are of more importance in winning the interest of technical than of purchasing staff. The most important way in which contacts are established between purchasing men and new suppliers seems to be through the combination of letter, trade literature and visit. Many purchasing managers, even in the biggest companies, rarely attend exhibitions, apart perhaps from specialized exhibitions in Sweden and the Stockholm Technical Fair, and even at these "you only find something if you know what you are looking for".

Purchasing managers receive a large number of technical journals, take them home in the evening, and pass on suitable material to technical specialists. A page in a Swedish technical journal usually costs about $200 with perhaps a 50 per cent supplement for position facing text. This rate applies to both the biggest journal, with a circulation of 19,000, and many of the other more specialized publi-

cations with a quarter of this circulation. There are, however, several quite good journals with only half this rate.

Your Marketing Set-Up

The industrial buyer in Sweden will require of your representative primarily: (1) that he is technically qualified to answer the most awkward questions about your product; (2) that he can make a decision on the spot, without repeated references back to his principal. It may not always be possible or desirable to combine these technical and commercial functions in one person.

The most usual arrangement is to have a representative in Sweden—a commission agent paid on turnover, or a distributor buying on his own account. Too often exporters fall back on standard solutions instead of working out the right pattern for their particular product in the particular market.

A combination of distribution channels may be the solution. For specialized products with only a few customers, there is a case for the prospector-type of representative with reduced commission. He can keep a watch on the market and be responsible for locating customers and establishing contact with them, but will leave selling, technical service and spares to be handled direct by the experts from the factory or through the manufacturer's factory representative for Europe. Occasionally it may be possible to negotiate a sole agency with the proviso that the manufacturer may sell direct to specified major buyers. When turnover is bigger, a branch office may be established for sales planning and promotion, with regional distributor-wholesalers actually handling and stocking the products, or, alternatively, a subsidiary company for direct sales and service to major industrial buyers, with a sole distributor for retail buyers such as auto service stations.

Whatever the distribution arrangements, they cannot replace the essential personal contact between supplier and purchaser.

Swedes have a strong prejudice against dealing through manufacturers' agents in the exporting country and allowance must be made for the importance they attach to dealing with a manufacturer direct. Then again, many Swedish agents and importers are highly specialized. They will concentrate on a particular group of electronic equipment, for example, or even particular kinds of components only, and may refuse to take up a product that, in a neighbouring country, might be fitting in well.

Selling Direct to the Giants

A special situation arises with the biggest companies—the score or more with group sales exceeding $100 million. These companies, most of them with their own factories abroad, usually prefer to arrange shipping, insurance and customs clearance themselves, and sometimes even to buy through their own purchasing offices abroad. They often consider that they can service their equipment better than any agent and when a situation develops that is beyond their knowledge and experience, they expect a man from the principal's factory to show them. Some of the big firms maintain the right to deal direct as a condition of contract, even when there is an agent in Sweden. If two or three such companies account for the greater part of the market, direct sale from manufacturer to user is probably the right solution for both buyer and seller. The automobile manufacturers provide a case in point.

The possibilities for direct sales are being explored more fully for several reasons. Buyers are becoming bigger—in Sweden as elsewhere industry is becoming concentrated in fewer and larger units. Products are becoming too complex in use for anyone outside the factory to be really conversant with them, and too specialized in application to justify the usual kind of agency arrangement. Both sellers and their products are being transported faster and cheaper. Behind all this is the rising pressure to cut costs at every possible point—though whether or not direct sales actually lower total costs can only be decided from case to case. •

Aerosols Make Rapid Progress in Sweden

SWEDISH COMPANIES manufactured 16 million aerosol packs in 1966, twice as many as three years ago, and a further 3 million were imported. The Swedish Association of Aerosol Producers and Users gives the following figures for aerosol packs in 1966:

Product	Packed in Sweden	Imported units
	(thousands)	
Hairspray	6,781	409
Deodorants	1,335	409
Other cosmetics	1,949	219
Insecticides	2,157	116
Air cleaners	962	475
Detergents and other household products	754	518
Paints	336	140
Medical and veterinary products	155	757
Technical products	1,636	240
Other products	240	158
Total	**16,305**	**3,311**

There are three Swedish contract packers: AB Aerosol Packaging Co., Vallentuna, Stockholm; Skandinaviska Aerosol AB, Hultsfred, and Aero Spray AB, Alvängen, Gothenburg. Valves are made to a limited extent in Sweden by AB Helberg & Olsson, Malmö, who represent Aerosol Research Co. Protective covers (usually plastic), and hydrocarbon, propane and butane propellants are also made in Sweden.

Most components are imported. Tinplate containers come from Crown Cork Co. and Metal Box Co. in Britain, and some large welded containers come from Italy. Monobloc containers are imported from Metallemballasje A/S in Norway, from Printal Oy in Finland, and from a number of producers in Switzerland, Italy, France and Germany. Valves come mainly from Aerosol Research and Emson Research, Deutsche Präzisions-Ventil, Newman-Green Ventil GmbH, and Metal Box Co. The principal suppliers of propellants are ICI and Hoechst which have sales companies in Sweden, and Kali-Chemie.

The Swedish Board of Commerce (Kgl Kommerskollegium) is responsible for regulations on aerosols. Containers must, for example, withstand a temperature of 70 degrees C without being damaged, and be not more than 95 per cent full at 60 degrees C.

—D. S. ARMSTRONG,
Commercial Counsellor, Stockholm.

Opportunities in Ohio's Motor Vehicle Industry

Interested in selling components and parts for automobiles to OEM companies in the U.S.? Then here in Ohio a substantial market awaits you. Our office in Cleveland is ready to help you explore worthwhile sales possibilities in this area.

JAMES C. BRADFORD, *Consul and Assistant Trade Commissioner, Cleveland.*

CANADIAN FIRMS producing components and parts that qualify for duty-free entry under the Canada-United States Automotive Agreement should investigate selling to qualified original equipment manufacturers in the State of Ohio. As a producer of motor vehicles and parts, Ohio ranks second in the United States, after Michigan. Independent parts suppliers and assembly and component divisions of the Ford, General Motors, and Chrysler companies are all located here. Other important vehicle manufacturers include the White Corporation in Cleveland (heavy trucks), the Flexible Corporation in Loudonville (bus bodies), and the Fruehauf Corporation of Avon Lake (the largest trailer plant in the world).

Natural Resources

Traditionally, heavy industry has formed the base of Ohio's manufacturing and the large steel, iron and coal installations are a familiar part of the State's industrial landscape. These provide the raw materials for a wide variety of automotive stampings, castings, fasteners, and hardware. The extensive chemical and petrochemical facilities furnish many of the industry's requirements of nonmetallic materials. Parts and components made from non-ferrous metals are manufactured from supplies of these metals processed and semimanufactured locally.

Although the regional sourcing of raw materials has been important in

These air-conditioning units made in a Cleveland plant went into 1965 model cars.

the development of the motor vehicle and parts industry, equally important is the State's excellent location for servicing the continental United States market and its proximity to Michigan's automobile industry. A highly skilled and productive labour force also contributes greatly to the efficiency of this sector of secondary manufacturing.

The "big three" automakers loom large on the automotive scene. General Motors has 17 plants (including its non-automotive divisions), Ford has nine plants, and Chrysler a new

Major Automotive and Parts Manufacturers in Ohio

Auto Parts Manufacturers

Company	Products
Clevite Corporation Cleveland Graphite Bronze Division 17000 St. Clair Avenue Cleveland, Ohio 44110	Thrust washers, seals, bearing cartridges, automotive parts
Eaton Manufacturing Company 100 Erieview Plaza Building Cleveland, Ohio 44114	Head office
Eaton Manufacturing Company Farval Division 3249 East 80 Street Cleveland, Ohio 44104	Centralized lubricating equipment including related controls and accessories
Eaton Manufacturing Company Heater Division East 65 Street & Central Avenue Cleveland, Ohio 44104	Automotive heaters, air conditioners, magnetic clutches, home humidifiers, water filters
Eaton Manufacturing Company Stamping Division 17877 St. Clair Avenue Cleveland, Ohio 44110	Automotive and industrial parts and components
TRW Inc. Main Plant Works 2196 Clarkwood Road Cleveland, Ohio 44103	Steering gear, implement and water pumps, forged and cast pistons, die and perm-mold castings, cylinder sleeves, motor equipment parts
TRW Inc. TRW Valve Division 1455 East 185 Street Cleveland, Ohio 44110	Automotive and aircraft valves
United Manufacturing Company 5250 Dobeckmun Avenue Cleveland, Ohio 44102	Axle assemblies, special trailers, all types of military handling equipment, ground support equipment
The Weatherhead Company 300 East 131 Street Cleveland, Ohio 44108	Automotive and industrial products, aircraft and missile components, LP-gas cylinders and control equipment, precision parts for ordnance

Automotive Manufacturers

Company	Products
Chrysler Corporation Ohio Stamping Plant East Aurora Road Twinsburg, Ohio	Stampings
Airtemp Division 1600 Webster Street Dayton, Ohio	Diversified products group
Company	
Toledo Group 1180 Kear Road Van Wert, Ohio	
Ford Motor Company	
Plants at: 5401 Baumhart Road Lorain, Ohio 44052	
5600 Engle Road Brookpark, Ohio 44830	
1400 North Union Street Fostoria, Ohio 44830	
3020 Tiffin Road Sandusky, Ohio 44870	
7845 Northfield Road Walton Hills, Ohio 44014	
3425 Georgetown Road, N.E. Canton, Ohio 44701	
3000 Sharon Road Sharonville, Ohio 45201	
General Motors Corporation	
Brown-Lips-Chapin Division Elyria, Ohio	
Cadillac Motor Car Division Cleveland Ordnance Plant 6200 Riverside Drive Cleveland, Ohio 44135	
Central Foundry Division Defiance Plant Defiance, Ohio	
Chevrolet Motor Division Plants at: Stumpf Road at Brookpard Road Cleveland, Ohio 44130	
1455 W. Alexis Road Toledo, Ohio	
4726 Smith Road Norwood 12, Ohio	
Lordstown Assembly Plant Lordstown, Ohio	
Cleveland Diesel Engine Division 2160 West 106 Street Cleveland, Ohio 44111	
Delco Moraine Division 1420 Wisconsin Boulevard Dayton 1, Ohio	

stamping division in Twinsburg and a new operation nearing completion close to Toledo.

