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FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA

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FOREIGN TRADE

JUNE 22, 1968 Vol. 129 No. 13

COVER: Cambodia, one of the ten Southeast Asian countries reviewed in this issue, continues to be basically agricultural, where visitors can come upon beautiful pastoral scenes like this one. According to our Trade Commissioner who made a tour there recently, Cambodians would like to buy many products that Canada offers. A visit might mean obtaining business as well as admiring the scenery.

Photo courtesy Department of Tourism.

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COMING—THE EEC REACHES A SIGNIFICANT MILESTONE, JULY 6 ISSUE

What Canada Trades with Southeast Asia

The Southeast Asian countries, intent on expanding their economies, have become good customers for Canadian industrial materials, foodstuffs, and capital equipment. Last year they constituted a $53.8 million market, with the Philippines in the lead.

CINDY HARCOURT,
Asia and Middle East Division.

■ Trade between Canada and Southeast Asia has expanded substantially in the past few years, reaching Cdn. $96.3 million last year, up from $93.5 million in 1966. Five years earlier total trade was valued at only $67.3 million.

Increased Canadian exports to Southeast Asia (taking in countries from Burma in the north and west, the Philippines in the east, and Indonesia in the south) have accounted for a large share of this growth in trade; they rose from $45.0 million in 1966 to $53.8 million in 1967. This increase resulted largely from the expansion of Canadian sales to the Philippines, Malaysia, Thailand and Indonesia, as Table I shows. Exports to Burma, Cambodia and Laos, Singapore and Vietnam have declined slightly.

Sales to the Philippines

Canadian exports to the Philippines, our largest market in Southeast Asia, rose by over one third in 1967 to $25.4 million ($18.7 million in 1966). The year 1966 had seen a large cut in our sales to the Philippines from the 1965 total of $26.3 million. Shipments of a wide variety of Canadian goods increased greatly in 1967—from bulk and processed foodstuffs such as malt, through industrial materials (especially newsprint paper, zinc metal, insulated wire and cable, and wood pulp), to fully manufactured goods such as telephone equipment, trucks and chassis, and computers.

Malaysia

There are good prospects for larger sales of a wide range of Canadian products to Malaysia, a market of about 9.5 million people. In recent years the trade imbalance favoring Malaysia has lessened and it is now about two to one, compared with three or four to one previously. Total sales to Malaysia in 1967 reached $13.4 million ($11.1 million in 1966). Major exports to Malaysia include aircraft, asbestos, newsprint, aluminum and wheat; in 1967 sales of all of these items, other than aluminum,

Canada is supplying more telephone equipment to the Philippines under a second $11.02 million financing agreement between the ECIC and the Philippine Long Distance Telephone Co. Looking over the agreement are H. W. Reed (fourth from left), president of PLDT Co., and J. L. Mutter, Consul General for Canada, Philippines.

expanded. There were also substantially larger sales of commercial communication equipment, hoisting machinery, saws and sawmill machinery, files and rasps, and wrapping paper, as well as sales for the first time of potassium chloride, muriate.

Other Markets

Exports to Indonesia in 1967 rose to $2.8 million from a 1966 figure of only $348,000. This impressive increase was due primarily to large Indonesian purchases of aircraft and aircraft engines, trucks and chassis, newsprint paper, wheat flour and rock-drilling machinery.

Shipments to Thailand also showed a welcome increase in 1967, chiefly the result of bigger sales of aircraft, files and rasps, and passenger automobiles.

Exports from Canada to several markets in Southeast Asia, notably Singapore, Vietnam, and Burma, decreased in 1967, but there is good reason to be optimistic about our future shipments to these countries also.

Imports into Canada

Canadian imports from Southeast Asia have increased by almost one-quarter in the past five years, rising from $34.5 million in 1963 to $42.6 million in 1967. (The 1967 figure, however, constitutes a decline of $5.9 million from the 1966 figure of $48.5 million.) As Table II indicates, imports from Thailand in 1967 doubled over 1966 and there were significant —though in dollar terms, minor—increases in purchases from Cambodia and Laos, and Vietnam. Imports from Burma remained unchanged from 1966 and imports from Indonesia, Malaysia, Singapore and the Philippines showed a decline. The decrease in imports from Malaysia and Singapore in 1967 was due mainly to smaller sales of tin (Malaysia only) and rubber (because of lower world market prices).