Many other companies contribute to the industry. These range from small shops to huge firms, such as the tire companies in Akron and the three giant parts plants—Midland-Ross, Eaton, Yale and Towne, and TRW Inc. Eaton's heater division and a frame division of Midland-Ross are located in Cleveland. Through its IRC Fibers Division, Midland-Ross also provides fabric of all kinds for the auto industry. The rubber industry,

Products	Company	Products
Stampings	Delco Products Division 329 East First Street Dayton 1, Ohio	Generators, automotive suspension units, hydraulic and electric controls
Automotive assembly division	Euclid Division Hudson Plant Hudson, Ohio	Off-road earthmoving equipment
Engineer and foundry division	Fisher Body Division Plants at: East 140th Street & Coit Road Cleveland, Ohio 44110	Body manufacturing
General parts division	20001 Euclid Avenue Euclid, Ohio	
General parts division	4400 Dixie Highway Hamilton, Ohio	
Metal stamping division	2525 West Fourth Street Road Mansfield, Ohio	
Transmission and chassis division	4726 Smith Road Norwood 12, Ohio	
Transmission and chassis division	Frigidaire Division 300 Taylor Street Dayton 1, Ohio	Air-conditioning equipment
Automotive hardware	Inland Manufacturing Division 2727 Inland Avenue Dayton 1, Ohio	Rubber and plastic products
Military hardware	Packard Electric Division 408 Dana Street, N.E. Warren, Ohio	Automotive electric wiring assemblies
Castings	Ternstedt Division Plants at: 8500 Clinton Cleveland, Ohio 44109	Moldings, plating and miscellaneous fittings and hardware
Manufacturing	200 Georgeville Road Columbus 4, Ohio	
Transmission assembly	P.O. Box 760 Elyria, Ohio	
Assembly	**Other Manufacturers**	
Assembly	White Motor Corporation Corporate Offices 100 Erieview Plaza Cleveland, Ohio	Heavy truck manufacturing
Engine manufacturing	Flexible Corporation 326 North Water Street Loudonville, Ohio 44842	Bus manufacturing
Automatic transmissions, hydraulic brakes and controls	Fruehauf Corporation Avon Lake, Ohio	Trailer manufacturing

centred around Akron, employs over 43,000 workers. The four major manufacturers are Firestone Tire & Rubber Company, B. F. Goodrich Company, Goodyear Tire & Rubber Company, and General Tire and Rubber Company.

In fact, the motor vehicle industry in Ohio covers almost all facets of manufacturing from complete assembly to the production of almost all the parts and components, metallic and non-metallic, that go into making an automobile.

The Market

Despite the Canada-United States Automotive Agreement, Canadian suppliers have so far made little headway in this market. One Canadian manufacturer of automotive fasteners, however, was recently assisted by the Cleveland Consulate in arranging for a local manufacturers' representative to sell its product to original equipment manufacturers.

Purchasing Procedure

Purchasing large quantities of standardized items for all divisions is done from centralized purchasing offices of the three major automotive companies in Michigan, but the divisions located in Ohio also buy many components themselves.

A Canadian company that is well known to the head purchasing office of one of the automotive manufacturers would find it well worthwhile to investigate the requirements of purchasing departments at the divisional plant level. The Canadian Consulate in Cleveland is carrying out a detailed survey of purchasing department officials and requirements of the automotive industry in Ohio. An idea of the scope of this industry can be gained from the accompanying list of manufacturing operations there.

Ask the Trade Commissioner

The correct approach to Ohio's motor industry is as important as having good, competitive products to sell. The Canadian Trade Commissioner in Cleveland is always ready to help explore this market for you. He can assist you in contacting manufacturers or arranging appointments with qualified distributors and manufacturers' representatives. ●

Malaysia's Steel Mill

Built with Japanese financial and technical help, Malaysia's first integrated steel mill will save foreign exchange and be the nucleus around which other new industries will develop.

P. STUCHEN, *Commercial Counsellor, Kuala Lumpur.*

IN DEVELOPING COUNTRIES, one of the most important milestones in industrial progress is usually the establishment of the first steel mill. This point was reached in Malaysia when Malayawata Steel Limited began operations this year. The project has several distinctive features. It is an integrated steel mill depending very largely on local raw materials such as iron ore, limestone and charcoal. Perhaps the most remarkable aspect of the venture, however, is the use of charcoal instead of coke for the blast furnaces. The charcoal is made from rubber trees which are readily available since the Malaysian Government started to encourage the systematic replanting of rubber estates. It has been estimated that the saving in foreign exchange from using domestic resources amounts to M$ 22 million a year.

The iron and steel mill of Malayawata Steel Limited will consist of a sintering plant, two blast furnaces, an LD oxygen steel plant and a 16-stand rolling mill with ancillary plant and equipment such as an oxygen plant, power station, and water treatment facilities. The plant will use 200,000 tons of iron ore a year, 101,000 tons of charcoal, 20,000 tons of limestone and smaller amounts of fluxes and additives and will turn out 112,000 metric tons of round and flat bars and small angles, and 10,800 tons of pig iron. Initially, only one blast furnace will be erected so that production at the beginning will be approximately two-thirds of these amounts. The second blast furnace is expected to be in operation about two years from now. Malayawata Steel Limited and its subsidiary, Malaysian Charcoal Limited, will together employ a work force of 1,100.

Why Prai Was Chosen

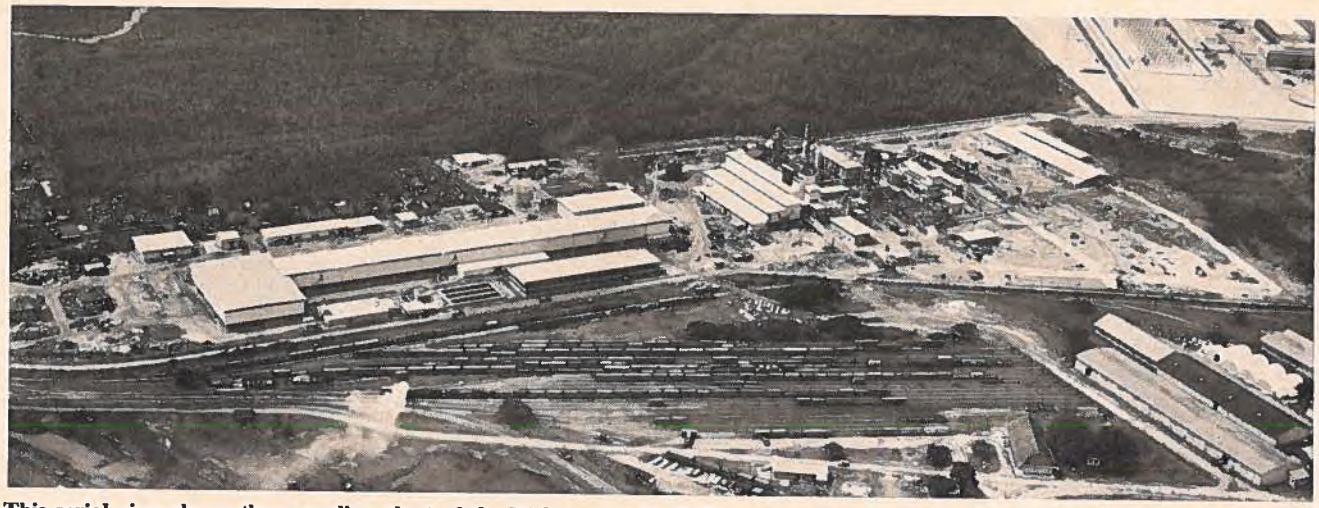
After an extensive on-the-spot search for a suitable location, experts from Yawata Iron and Steel Company Limited of Japan selected 40 acres on the Prai River estuary as the most suitable site on the west coast of Malaysia. The land is leased from the Malayan Railway and there are 245 acres of freehold land next to the site for future expansion and auxiliary industries.

The decisive factors in the selection of Prai rather than other possible sites at Lumut, Port Swettenham or Port Dickson were proximity to where the market for steel will be, the availability of electric power from the National Electricity Board's 60,000 kw. capacity Prai power stations, railway facilities and deep water at a main port of entry, and an ideal location as regards the supply of iron and limestone from the States of Kedah and Perak and rubber wood for the manufacture of charcoal from plantations in Province Wellesley, Kedah and Perak. The annual requirements of raw materials are 96,000 tons of finished ore and 118,000 tons of lump ore, 100,000 tons of charcoal (including 9,500 tons of fine charcoal) and 20,000 tons of limestone.

What It Will Produce

The main production units are two blast furnaces (to be installed in stages) with a nominal capacity of 170 tons of molten pig iron per day. Charcoal will be used for the reduction of sinter and sized ore. (The sintering plant can produce 260 tons of

Goes on Stream



This aerial view shows the sprawling plant of the Malayawata Steel Company which is situated on the estuary of the River Prai.

sintered ore a day.) When both blast furnaces are in operation they will produce 130,000 tons of molten iron a year. Two 12-ton oxygen converters (one continuously in operation) will turn this into steel using the LD oxygen steel process. The steel will be cast into ingots and the plant is expected to produce 121,000 tons of ingots annually. The rolling mill will have a heating furnace, two 3-high roughing mills, four 2-high intermediate rolls, and six 2-high finishing looping mills. It will be capable of turning out round bars from ⅜ inch to 1½ inches in diameter, flat bars from ⅛ × 1 inch to ½ × 3 inches and shapes from 1½ × 1½ inches to 2 × 2 inches. The quantities of each will depend on the economics of production and what the market requires. The rolling program as planned at present calls for 112,200 tons of finished products in 1972.

Initially, about 70 Japanese technical experts will man and operate the mill. The process of Malayanization of personnel is expected to follow fairly quickly. Yawata Iron and Steel Company Limited, a partner in the project, is providing technical services to Malayawata Steel Limited. Already the company has sent 47 technical staff from Malaysia to Japan in several batches for theoretical and practical training with Yawata and it intends to send additional staff for training in Japan whenever necessary.

Built in Record Time

Work on the site began in July 1965 and piling was started in April of the following year. The rolling mill went into operation in June 1967. The test runs have far exceeded original expectations. On August 1, 1967, the blast furnace was blown in and the LD converter shop commissioned. The Malayawata management claims that this is a record for the construction of an integrated steel mill. The mill is now working on a one-shift basis and producing 2,000 tons a month. This will be increased by the end of the year and within eight months production will rise to 5,000 tons. Construction of the second blast furnace will start as soon as the first stage is completed and it is expected to be ready by mid-1969.

How It Was Financed

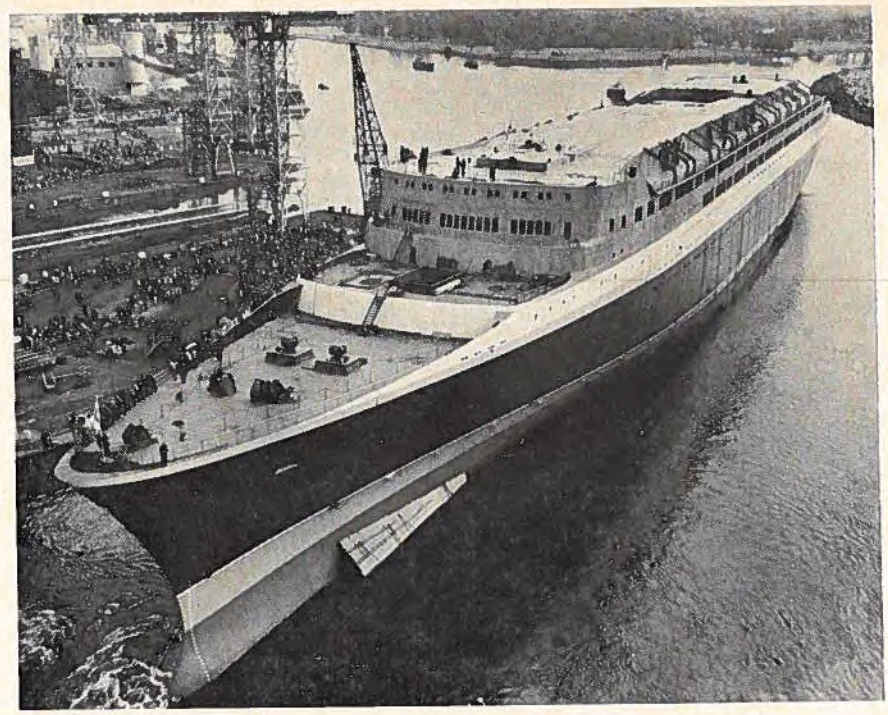
The total cost of the project is estimated at M$ 70 million; the first phase represents M$ 58 million and the second phase the remaining M$ 12 million. The total investment in plant and equipment is about M$ 40 million, most of which is financed by long-term, low-interest arrangements. The total equity will be M$ 31 million, of which the Malaysian interest is 51 per cent and the Japanese interest is 49 per cent. On July 28, 1967, a loan and capital participation agreement was signed by Malayawata Steel Limited with the International Finance Corporation (IFC) and the Malaysian Industrial Development Finance Limited (MIDFL) involving a total of M$ 15.2 million. IFC will make a loan of M$ 7.5 million for 12 years and invest M$ 3.1 million in Malayawata; MIDFL will grant a M$ 2.4 million loan (also repayable in 12 years) and invest M$ 2.2 million. This agreement was the culmination of three years' negotiations between Malayawata on the one hand and IFC and MIDFL on the other. ●

ADB Makes a Start

THE first operational effort to be made by the Asian Development Bank comes as a response to a request from Indonesia. In October, a mission of six experts will begin a study of food production, with particular emphasis on food crops. This aid program follows work by a Bank reconnaissance team in June and July of this year.

The study should aid Indonesia in expanding food production rapidly and improving the marketing of crops. ●

Canada Shares in Clydeside's Big Day



The Queen Elizabeth II floats serenely for the first time on the waters of the Clyde.

SEPTEMBER 20TH was an exciting day for Clydesiders when 30,000 of them turned out under sunny skies to watch the launching of the new *Queen Elizabeth II*—better known as the Q4 or Contract 736 before the christening by Queen Elizabeth herself.

With the advent of cheap air travel, soon to be made cheaper with air buses, the demand for large passenger ships is decreasing. The *Queen Elizabeth II* consequently will replace the *Queen Mary* and *Queen Elizabeth*, thus halving the present Cunard *Queens'* capacity. The Directors of Cunard see this ship as a floating hotel, with transportation added. No pretence is made of competing with civil air transport.

With a draught of 32'6"—seven feet less than the *Queen Mary* and the *Queen Elizabeth*—her voyages will take her to shallower waters during the holiday sunshine cruises. To overcome the crowding of passengers at some of these smaller holiday ports, the new ship has specially constructed launches with cruising ranges of 100 miles that will enable passengers to be dropped at various points during the voyage.

What has the *Queen Elizabeth* meant for the Clyde and Glasgow? Considering that costs are expected to total about $90 million, obviously it has meant much to the shipbuilding industry in Scotland. Some 3,000 men have been given work and 500 more will be added to the force during the fitting-out period. Employment opportunities have been important on the Clyde in the face of many shipyard closures.

The *Queen Elizabeth II* will have cost the taxpayer plenty by the time she makes her maiden voyage in early 1969, but the achievements may far outweigh the burdens. John Brown (Clydebank) Ltd., builder of many famous ships, has shown the world an example of expert shipbuilding and technology. When completed, this ship will be the most advanced passenger liner afloat. Stabilizer fins will reduce rolling; incombustible materials will safeguard against fires; computers will order supplies and do the navigating, and a revolutionary bulbous hull design will save considerable power.

Canada has had its own part to play in this event. Samuel Cunard, an ambitious and visionary businessman, began his successful career as a merchant in Halifax, Nova Scotia. So great were his ideas that he soon outgrew his homeland. In 1839 he won the Admiralty mail contract in London which helped to launch one of the greatest shipping companies in the world.

The present managing Director of John Brown (Clydebank) Ltd., held a management post in Canada for several years. His world experience has helped John Brown over the hurdles of rising costs and labour disputes.

Alcan Industries Ltd. was one of the major suppliers. Aluminum ingots were imported from Canada and rolled into plates at Alcan's Rogerstone mill. The plates make up the entire superstructure for a total of 1,100 tons. This light but strong material allowed the designers to add one more deck. Additionally, aluminum obtained for the owners the advantage of transit through the Panama. The *Queen Mary*, on the other hand, had to navigate the Horn.

At the bottom of it all, Canadian Douglas fir squares formed a massive slipway providing for a smooth 20-mile-per-hour glide into the Clyde. The timber and aluminum were fortuitous exports from Canada. Because of the millions of pounds invested by the British Government, almost all material and equipment was obtained within Britain.

For John Brown and the Clydesiders, the occasion held a tinge of sadness. In order to meet pressing foreign competition, the individuality of firms such as John Brown will be lost in merger and consolidation. One group has already taken shape and those firms in the upper reaches of the Clyde are expected to follow shortly. Only time will tell whether even larger ships are yet to come.