Imports into Canada from Southeast Asia in 1967 consisted for the most part of a wide variety of tropical raw materials—tin ($10.5 million) and rubber ($4.4 million) from Malaysia; rubber ($7.5 million) and canned pineapple ($2.4 million) from Singapore; desiccated coconut ($1.2 million), chrome ($538,628) and mahogany veneer from the Philip-

TABLE I

CANADIAN EXPORTS TO SOUTHEAST ASIA

	1963	*1964*	*1965*	*1966*	*1967*
			(Cdn.$'000)		
Burma	703	736	671	1,195	262
Cambodia and Laos	17	99	128	98	63
Indonesia	1,394	703	1,636	348	2,771
Malaysia }	6,355	8,370	9,253	11,093	13,445
Singapore }				4,283	2,868
Philippines	21,284	27,809	26,354	18,683	25,458
Thailand	2,823	3,803	5,621	6,743	6,947
Vietnam	250	726	804	2,588	1,939
Total exports	**32,826**	**42,156**	**44,467**	**45,031**	**53,753**

TABLE II

CANADIAN IMPORTS FROM SOUTHEAST ASIA

	1963	*1964*	*1965*	*1966*	*1967*
			(Cdn.$'000)		
Burma	102	276	39	105	105
Cambodia and Laos	—	—	—	—	3
Indonesia	152	1,393	2,400	1,158	1,066
Malaysia }	31,634	34,536	40,273	29,102	22,298
Singapore }				12,351	11,173
Philippines	2,007	2,970	3,583	3,345	3,066
Thailand	582	582	899	2,432	4,868
Vietnam	1	4	2	1	6
Total Imports	**34,478**	**39,761**	**47,196**	**48,494**	**42,585**

TABLE III

PRINCIPAL CANADIAN EXPORTS TO SOUTHEAST ASIA

Commodities	*No. of Markets*	*1966*	*1967*
		(Cdn.$'000)	
Transportation equipment and parts	8	8,229	14,867
Newsprint paper	5	6,061	7,459
Communications equipment and parts	8	2,535	5,073
Insulated wire and cable	6	415	3,427
Asbestos	6	3,057	2,719
Industrial machinery and parts	8	3,439	2,042
Aluminum	5	2,261	1,907
Wheat except seed, n.e.s.	4	4,941	1,631
Zinc blocks, pigs and slabs	4	335	1,505
Malt	1	702	1,036
Wood pulp	5	658	992
Files and rasps	5	536	893
Wheat flour	6	893	741
Newsprint, mutilated, beater stock	2	1,146	743
Insecticides and rodenticides	1	385	666
Copper pipe and tubing	5	595	622
Card punch sort tab computers and parts	6	328	620
Whisky	8	346	544
Sulphur	2	62	393
Sheet and strip steel, n.e.s.	5	208	345
Medicinal supplies	6	393	307
Wrapping paper, unbleached, sulphate, sulphite	3	....	304
Pipes and tubes, iron and steel	4	326	222
Plastic and synthetic rubber, not shaped	6	367	222
Tobacco, bright Virginia, flue-cured	2	442	177
Potassium chloride, muriate	2	499	60
Prefabricated buildings, structures and parts	4	1,720	6

pines; tin ($3.7 million), sago and cassava starch or flour and lumber from Thailand; rubber ($358,478) and bauxite ore from Indonesia, and exotic species of lumber from Burma.

Development in Past Years

In the past few years, considerable development has taken place in Southeast Asia. The gross national product is rising steadily in a majority of these countries, including the Philippines, Thailand, Malaysia and Singapore. However, a number of problems continue to face those seeking to expand these economies.

In recent years many forms of assistance, including that of the various agencies of the United Nations and the Colombo Plan, have been directed towards overcoming these problems. The Mekong Development Program is perhaps the most important UN aid project in the area. Canada participates in many of these developments. Much has been achieved but much more remains to be done.

With this in view, the Asian Development Bank, a body consisting of both regional and non-regional members, was set up in 1966. Its basic aim is the financing of development projects in Asia. Canada as a charter member will have an opportunity to share in the management of the Bank and will also be able to compete for procurement contracts arising from its work.