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

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D. S. McCracken, Consul
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(continued)

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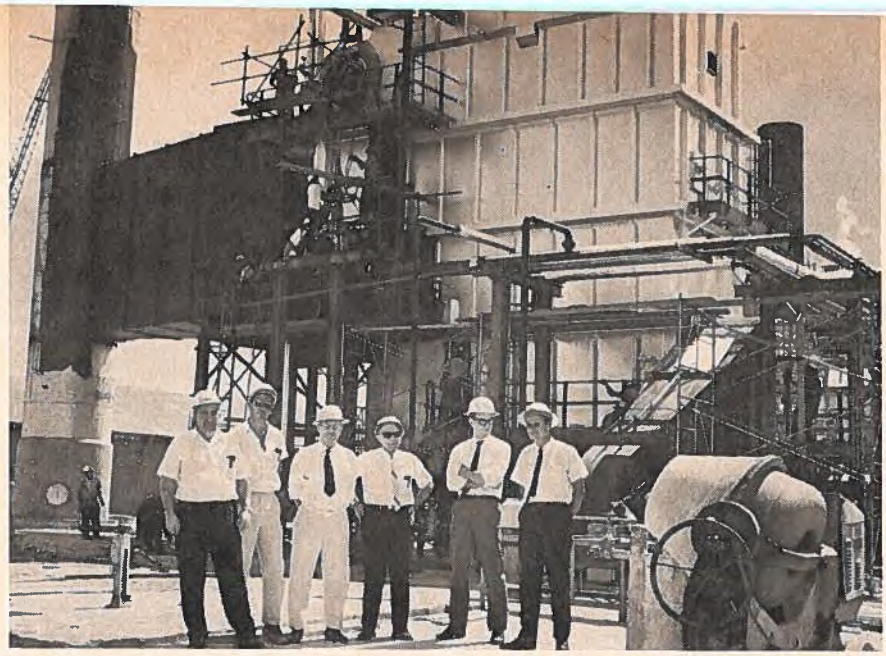


In Trinidad—Operators of the largest oil refinery in the Commonwealth, Texaco Trinidad Inc., recently commissioned the purchase of a boiler from Foster Wheeler Ltd., St. Catharines, Ontario. Here you see company engineers and other officials after inspection.

Canada in Foreign Markets

Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".

In Guyana—These happy Guyanese are joy-riding on a new Canadian locomotive, part of a shipment recently sold to the Guyanian Government by Fairbanks Morse (Canada) Ltd., Don Mills, Ontario.

In Japan—Canada's reputation in the development of high-bred livestock for export was recently enhanced by the sale of this placid Holstein-Freisian heifer to the Aishi Prefectural Government, Nagoya. Greenwood Precious H Calamity is seen here immediately after her release from quarantine.

Expo 67 Means Exposure

. . . to Canadian commerce and industry for several thousand foreign businessmen who have made contacts here though the Business Development Bureau. Result: a new awareness of what Canada can offer in world markets.

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

MORE THAN 6,000 business visitors, drawn from 45 countries, have made the Business Development Bureau, housed in the International Trade Centre, an important part of their Expo 67 experience. That was the report at mid-September; by the time Expo closes, the Bureau expects, the figure will come close to 7,500. Some have already placed business in Canada; others have made inquiries about investment in industry here; a few have entered into preliminary discussions about setting up branch plants. Many have inquired about selling their products to Canadians. All of them, whatever their interests, have been impressed by Canada's economic progress and industrial advance.

Headed by G. F. G. Hughes, on loan to Expo from the Trade Commissioner Service, the Business Development Bureau was established early in Expo planning to make contacts between the Canadian business community and its expected visitors. On duty in the International Trade Centre, built by Canada's chartered banks, are officers of the Department of Trade and Commerce (including three Foreign Service Officers stationed abroad, in rotation), staff from the chartered banks concerned with industrial and commercial development, representatives from Quebec and Manitoba, and an officer from the Department of Industry. Under the same roof also is the Expo Club, with a dining room, lounge, and conference rooms, where Canadian and foreign businessmen may meet informally. (To the weary Expo business visitor, the Expo Club has proved to be a quiet haven, away from the long queues and the milling thousands.)

Export Inquiries Lead

One of the most satisfying aspects of the Bureau's operations, according to Keith Hillyer, its business promotion director, has been the interest that the foreign visitors have shown in finding sources of supply in Canada. About 60 per cent of the requests that the Bureau has handled so far have centred around products for export; the remaining 40 per cent concern possible investment in the country or import opportunities. The president of a U.S. firm that makes stampings for the automotive industry, for example, sought help in locating plants here that could take on a subcontract during his peak season. (He was frankly surprised that the Montreal area had what he was looking for.) A representative of an export-import firm in Guyana anxious to take on Canadian agencies was directed to 16 companies and has already made firm business arrangements with five. And a Florida builder, impressed with the prefabricated bathrooms that he saw in Habitat, placed an order for them with the Weston, Ontario, makers. These examples could be multiplied.

Twice a week, the Bureau arranges Contact Receptions, limited to about 75 people. Armed with the list of visitors expected, the staff invites Canadian Expo Club members with similar or related interests. These cocktail parties too have resulted in business. One summer afternoon the president of a U.S. chain of stores met a potential Canadian supplier at a reception and the result was orders that will probably total $100,000 a year. An engineer met representatives of a U.S. company which had property in Canada but had not developed it. He's now hard at work on a land use and feasibility study for them. And there are many similar success stories.

Canada's Progress Impresses

The Bureau never expected that the contacts it makes possible would bring immediate rewards. What it hoped to do and is doing most successfully is to impress upon its visitors that Canada is a modern industrial nation. To many of them, this fact comes as a great surprise. The staff of the Bureau many times hears the comment: "I never would have believed that

A Far Eastern visitor to Expo's International Trade Centre gets briefed on Manitoba's resources by a Counsellor for the province's Department of Trade and Industry.

Canada was as urbanized and industrialized as it is," and "I was very much impressed with Canada's economic progress, which was evident wherever I went." One highly placed official in Nigeria who has made many trips to the United States for the first time came to Canada. His comment: "I never suspected what was happening north of the border." Some of the businessmen have reached out beyond the Montreal area—to Quebec City, Toronto, and even to the West Coast. But to some extent the very size of Expo and the time it takes to cover it properly has defeated their ambition of seeing more of Canada. Individuals who registered in advance with the Bureau and who have not turned up are sometimes followed up through the Trade Commissioners abroad. The common explanation given is: "The time I spent at Expo was too short for me to take advantage of the facilities of the Business Development Bureau." But even these no-shows often ask to be put in touch by letter with possible Canadian suppliers.

Sometimes the visitor has expressed interest in investing money in Canada or in setting up a plant here. Several Hong Kong businessmen, for example, appeared anxious to reinvest some of their capital in Canada because of the troubled political situation in the Crown Colony. Preliminary inquiries about establishing plants came from, among others, a cheese maker and the owner of a metal-bending enterprise.

Individuals and Groups

About 4,000 of the people who have called on the Bureau's services have come here in organized groups; it has handled about 250 groups so far and about 50 more are expected before the Fair closes. The majority come from the United States, including the biggest—Michigan Rendezvous, sponsored by the Economic Club of Detroit. But at least six different groups have arrived from Osaka, Japan, including designers and architects, reflecting the fact that the next World's Fair will be held in that city in 1970. Chambers of Commerce in Hong Kong, London and Madrid have dispatched delegations; so has the Canadian Chamber of Commerce in Great Britain. For large groups, the Bureau plans a tour of the Expo site and industrial tours adapted to special interests and it offers individual Expo Club cards to the members.

No visitors have shown more interest in seeing for themselves Canadian industries and in studying Canadian production methods than the large number of businessmen who have arrived from Soviet Bloc countries, particularly the Soviet Union itself and Czechoslovakia. One group of 60 was drawn from the Czech building industry and included not only construction men but also makers of prefabricated structures, cement plant operators, and manufacturers of building components. These businessmen from the socialist countries are being given more freedom to take managerial decisions; this makes them especially keen to study North American production methods and costing. They have been well received by Canadian manufacturers.

Down below the dining room of the Expo Club are conference rooms and these have been in almost constant use since the International Trade Centre opened. In them the Contact Receptions are staged. But they also have been the scene of group meetings, private luncheons, conferences and private receptions, and they are booked right to the end of the Fair. In mid-September, they became the headquarters for the International Conference of Societies of Industrial Design, staged for the first time outside of Europe. (The three conference rooms were also used to house the overflow audience from the Dupont Auditorium and were linked to the speakers' platform by closed-circuit TV.) Film showings have been held there, including one on Uganda screened by the Commissioner General for Uganda at Expo.

The Real Test

The best index of the success of the Business Development Bureau, says Mr. Hillyer, is that 8,000 interviews have been arranged between visiting businessmen and their counterparts in Canada; by the time Expo ends, this figure will probably reach 10,000. And the value of these contacts will extend far beyond 1967. One Bureau official put it neatly and succinctly when he said: "The greatest end result will be that we will have a large number of contacts in almost every country who will have a firsthand knowledge of Canada and be friends of Canada as a result of their visits."

Planning Economic Co-Operation in East Africa

At the beginning of 1968, the East African Common Market will start to take shape. This summary of the Treaty between the three Partner States outlines the measures planned to stimulate the economy and establish a common customs tariff.