Sales Prospects Bright

Moreover, as most of the countries of Southeast Asia strive toward economic growth through the diversification of industry, development of transportation and telecommunications, and exploitation of energy and raw materials resources, they must import many of the goods necessary to implement development projects. Canadians have in the past been competitive suppliers of many of the industrial materials and capital goods that the Asian countries require. Canada is also an important supplier of many of the bulk foodstuffs needed by most countries in Southeast Asia which do not produce enough food to satisfy their rapidly growing populations. Prospects seem bright for future sales of Canadian goods to this area. But if Canadian exporters wish to enlarge their present share of the large potential market in Asia today, they must use every means at hand to promote sales to that continent.

The first Asian International Trade Fair was held in Bangkok in late 1966. Thirty-four countries, including Canada, were represented. Fourteen Canadian firms sent exhibits. The Second Asian International Trade Fair is to be held in Tehran in 1969. Canada will be participating in this fair and as a result, new sales opportunities in the Asian area may be open to Canadian exporters.

Canadian fur coats in Singapore? Yes, a Vancouver firm is really selling them. The manager of the dress department of a leading department store in that city models a Canadian-made coat of opal mink for J. H. Bailey, our Commercial Counsellor.

Trade Relations

Canada's trade relations with several Southeast Asian countries—Malaysia, Singapore, Burma, Cambodia and Indonesia—are governed by the General Agreement on Tariffs and Trade. In addition, Canada grants most-favored-nation treatment to Laos and Vietnam, and exchanges most-favored-nation treatment with the Philippines. Preferential treatment is extended by Canada to both Malaysia and Singapore and both of these accord preferential treatment to Canada on a very limited number of goods only.

Import and exchange regulations are summarized on pages 27 to 29. Readers should note that Cambodia and Burma both operate under state trading systems.

Imports are admitted relatively freely into the Philippines, Singapore and Thailand. Malaysia maintains licensing control on many, but by no means all, imports; in Indonesia, Laos and Vietnam most goods require licences. These regulations change frequently, however, and exporters should make sure that their information on these matters is current at the time they wish to export to countries in the area. Inquiries should be addressed to the Office of Trade Relations, Department of Trade and Commerce.

Up-to-date information on trade prospects and regulations and on the current economic and marketing situation in the various countries in Southeast Asia is important to any Canadian businessmen wishing to export to that area. This information can be readily supplied by the Canadian Trade Commissioners in Hong Kong, Kuala Lumpur, Manila and Singapore, who are anxious to assist Canadian exporters in any way possible. The Trade Commissioners also make frequent tours of the areas for which their offices are responsible, including visits to countries other than those in which they are stationed. In Ottawa, the Asia and Middle East and Commonwealth Divisions of the Department can provide information on tariffs and trade regulations and current business conditions, and the Commodity Officers can give advice and assistance on the export of specific goods.

As the following articles point out in some detail, there are good prospects for sales of many Canadian goods to Southeast Asia. It will take hard work and persistence, however, to turn these prospects into export orders.

Canadians Mine Bauxite in Malaysia

■ Canadian interests have been mining bauxite in Malaysia these past thirty years. But since 1939 Aluminium Laboratories Limited, which in addition to research and development is responsible for Alcan's explorations, has secured two permits to explore 98 square miles in the Pengerang area of the State of Johore. An exploration program was started in the latter part of 1939 and resumed in late 1946; field work in these areas was completed in 1948.

The exploration resulted in leases covering approximately 3,100 acres at the southeastern tip of the Malayan Peninsula being secured by Aluminium Laboratories Limited in May 1952. These leases were subsequently transferred to an associate company for development, Southeast Asia Bauxites Limited (SEABA), incorporated in Montreal in February 1955. A few months later a branch office was established in Singapore but was eventually moved to Johore Bahru, the capital of the State of Johore.

Because of the Malayan emergency of 1948-60, development of the bauxite deposits only began in late 1956 on a limited scale. With peace restored in 1960, plans were made to build facilities to develop deposits through a wholly-owned service company, Johore Mining and Stevedoring Company Sdn. Berhad (JOMIS). Ground was broken in 1961 and sixteen months later a beneficiation plant was in operation and the first shipment of bauxite was made over a new 1,200-foot jetty.

Bauxite in this area is mined by opencast methods and transported from mine face to beneficiation plant by trucks with aluminium bodies (in order to increase the payload). The bauxite is washed over a series of vibrating screens in the plant. The washed product is stockpiled and subsequently shipped via ocean-going vessels loaded in open roadstead about two miles offshore from the company's beach stockpile area. Loading may be hampered by severe weather during the monsoon season—November to March—when only the lee side of a ship can be worked. Nevertheless, a ship continues to receive bauxite on a 24-hour basis at an average rate of 3,800 tons per day.

Bauxite is loaded onto a lighter at a jetty for transfer to a ship lying offshore.

Most of the work force for the mine is recruited from the nearby township of Sungei Rengit. Currently on one-shift operation, the company has 160 employees comprised of Malays, Chinese and Indians. It produces its own power requirements from three generators with a capacity of 1,250 kilowatts. Production is currently running at the rate of 300,000 tons a year; in the peak year of 1966, some 667,000 tons were produced. The bulk of SEABA's production is exported to Japan and other shipments over the past have been made to Taiwan, Australia, North America and Europe. Exports over the ten years 1957-67 totalled 3.2 million metric tons.

There are three bauxite-producing companies in Southeast Asia, two in Malaysia and one in Indonesia. They are the main suppliers of Japan, the major consumer in the East. In addition, Australia has not only become an important bauxite producer in this region in recent years but has steadily increased its annual exports to Japan, thus heightening the keen competition in a relatively limited East Asian market. Japanese consumption of bauxite is expected to reach 1.9 million tons in 1968 and SEABA will supply approximately 17 per cent of this. Taiwan is the only other importer of bauxite in the region and consumes currently 80,000 to 100,000 tons a year.

In addition to foreign exchange earnings for Malaysia, SEABA has contributed over the past eleven years towards the development of a relatively isolated area where the sighting of wild game is still not uncommon. Tigers, wild boar, deer, jungle cats, bears, monkeys, and the occasional herd of elephants still roam the area, adding to the excitement and thrill of one of Alcan's bauxite mining operations.

—PHILIP STUCHEN, *Commercial Counsellor, Kuala Lumpur.*

90505—2

Singapore

Business tempo should remain brisk this year

Industry is expanding, trade increasing

Accelerated British withdrawal may pose problems later

J. H. BAILEY,
Commercial Counsellor, Singapore.

■ Singapore, the smallest independent member of the Commonwealth and the most prosperous country in the Far East next to Japan, has made great strides during the past two years in overcoming the economic shock of separation from Malaysia. During the first half of 1967, all business indicators continued their steady rise. Then during the last six months of the year the economy received several severe jolts. The most important of these were the devaluation of the old Malaysian dollar at the time of the devaluation of sterling, and the announcement of the accelerated military withdrawal by Britain.

In the devaluation, the Singapore Government decided that it would not be in the country's best interests to follow the British and devalue its dollar because this would most certainly force up the cost of living at a time when internal stability was vital. By agreeing to go along with Malaysia, however, and devalue the old dollar notes which had been issued by the Board of Commissioners of Currency, certain sectors of the economy (particularly the private banks) suffered considerable losses and there was a rumbling of discontent. But by the end of the first quarter of 1968 any problems connected with devaluation seemed to have been overcome. In fact, the Singapore currency is now one of the strongest in the world as the country has almost 400 per cent backing for its new dollar. (Reserves in various foreign currencies total U.S.$417 million against a currency in circulation the equivalent of U.S.$109 million.)

British Forces to Withdraw

Of greater importance to the economy was the announcement that Britain would accelerate its withdrawal plans and remove its Armed Forces from Singapore completely by the end of 1971. The effects of this decision should not be under-estimated; approximately 20 per cent of the gross national product is generated by the British presence and the British bases and British personnel employ approximately 40,000 persons. In addition there are thousands of small shopkeepers and traders who depend on the British presence for their livelihood. The extra number of unemployed will be added to the

Automobiles have become one of Canada's largest exports to Singapore. J. H. Bailey (left), Commercial Counsellor in Singapore, inspects one of them that has just been landed on the dock. A second one can be seen in the picture just behind him.

60,000 to 70,000 already seeking jobs (out of a total labor force of about 600,000). And there are 15,000 to 20,000 young people coming on to the labor market each year. As a result, the Government is giving top priority to investment which will create employment in Singapore.