JOHN B. McLAREN, *Commercial Secretary, Nairobi.*

THE Presidents of Tanzania, Uganda and Kenya in June 1967 signed a Treaty for East African Co-operation. This was based on recommendations by the United Nations-sponsored Commission under the chairmanship of the Danish economist, Prof. Kjeld Philip, which had earlier made an extensive study of the East African Common Market and the East African Common Services Organization. The three countries—Tanzania, Uganda and Kenya—will constitute the East African Community, which comes into being on December 1, 1967. Its aim will be co-operation in industrial, commercial and other matters. It plans to achieve this by:

(a) establishing a common customs tariff and a common excise tariff (with certain exceptions)

(b) abolishing generally restrictions on trade between Partner States

(c) a common long-term agricultural policy

(d) establishing an East African development bank

(e) maintaining the freedom of current account payments between the Partner States and of capital account payments necessary to further the aims of the Community

(f) harmonizing the monetary policies of the Partner States and providing for consultation when disequilibrium occurs in the balance of payments between Partner States

(g) operating common services

(h) co-ordinating economic planning

(i) co-ordinating transport policy

(j) approximating the commercial laws of the Partner States.

Common External Tariff

The Partner States agreed to establish a common customs tariff for all goods from foreign countries. However, a Partner State may make an exception for a particular item with the agreement of the others, but the aim is to abolish differences in the external customs tariff as soon as possible.

The three countries have agreed not to exempt from duties goods imported by a Government if:

(a) the goods are imported for resale or any purpose other than government use

(b) the goods are aid-provided or on less stringent terms than normal commercial transactions and are intended for resale or consumption in a country other than the Partner State into which they were imported.

The East African Community and its Corporations may import free of customs duty goods for their own operations, but not goods for sale to the public. No Partner State may make arrangements with a foreign country for tariff concessions which are not available to the other Partner States.

Trade within the Community

The Partners have agreed that where customs duty has been collected on goods imported into one of the three States from a foreign country, the goods shall not be liable to further customs duty if transferred to one of the other States. Each shall grant freedom of transit for goods on their way to or from a foreign country and another Partner State without discrimination, quantitative restrictions, or duties. Goods in transit will still be subject to the customs laws and liable to charges for carriage and services rendered, provided such charges are not discriminatory. The customs duty collected will be paid over to the consuming State. There will be no internal tariff or quantitative restrictions on East African goods but the States may make restrictions or prohibitions necessary for:

(a) security

(b) the control of arms, ammunition, war equipment and military items

(c) the protection of human, animal or plant health and of public morality

(d) the transfer of gold, silver, and precious or semi-precious stones

(e) the control of nuclear materials, radioactive products or material used

in the development or exploitation of nuclear energy

(f) the protection of revenue where another Partner State has departed from a common excise tariff.

Transfer Taxes

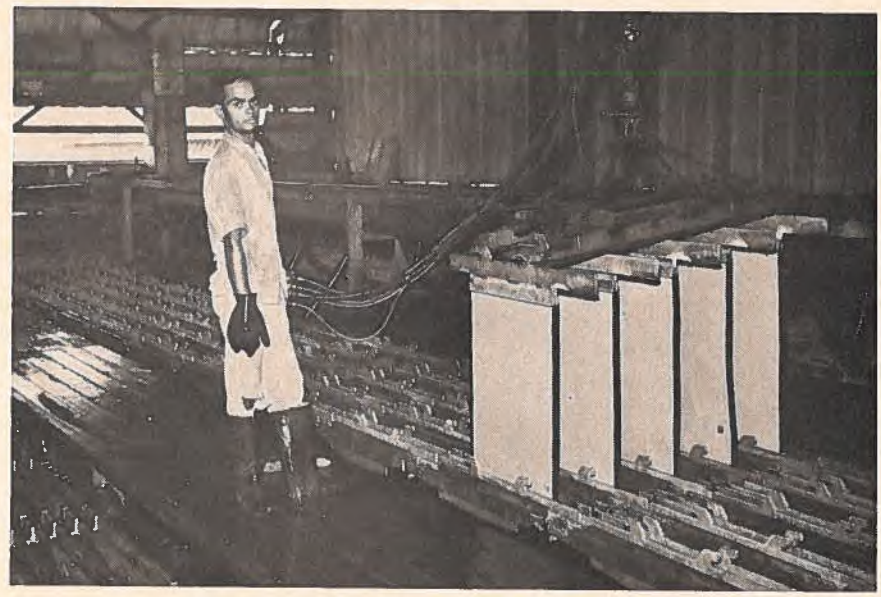
A transfer tax system will allow a State which is in deficit in its total trade in manufactured goods with the other two States to impose transfer taxes upon goods from the other two countries up to the value of the deficit in each case. A transfer tax can only be imposed if goods of a similar description are being manufactured, or are reasonably expected to be manufactured within three months, in the country imposing the tax. The industry to be protected by the tax must have a productive capacity of £100,000 a year or at least 15 per cent of the total domestic consumption of the product in the State imposing the tax, whichever is the less. The maximum rate is 50 per cent of the external customs tariff on similar goods coming from outside East Africa. No transfer tax can be imposed for more than eight years. All transfer taxes will be revoked 15 years after the Treaty comes into force. In addition, the effectiveness of the system will be examined five years after the first tax is imposed.

If transfer taxes cause a significant deviation of trade in favour of goods from outside the Common Market, corrective measures will be taken. If a tax-protected industry is able to export 30 per cent of its yearly production to the other two countries, the transfer tax must be revoked; if its exports to all countries reach 30 per cent, the Common Market Council may be asked to consider the situation. Manufactured goods may not be transferred at a price lower than their true value if this is prejudicial to the production of similar goods in another Partner State. Nor are export subsidies (other than tax incentives and refunds of a general and non-discriminatory kind) allowed in such circumstances.

Community Headquarters

The headquarters of the Community will be at Arusha, Tanzania, but Ministers will live in Nairobi until the new accommodation is ready. The Community will take over most of the services now handled by the East African Common Services Organization. The Railways headquarters will be in Nairobi, the Harbours in Dar-es-Salaam, and the Post and Telecommunications in Kampala. The East African Airways Corporation will remain in Nairobi.

Canadian exporters to the area can obtain further information on the Treaty as it affects their products by writing to the Commercial Secretary, Office of the High Commissioner for Canada, P.O. Box 3778, Silopark House (Room 303), Queensway, Nairobi, Kenya, or to the Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.



India Produces Electrolytic Zinc

INDIA'S first domestically manufactured slab of electrolytic zinc was produced by Cominco Binani Zinc Limited at its zinc smelter and sulphuric acid plant near Cochin, Kerala State, on April 22.

Two million dollars of the foreign exchange required for the over-all cost of the plant was contributed by Cominco Limited, Montreal, through stock subscription. The remainder, $1.8 million, was obtained from a Canadian loan under the Canadian Government's long-term export financing program and administered by the Export Credits Insurance Corporation. The plant cost approximately $12 million.

Interest in the plant is split almost equally among three groups: Cominco Limited, Cominco Binani Zinc Limited, and Indian public ownership.

Canadian machinery used includes all handling and processing equipment necessary for drying and roasting zinc concentrates, leaching the calcine, thickening the residue, filtering and purifying the solution, manufacturing byproduct sulphuric acid from roaster gases, casting slabs of zinc and cadmium by melting cathodes, and ancillary equipment, such as transformers, rectifiers, and waste gas treatment facilities.

Zinc products produced at this plant will assist India to conserve its foreign exchange by supplying approximately one third of its domestic zinc requirements. As a byproduct, sulphuric acid will be used by the country's fertilizer plants now in production.

What's current in commodities?

Floorings and Floor Coverings

West Germany—There is a good market for Canadian hardwood floorings once they lose their "exotic" image. Exporters of floor coverings will also find some opportunities.

JAMES A. ELLIOTT,
Consul, Duesseldorf.

WEST GERMANY is an immense market for floorings and floor coverings of all types—new housing construction in 1966 amounted to 48 million square metres (roughly 500 million square feet) of floor space. Although new housing is expected to decline from 605,000 to 500,000 units a year by 1970, the trend to higher priced floorings and floor coverings should compensate for the smaller area to be covered. (See Table I).

Potential for Hardwood Floors

Hardwood floors are perhaps the most interesting to Canadian exporters. We are already selling a small amount to Germany, but not enough to get our name into the import statistics, which show total hardwood flooring imports valued at slightly more than $1 million. This, however, is only a small portion of the market; more than 16 million square metres of wood flooring were used in Germany in 1965, according to the German Flooring Association. The German Wood Importers Association puts the figure much higher, at twice the Flooring Association's, in fact, but it undoubtedly includes a lot of wooden underlay which does not appear in the Flooring Association's statistics. Both associations agree that the amount of parquet flooring laid in 1965 was 10 million square metres, that is to say, more than 100 million square feet.

So far 80 per cent of this is oak and 10 per cent beech, leaving about 10 per cent for all the other "decorative" woods, many of which come from Africa. Canadian maple, oak and birch flooring is similar to the German types and should be well received there. The rate of duty ranges from 8 to 11.2 per cent depending on the stage of manufacture reached. Rough blocks could be imported at the lower rate of duty and then be sanded in the import country to exact German sizes. The blocks should be large enough to be sanded down to 1 inch thick by 3 inches wide and 15¾ inches long, or perhaps longer. The Canadian Trade Commissioners in Germany have a number of current inquiries for hardwood flooring so Canadian suppliers should have no difficulty in finding a satisfactory distributor.