Under the leadership of the dynamic and resourceful Prime Minister, and with the built-in advantages of a magnificent and well-equipped harbor, a growing manufacturing industry, a thriving entrepôt trade and, most important, an industrious and resourceful population with a long tradition of commercial expertise, Singapore appears to have every opportunity of overcoming all the problems it is now facing.

Trade Is Vital

In spite of the great steps forward in industrialization and construction, the largest share—about 60 per cent—of Singapore's wealth and employment comes from trade. This bustling metropolis, lying at the strategic crossroads between major nations of the world—sucb as Japan and Communist China to the east, India and the European countries to the west, and Australia and New Zealand to the south—is in every sense a true "entrepôt". With its physical assets, such as excellent harbors, ship repair facilities, banking and insurance companies, etc., combined with a grasp of trading techniques and knowhow second to none, Singapore will continue to play this important role for many years to come.

Trade during the past year increased 7 per cent, with imports amounting to U.S.$1.3 billion and exports to U.S.$1.1 billion for the first eleven months of the year. This increase resulted partly from the war in Vietnam—exports to South Vietnam are now running at an annual rate of U.S.$100 million—but the main reason is that Singapore is once again Indonesia's main trading partner. This resulted when the Indonesian Government lifted the prohibition on the shipment of commodities to Singapore and from the need for importers in that country of 110 million to have a nearby source of supply. (See accompanying article on Indonesia for the reasons for this need to use Singapore.)

Japan, Communist China and Britain are the main trading partners of Singapore, with the European countries, Australia and the U. S. grouped behind. Well down the line comes Canada, whose exports to Singapore amounted to only Cdn.$2.8 million last year, mainly in the following categories:

	(Cdn.$)
Wheat	398,000
Foodstuffs	285,000
Tobacco	88,000
Asbestos	183,000
Newsprint	638,000
Machinery	84,000
Metals	444,000
Vehicles	206,000
Hand tools	130,000
Miscellaneous	412,000

Industrialization

The growth of industry has contributed significantly to the 8 per cent over-all rate of growth which Singapore has managed to achieve during the past few years. The Government hopes to keep up this rate—or even increase it—by setting up a new Development Bank to aid the financing of new industries and a special corporation to provide even more efficient management for the huge Jurong Industrial Estate. The latter has already made great progress since it began to function in 1961 in getting new plants established on the west side of the island. In addition, the Government has also given special assistance—and is offering more at the present time—to encourage the development of commercial ship-repairing and related services (it has been suggested that the British Naval Base could also be used for the same purpose) a "natural" for this island state.

The problems of expanding the industrial base of the island are mainly those of attracting foreign investors. Although tax incentives and low labor costs are useful in attracting capital, there are offsetting factors such as a population of only two million (which does not provide much of a base market) and the general uncertainty of the political situation in Southeast Asia.

In the industrial field, Japan is making a strong contribution to the development of Singapore. All in all, Japanese investment in industry in Singapore today is estimated at about U.S.$75 million and Japan had accounted for some 24 per cent of all foreign investment in new industries by the middle of last year. This Japanese investment is certainly paying off in import trade; Japan has now pulled ahead of Britain as the major supplier to Singapore.

The drive for industrialization will undoubtedly attract other new factories from other countries and therefore Canadian firms could become suppliers of equipment and raw materials to Singapore to a much greater extent in the future.

Construction

One of the most impressive sights of Singapore is the tremendous number of high-rise apartment buildings, intended for lower and middle-class accommodation, which have sprung up in all parts of the city and surrounding areas. Already 25 to 30 per cent of the population of Singapore is living in Development Board flats which have been built in the last few years. By 1971, this percentage may be doubled if the present rate of construction continues.

The Ministry of Development is also undertaking the reclamation of thousands of acres of land along the seafront in the southeast part of the island and the redevelopment of the old central urban areas. A three months' survey covering some 2,000 acres of the inner city is now under way. In addition, surveys, including personal interviews, are being carried on with 16,000 household owners over planning future residential areas and avoiding transportation congestion. A separate survey is being conducted on truck transportation in the harbor area and other parts of the city.

Altogether the Government will be spending U.S.$30 million on urban renewal schemes comprising 14 projects and the tempo of spending will be stepped up in the next few years. This should lead to increased employment in the basic materials field—cement, bricks, granite, steel, bars, hollow blocks, etc.—and afford opportunities for exporters in other countries to ship in building materials and supplies.