Appointing a distributor is, however, only the first step and exporters must be prepared to spend time and money in showing him how Canadian hardwood flooring can gain acceptance as a standard rather than as an "exotic" wood. If this is achieved we should be able to capture a substantial share of the growing market.

One interesting ramification is the rapidly expanding market for bowling alley bed stock. West Germany had only one bowling alley with 10 lanes in 1960 but by 1965 there were 27 alleys with 549 lanes. They are owned by a small number of firms and should be an easy market to cover. Many of the bowling alleys are actually built in Ireland and installed by Irish construction teams.

TABLE I

HARDWOOD FLOORING PRODUCTION IN WEST GERMANY

	Mosaic parquet		Tiles made of parquet panels		Parquet flooring panels in various shapes	
	'000 sq. metres	*'000 DM*	*'000 sq. metres*	*'000 DM*	*'000 sq. metres*	*'000 DM*
1963	4,701	48,927	846	12,591	1,850	26,156
1964	5,547	57,203	626	9,970	1,897	27,251
1965	6,047	61,953	586	9,160	1,799	25,802

TABLE II

PRODUCTION OF FLOORINGS IN WEST GERMANY

	1963	1964	1965
	(thousand square metres)		
Linoleum	23,674	20,351	16,700
PVC coverings, homogeneous & layered	28,136	34,358	31,700
PVC coverings with felt, cork or jute	10,259	21,246	42,800
Vinyl-asbestos tiles	16,871	19,097	17,700
Asphalt tiles	3,328	3,217	1,600
Rubber floorings	3,886	4,096	4,000
Parquet	7,397	8,070	8,500
Wood floorings	6,000	7,000	8,000
Stone tiles	14,494	16,927	16,500
Textile coverings	4,484	6,100	8,600
Felt base coverings	57,173	55,754	46,000
Textile coverings	32,880	34,393	39,400
Total	**208,582**	**230,609**	**241,500**

Carpets Save Construction Costs

Carpeted floors have always been a status symbol in Germany. They are only now being adopted in public housing projects; their ability to reduce noise is being exploited by builders to cut costs because they allow the use of thinner floors and ceilings and lighter construction. Much of the gain in popularity of carpeting has been at the expense of linoleum and is chiefly in the lower price ranges ($1.00 to $1.50 per square foot). This trend is illustrated by the large-scale entry into the carpeting business of

the Deutsche Linoleum Werke, the leading firm in the German linoleum industry. Since it began making carpets in 1961, this firm has risen to become a leader in the wall-to-wall field in the lower price range.

Canadian carpet exporters would probably be wise to avoid the lower price ranges of the carpet market and to concentrate their efforts where price is not the over-riding consideration and quality of workmanship and design are sought after.

Linoleum and Substitutes

Linoleum is also losing ground to plastic floor coverings, particularly to PVC-based coverings which incorporate cork, jute, felt or other material for bulk and flexibility. In 1957 only 12,840,000 square metres of plastic floorings were produced; by 1965 this had risen to 92,443,000. The "linoleum substitutes" are sold mainly on a basis of price, with durability a secondary consideration and design a poor third. The linoleum market, although shrinking, still has possibilities for alert Canadian exporters. Many firms which are not franchised distributors of Deutsche Linoleum Werke would be happy to work with a foreign supplier whose linoleum was competitive in price with the German product.

Two Kinds of Selling

Sales of all these products are made in two ways: directly to the builder, home-owner or flooring contractor, and indirectly through the architect who specifies a particular brand and quality for a new building going up under his supervision. These are two quite separate and distinct markets and they require a different sales approach. Sales in the first category will be mainly either replacements or for smaller homes, including the growing do-it-yourself market. Success depends largely on the ability of your distributor to place your product in the greatest possible number of sales outlets to bring it to the attention of the buyer.

The second category is sales through the architect, or possibly the interior decorator who specifies your product, and includes almost all large new buildings and many major renovations. This calls for a very sophisticated approach to the architect, advertising in the right trade magazines and participation in the appropriate trade fairs. The best fairs for floorings are the building fairs such as DEUBAU in Essen, CONSTRUCTA in Hannover, BAU in Munich, and INTERZUM in Cologne. There are also special fairs concentrating on hospitals and hotels, which should be considered by any firm seriously interested in selling flooring in the German market.

We believe that the Canadian exporter can sell profitably in the West German markets if —

- His product is reasonably competitive in price and quality.
- He appoints the right distributors and agents.
- He supports his distributors by sharing in advertising campaigns, by trade fair participation and by shipping orders promptly. There is some disadvantage in having to ship across the Atlantic but some Canadian firms have actually made deliveries faster and more regularly than their German competitors.

The flooring market is a large one and well worth the trouble of tackling properly. The Canadian Trade Commissioners in Germany can help exporters in many ways; you will find it useful to consult them at the outset. ●

Canvas Products

Iran—Canadian sales to this market are at present confined to one quality of canvas. Now is the time to take another look.

A. F. WYETT,
Commercial Officer, Tehran.

IRAN'S ECONOMY is buoyant and development plans are pressing ahead; the over-all growth rate in 1966 was between 8 and 9 per cent. Rising business activity calls, among other things, for more canvas products.

Tehran is the centre of the canvas and tarpaulin importing business in Iran. The merchants order from foreign manufacturers and have the goods shipped to Tehran, where most sales are made. Merchants from other parts of the country come to the city for their needs; stocks are not maintained in the provinces. Importers pay by letter of credit at full face value, except for distributors who buy on credit of up to six months. The sizes which the Iranian market requires are 100 to 140 and 180 centimetres wide, in rolls of 100 and 120 yards. Olive accounts for 70 per cent of the market and grey, black, and colours for the remainder. Prices vary, but the ruling prices (August 1967) are U.S.$0.68 to $0.82 for 100 cm., U.S. $0.93 to $1.08 for 140 cm., and U.S.$1.10 to $1.56 for 180 cm. The canvas is used mainly for tents and as coverings for vehicles and railcars. Approximately 75 per cent of imports are for the private sector; this business is done only in the bazaar.

The Government imports the other 25 per cent of the total. Purchases are

IRAN'S IMPORTS OF CANVAS 1965-66

(Covering cloth, oiled or oil-coated)

Source	Quantity (kilograms)	Value (rials)
Israel	123,886	14,589,949
Pakistan	10,761	820,265
West Germany	8,333	1,051,885
Britain	2,833	571,360
Hungary	93,731	8,471,261
Netherlands	37,891	4,329,868
United States	11,109	1,620,031
Canada	2,829	341,802
Total	**291,382**	**31,796,921**

made by tender. The agent buys tender documents and forwards them to the manufacturer for him to make an offer. The manufacturer then deposits a bank guarantee of 5 per cent of the tender price with the Central Bank and returns the tender documents to the agent for him to hand over to the appropriate authorities. If the tender is successful, the manufacturer offers a performance guarantee of 10 per cent of the price (returned on receipt of the goods) which must be in Treasury Bonds. This calls for a bank guarantee and instructions to the Central Bank to purchase the Treasury Bonds.

There is no local production of canvas yet but a licence has been issued for a factory to be built which will be ready at the end of the year. The capital is said to be 30 million rials and equipment has been imported from Holland and Germany. All types of canvas will be made, using local materials (except chemicals for proofing which will have to be imported). The factory is expected to export to Arab countries.

Canada exports to Iran mainly a heavy type of oily olive ducking of which we are the sole producers. This market will, however, become increasingly competitive in price for other types of canvas, a factor Canadian exporters should keep in mind when making long-range plans. A really energetic agent is also essential for doing business in Iran. ●

trade lines

All change at Aer Lingus

Aer Lingus is to auction its complete short-haul fleet of 21 aircraft—four BAC One-elevens and 17 Viscount 800s—to make way for eight Boeing 737 jets. In 1966-67 the combined revenue of Aer Lingus (which operates on domestic and European routes) and Aerlinte (Irish International Airlines) rose 20 per cent to £21.6 million, and operating profit reached £1.11 million. Aer Lingus made an operating profit of £815,885 compared with a loss of £63,539 in 1965-66. Aerlinte's operating profit fell to £790,040 from £1,078,820, despite a passenger load factor of 69 per cent, which was again the highest of the 16 airlines on the North Atlantic route—Dublin.

Work starts on Fiji Development Bank building

The Fiji Development Bank came into being in July 1967 as a successor to the Agricultural and Industrial Loans Board. The contract for a £600,000 headquarters (to be ready by mid-1969) went to Cementation (Overseas) Ltd. of London, England, which is at present building a £1 million hotel in Suva—Wellington.

Austrian centre studies food irradiation

The Austrian Nuclear Reactor Research Centre at Seibersdorf has concluded studies on the preservation of fruit juices and bread through irradiation. At a meeting held recently in Madrid, the International Committee for the Seibersdorf Food Irradiation Project asked the Centre to expand these studies to cover all types of foodstuffs and announced its willingness to support the program by paying two thirds of the research costs. Austria has borne the main burden of the costs so far which to date have exceeded half a million dollars.

Work being performed by the Centre at present includes a study of the usefulness of the results achieved in irradiation on an industrial scale, a study in the field of microbiology, and a study on the prevention of mould formation. These projects are sponsored by the Austrian Food Industry Association, the Austrian Ministry of Trade, and the U.S. Department of Agriculture, respectively—Vienna.