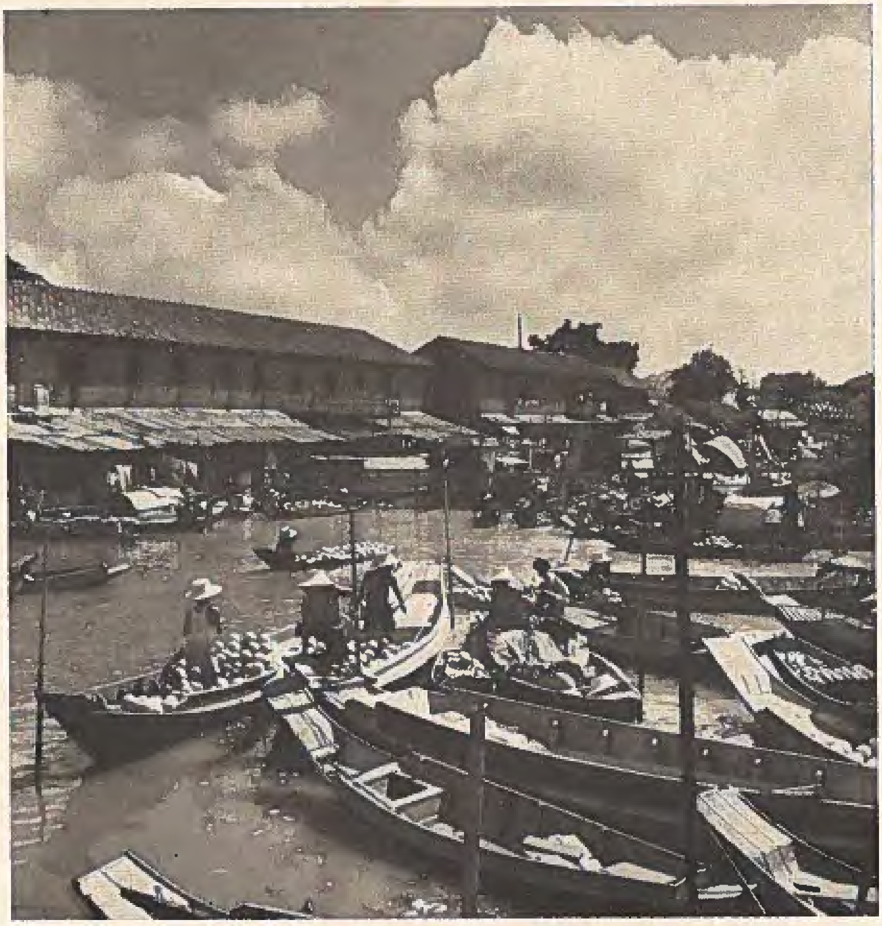
Thailand

Present boom is expected to continue
Investment in hotels and building large
Development projects offer good opportunities

J. H. BAILEY,
Commercial Counsellor, Singapore.

■ Business conditions in Thailand remained buoyant throughout 1967 and this situation should continue during 1968. Last year, for example, the gross national product increased by over 8 per cent and foreign trade by 10 per cent to reach approximately U.S.$1.8 billion. Private bank deposits rose 17 per cent and the gold and foreign exchange reserves increased over 6 per cent to reach U.S. $876 million by the end of the year.

The boom has brought problems with it: serious inflationary trends and transportation bottlenecks. The first problem arises from the general prosperity and, during 1967, a drop in agricultural production because of a drought. These inflationary pressures increased the cost of living by 3.5 to 4 per cent last year and this rate of inflation, if not checked, could have serious social and political repercussions. However, foreign investment is being encouraged and it is hoped that this, coupled with additional assistance to agriculture, will increase the production of national goods enough to check this rapid inflation.



The floating market for local produce is a sight no visitor to Bangkok should miss.

In transportation, shipping facilities for imports and exports are the most serious problem. The bulk of all goods entering and leaving the country must pass through the Chao Phya basin and this has created a severe bottleneck. However, plans to build a completely new and modern port have now been drawn up. Similarly, to alleviate the congestion at the present Bangkok airport, the Thai Government is planning to build a completely new one, separate and apart from the military base which is now used.