German coal mines employ less labour

If sales of West German coal fall to 90 million tons by 1970 as forecast, 80,000 miners will have to leave the industry. Production is now running at 130 million tons a year, and dump stocks in March 1967 totalled 5.7 million tons of coke and 16.4 million tons of coal —Duesseldorf.

Ceylon to produce condensed milk

An agreement was reached between the National Milk Board and Unigate Creameries Ltd. of London for the processing and manufacture of sweetened condensed milk in Ceylon. The agreement provides for manage-

ment and technical services and for the training of Ceylonese personnel to manage the factory by the end of three years. The factory should supply all the island's needs of condensed milk—Colombo.

Bulgarian glycol plant nearly ready

A plant to produce 10,000 tons of ethylene oxide and 8,900 tons of glycol is being built at Burgas in Bulgaria by the Austrian firm VOEST. It is due to start up before the end of 1967—Vienna.

Sweden prepares for colour TV

Experimental colour transmissions are being made over the whole of the present black-and-white network; some 200,000 people in southern Sweden already receive Danish colour TV. Colour TV sets advertised in Swedish newspapers retail for $600 to $1,000 but are mostly in the $900 to $920 range.

Sales are expected to rise from 1,000 in 1967 to 40,000 in 1968 and 50,000 in 1969 if the Swedish Parliament approves a plan to start full-scale colour programs for 50 hours a week by 1969. The 1968 and 1969 estimates are 50 per cent above the forecast sales of black-and-white TV sets. Philips and Luxo, two Swedish manufacturers, want a decision soon so that they can build up production in time; otherwise much of the demand may be met by imports.

The Board of Telecommunications has allowed two years for adaptation which is expected to cost $3 million. Svenska Philips and Svenska Radio (part of L. M. Ericsson Telephone Co.) maintain that the entire Swedish network with 50 transmitters could be adapted for colour in less than a year—Stockholm.

West German industrial production lags

Industrial production in the EEC rose in the first quarter of 1967 by 1.1 per cent compared with the same period of the previous year, but in West Germany it fell 6.2 per cent—Duesseldorf.

South African factory to make glass for lamps

Work has begun on a factory at Port Elizabeth to make glass for fluorescent and incandescent lamps. It will cost R. 1.2 million and be the biggest project there since the automobile assembly plants—Johannesburg.

Spain builds second uranium concentrates mill

A second uranium concentrates mill will be built in Ciudad Rodrigo (Salamanca Province) with a capacity of 300 tons a year compared with 70 tons at the existing plant at Andujar (Jáen Province). The process to be used was approved by the Nuclear Energy Board (Junta de Energía Nuclear). Krupp will participate in the $17 million investment and supply part of the machinery—Madrid.

EEC steel production down

In 1966, steel production in the Common Market fell 1.2 per cent to 85.1 million tons. West German production, at 35.3 million tons, was down 4.1 per cent—Duesseldorf.

Ceylon to establish tannery

The Ceylon Leather Products Corporation will build an up-to-date tannery at Mattakkuliya, Colombo, to absorb the country's rawhide production, cut imports, and thus save foreign exchange—Colombo.

Austria to tap Trieste-Inglostadt pipeline

Austria's state-owned OeMV and the foreign oil companies doing business in Austria will build a pipeline to branch on to the Transalpine Pipeline (Trieste to Inglostadt, Germany) at a cost of $60 million. OeMV will pay 51 per cent of costs and receive the same percentage of the annual capacity of 10 million tons of crude oil. Additional refineries—one a two-million-ton plant—will be built by 1969 when the pipeline will be ready for operation—Vienna.

Dutch PVC plant will use emulsion process

Shell's new plant at Pernis, Holland, will use the emulsion process and have a capacity of 50,000 tons of PVC a year which could be increased to 200,000 tons later. The present Shell plant uses the continuous process and has a capacity of 20,000 tons. The new plant is expected to be in operation from September this year—The Hague.

Slower rise in German productivity

Last year, West German industry reported the slowest rise in productivity since 1958—only 4.8 per cent. Wages rose by 7.9 per cent—Duesseldorf.

Germany sells more outside EEC

In the first quarter of 1967, West Germany alone in EEC had a trade surplus with third countries. This amounted to $802 million and was four times the surplus in the first quarter of 1966—Duesseldorf.

Trade between Sweden and Canada declines sharply

Sweden imported goods worth $13.3 million from Canada in the first half of 1967, 31 per cent less than

in the same period of 1966. Swedish exports to Canada also fell by 12 per cent to $33 million. Sweden's imports from the United States fell only 3 per cent to $237 million and exports to that market rose 4 per cent to $184 million—Stockholm.

Rumania develops water resources

Construction has begun in the Trotus Valley on a new dam which will accumulate 100 million cubic metres of water and supply water to the Borzesti area, a centre of Rumania's chemical industry. The project is part of a plan to develop the hydrographic basins of Rumania —Vienna.

Ceylon to produce oil from rice bran

Oil has been extracted from rice bran for the first time in Ceylon by the state-sponsored Ceylon Oils and Fats Corporation. The initial production of seven tons will be used in the manufacture of soap. If the quality of production improves, the oil may later take the place of the corn oil now being imported into the country—Colombo.

South Africa to build hovercraft

Hovercraft with imported British motors and propellers and hulls made of local materials are to be built in Knysna, Cape Province. Eventually all content will be local—Cape Town.

Engine blocks cast in South Africa

South Africa is making blocks for automobiles for the first time in a venture based on British co-operation and experience—Cape Town.

Fiji's exports rise sharply

Fiji's exports rose 24 per cent in the first half of this year over the same period of 1966. Exports totalled $5.2 million, with the main increase coming from sugar, which jumped from $843,000 last year to $1.9 million this year. Imports in the first half of the year were valued at $10.3 million—Wellington.

Traffic changes disrupt Swedish car sales

Swedish imports in the first half of 1967, at $2,510 million, were 1 per cent higher and exports, at $2,455 million, were 9 per cent higher than in the comparable period of the previous year. This was, however, mainly due to short-term factors. One third of the $190 million improvement in export sales was due to abnormally low automobile sales at home, with greatly reduced imports and production being diverted to the export market. The recession and the recent change to driving on the right-hand side of the road (September 1967) caused domestic sales to slump in the first half of 1967 but the effects of both are dwindling and the favourable trade balance is unlikely to continue. A build-up of industrial stocks is expected and will result in increased imports—Stockholm.

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.

J. D. Tennant, Assistant 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.

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.

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

Persian Gulf—N. W. Boyd, Commercial Counsellor in Beirut, Lebanon, will visit Iraq, Kuwait, Bahrain, Qatar, Dubai, Abu Dhabi, and Saudi Arabia, beginning in the last week of October.

South Africa—W. Jones, Trade Commissioner in Johannesburg, will visit Pietermaritzburg, Natal, November 13-16.

A. C. W. Davis, Assistant Trade Commissioner in Johannesburg, will visit Durban, Natal, November 20-24.

H. W. Richardson, Trade Commissioner in Cape Town, will visit Port Elizabeth November 6-10 and Pietermaritzburg November 13-16.

D. H. Leavitt, Assistant Trade Commissioner in Cape Town, will visit Beaufort West and Kimberley November 8-10, and East London and Grahamstown November 16-17.

Surinam—K. G. Ramsay, Commercial Counsellor in Port-of-Spain, Trinidad, will visit Paramaribo November 19-25.

Windward Islands—J. A. Ahow, Commercial Officer in Port-of-Spain, Trinidad, will visit St. Lucia, St. Vincent and Grenada December 3-9.

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

Iran Prepares for Fourth Development Plan

A. F. WYETT, *Commercial Officer, Tehran.*

IRAN HAS NOW recovered from the economic slowdown which began in 1962-63 and is enjoying a boom. The future looks bright. Private investment has developed and the Government has been successful in obtaining foreign capital. Trade agreements have been negotiated with East European countries and the U.S.S.R., the most important of which commits the Soviet Union to building a 500,000-ton steel complex and a machine tool plant with payments to take the form of Iranian natural gas. Plans for the pipeline to carry the gas to the Soviet Union are going well and work on the steel complex is up to schedule.

Third Plan Nears Completion

It now appears certain that the Third Plan, which ends in March 1968, will achieve its aim. The expected expenditure of 230 billion rials will have been reached; major projects in industry and in the development of electric power and water resources, roads and communications are up to schedule. The transition to the Fourth Plan should be smooth.

The Third Plan covers five and a half years and was designed to create national growth at the rate of 6 per cent a year. Its method has been empirical, with the main emphasis on communications, water and power. Major results include:

Roads—There are now approximately 34,000 kilometres of roads, of which some 5,000 kilometres are asphalted. The engineering is good but much of the surfacing has not stood up well to wear and tear.

Ports—Improvements have been carried out at the Gulf ports of Khorramshar and Bandar Shahpour, and at Bandar Pahlavi on the Caspian Sea. A new deepwater port is under construction at Bandar Abbas. Four other smaller ports on the Gulf are also being improved.

Power—The country's total generating capacity at the beginning of the Third Plan was 490 megawatts. It is estimated that by the end of the present Plan, this will have been raised to 725.

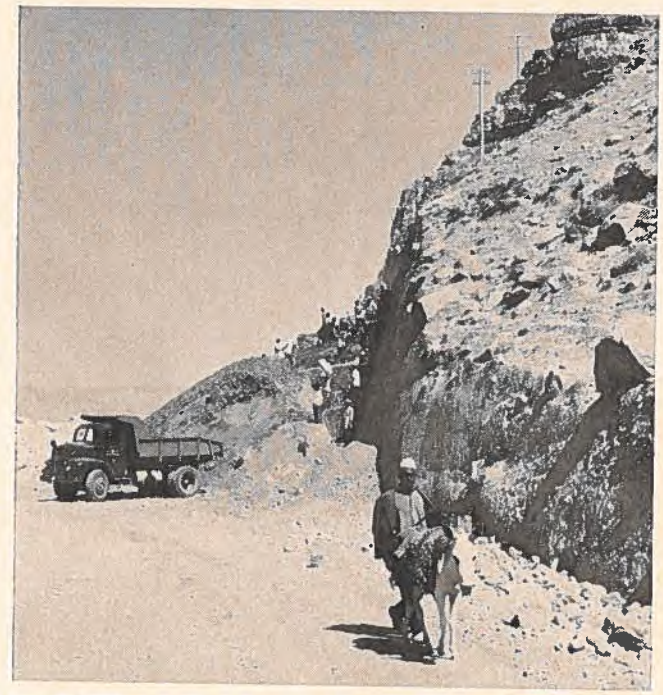
Minerals—Development work on the exploitation of Iran's mineral resources also began during the present Plan. Iran has an abundance of coal, chromite, iron ore, manganese and red iron oxide. The deposits are, however, difficult to reach and may prove uneconomical to exploit. Development will continue in the Fourth Plan.

Fourth Plan Emphasizes Power

The Fourth Plan will continue co-ordinated planning with more emphasis on regional planning and development. Estimates indicate an industrial growth rate of 8 per cent a year in the Fourth Plan. A master plan for power development over a period of ten years has already been submitted to the Government and a start will be made on it during the Fourth Plan. There are projects for major highways, airports and ports, and it is hoped to reduce the illiteracy rate from 62 to 43 per cent. To form a more complete assessment of the potential, you should make a visit to the country and see things at first hand for yourself. Although the details of the Fourth Plan are not yet known, it is assumed that the emphasis will be on power and irrigation, followed by communications, industry and agriculture—all fields in which Canadians have a great deal of experience.

The Plan Organization

There are not expected to be any major changes in the Plan Organization when the Third Plan finishes and the Fourth automatically begins. The address of the headquarters of the Plan Organization is Avenue Daneshkadeh, Tehran, Iran, and it is there that Canadian firms who intend to do work in Iran should apply. Before beginning operations, it is advisable to associate with a local partner. Information may be obtained from the Commercial Division of the Canadian Embassy in Tehran or from the Asia and Middle East Division of the Office of Trade Relations, Department of Trade and Commerce, Ottawa. ●



Roadbuilding bulked large in the Third Development Plan.

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 28	Canadian dollar in foreign currency units at September 28
Algeria Dinar	.2199	4.57
Argentina Peso (free)	.0031	322.58
Australia Dollar	1.20	.8333
Austria Schilling	.0416	23.98
Bahamas Dollar	1.046	.9514
Belgium and Luxembourg Franc	.0216	46.25
Bermuda Pound	2.989	.33
Bolivia Peso	.0902	11.07
Brazil Cruzeiro (official free)	.3973	2.52
Britain Pound	2.989	.33
British Honduras Dollar	.7473	1.34
Burma Kyat	.2255	4.43
Ceylon Rupee	.2241	4.46
Chile Escudo (bank rate)	.2013	4.97
(free)	.1805	5.53
China, Republic of New Taiwan Dollar (official)	.027	37.05
Colombia Peso (fixed)	.066	14.95
Congo, Republic of[1] Franc	.0072	139.50
Costa Rica Colon	.1621	6.16
Cuba[2] Peso	.....	.....
Czechoslovakia Koruna	.1491	6.68
Denmark Krone	.1549	6.45
Dominican Republic Peso	1.074	.93
Ecuador Sucre (official)	.0597	16.67
(free)	.0543	18.42
El Salvador Colon	.4295	.2.33
Fiji Pound	2.692	.37
Finland Markka	.3355	2.98
France, Monaco, etc.[3] Franc	.2189	4.56
Franco-African Republics[4] Franc	.0044	227.79
French Pacific[5] Franc	.0120	82.64
Germany D Mark	.2682	3.73
Ghana New Cedi	1.052	.95
Greece Drachma	.0358	27.86
Guatemala Quetzal	1.074	.93
Guyana Dollar	.6226	1.60
Haiti Gourde	.2148	4.66
Honduras Lempira	.5369	1.83
Hong Kong Dollar	.1868	5.31
Hungary Forint (official)	.0921	10.86
Iceland Krona (official)	.0250	40.00
India Rupee	.1423	7.00

Country and Currency	Value of Foreign Currency unit in Canadian dollars at September 28	Value of Canadian dollar in foreign currency units at September 28
Indonesia[6] Rupiah	.....	.....
Iran Rial	.0142	70.42
Iraq Dinar	3.007	.33
Ireland Pound	2.989	.33
Israel Pound	.3579	2.79
Italy Lira	.0017	581.86
Japan Yen	.0030	335.37
Kenya Shilling	.1402	7.13
Lebanon Pound (free)	.3329	3.00
Malaysia Dollar	.3508	2.85
Mexico Peso	.0860	11.61
Morocco Dirham	.2151	4.65
Netherlands Florin	.2985	3.35
Netherlands Antilles Florin	.5694	1.76
New Zealand Dollar	1.489	.67
Nicaragua Cordoba	.1534	6.51
Nigeria Pound	2.997	.33
Norway Krone	.1501	6.65
Pakistan Rupee	.2241	4.46
Panama Balboa	1.074	.93
Paraguay Guarani (free)	.0090	112.36
Peru Sol (free)	.0284	35.21
Philippines Peso (free)	.2743	3.65
Poland Zloty (fixed basic rate)	.2684	3.72
Portugal & Colonies[7] Escudo	.0374	26.66
Saudi Arabia Riyal	.2066	4.84
Sierra Leone Leone	1.494	.67
South Africa Rand	1.494	.67
Spain & Dependencies Peseta	.0180	55.55
Sweden Krona	.2081	4.81
Switzerland Franc	.2472	4.05
Syria Pound (free)	.2811	3.56
Thailand[1] Baht (free)	.0521	19.64
Tunisia Dinar	2.062	.48
Turkey Lira	.1193	8.36
United Arab Republic Pound (official)	2.470	.41
United States Dollar	1.074	.93
Uruguay Peso (free)	.0079	126.58
Venezuela Bolivar (official free)	.2390	4.18
West Indies Dollar[8]	.6226	1.60
Pound[9]	2.989	.33
Yugoslavia Dinar (official)	.0859	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

GREECE

Area

50,534 square miles.

Climate

Mean temperatures in Athens range from 44°F to 55°F in January, from 73°F to 92°F in July. Summers are dry and winters are wet. Centigrade scale is used.

Population

Estimated at 8.5 million in 1965, of which 4.1 million were males and 4.4 million females.

0 to 14	2.2 million
15 to 24	1.3 million
25 to 34	1.4 million
35 and over	3.6 million

Households

In the 1961 census, 2,143,000 of which 253,000 in Athens. Private residential dwellings numbered 2.26 million.

Income

Gross National Income in 1966 was U.S.$4,700 million; per capita income U.S.$660. Average hourly wage is about U.S. $0.34, not including benefits.

Bank Accounts

2.3 million in December 1966.

Motor Vehicles

In 1966, 104,257 passenger cars, 73,415 commercial vehicles, and 49,439 motorcycles and scooters.

Telephones

67 per thousand persons in 1966.

Radio and Television

In 1966, 1,450,000 households had radio and 4,000 had TV receivers. The radio network is publicly owned. The two small experimental TV stations in Athens are owned and operated by the State.

Water Supply

Safe to drink in Athens. Average pressure is 2 to 6 atmospheres. Water is soft to moderately hard.

Electric Power

50-cycle a.c. three-phase 220 volts with 380 volts between phases with neutral grounded. The distribution system has a ground wire in the provinces, a neutral wire in Athens. A grounding conductor is required in the electrical cord attached to the appliance. The Public Power Corporation is a state monopoly. National capacity in 1966, 1,160 mw.

Coal

Annual production and consumption of lignite is 4.5 million tons. Lignite reserves are 1,000 million tons.

Gas

Manufactured gas, butane and propane are available. The capacity of the two refineries is 90,000 tons of propane and butane. Production of LPG in 1966 was 57,000 metric tons. The cost to consumers is U.S.$0.343 per kilogram. There are 700,000 domestic and 65,000 commercial customers.

Petroleum Products

A full range of products is available. Refineries at Athens and Salonica have a capacity of 88,000 to 100,000 barrels a day.

Weights and Measures

Metric. The stremma (1,000 square metres) is used for land measurement.

Screw Thread

Right hand, metric and North American.

Standards

Official approval is required for electric ranges and all electric appliances. Approval is not needed for gas or other fuel appliances. The address of the approval service is: Second Technical Division, Ministry of Industry, Canning Square, Athens.

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