Imports Continue Large

Imports (excluding military purchases) passed the billion dollar mark (U.S.$1.1 billion) in 1967 for a second year in a row. Unfortunately, because of the drought mentioned earlier, exports of rice and other agricultural products declined and this resulted in an adverse trade balance of some U.S.$10 million last year. However, this loss in foreign trade was more than compensated by the inflow of foreign exchange from the tourist industry, expenditures by the U. S. Armed Forces, and other invisibles. The country's foreign exchange reserves showed a net increase and there is no indication that the Government may try to redress the trade balance by imposing import restrictions in the near future.

Japan is Thailand's largest trading partner. The Japanese economic influence is apparent all over the country—from the smallest of transistor radios to heavy machinery and construction equipment. In 1965 imports from Japan constituted about 27 per cent of Thailand's total imports and over a period of five years the average has been approximately 30 per cent. In 1966, imports from Japan reached U.S.$337 million. About half consisted of manufactured consumer goods and roughly another 35 per cent of machinery and transport equipment. The other major suppliers are the United States, Britain, Germany, France, Italy and Australia. Canada, with exports to Thailand of Cdn.$6.9 million in 1967, should be able to increase this to at least Cdn.$10 million during 1968. Exports last year were in the following major categories:

	Cdn.$
Foodstuffs	526,000
Asbestos	795,000
Newsprint	643,000
Machinery	168,000
Metals	982,000
Vehicles	276,000
Electrical equipment	154,000
Hand tools	637,000
Aircraft	1,785,000
Miscellaneous	982,000

Investment Is Increasing

The influx of tourists and servicemen into Thailand during the past three years—income from the tourist trade alone increased 23.5 per cent last year—has led to a tremendous surge of investment in new hotels and the related service industries. There are now more than 57 luxury and first class hotels (with over 7,000 rooms) in Bangkok and several large new ones are being built. In fact, there is some worry that there are today too many hotels and, if it were not for the thousands of U. S. troops coming to Bangkok on leave (there are over 1,000 rooms permanently leased for the use of these troops), some of these hotels would even now be in financial difficulties.

Besides the private investment in hotels and other urban building projects—such as modern office buildings, night clubs and apartments—industrial investment in Thailand has also increased sharply during the past few years. During 1967 alone, for example, over 140 new factories went into

What to Sell in Thailand

■ It is possible to sell a wide range of consumer goods and capital equipmen in Thailand, provided that the producer can compete with other suppliers. All imports into Thailand move through Bangkok and although they are later distributed throughout the country, it is in Bangkok that the exporter must have an agent. This agent must be active, reliable and well placed to help both with commercial transactions and government tenders. In fact, we know of no Canadian firm that has been able to obtain government business without an agent on the spot.

The following groups of commodities offer opportunities for Canadian exporters.

1. Agricultural and Fisheries Products—canned salmon, smoked salmon, day-old chicks, beef, apples (at Christmas time), and tobacco. There is a small market for Canadian flour but this has been declining in recent years because of the presence of local flour.

2. Chemicals—cleaning compounds and polishes, pharmaceuticals and fine chemicals. Canadian companies are already selling pharmaceuticals. There is also a substantial demand for sulphur, sodium hydroxide, and calcium carbide. Synthetic resins and plastic materials are imported in considerable quantities.

3. Forest Products—newsprint, although a newsprint mill is planned for the future, and wood pulp. There are two kraft mills.

4. Metals and Minerals—asbestos is selling in volume. Large quantities of iron and steel are called for by government tenders but today most of this business is going to Japan. Tbere is a market for communication and power cables. For the past few years Canadian companies bave supplied some of this demand. In addition, sales of Canadian nickel, zinc and aluminum have increased.

5. Mechanical Equipment and Engineering Products—equipment for the railways is in demand. Many important construction programs, including a new airport and a vast road network, are being undertaken under the Five Year Plan and vast quantities of construction equipment will be needed. To improve technical education, tenders are being called for a variety of machine tools and equipment which can be used to develop a technical core within Thailand. Nuclear equipment from Canada has done extremely well in the past few years. Perhaps the biggest scope for Canada in Thailand is in consulting engineering. Several Canadian firms already are working on contracts there and with the variety of projects being undertaken under the Five Year Plan, there are other good opportunities. A Canadian consulting firm wishing to work in Thailand must establish an office there or engage a first-class local representative.

6. Electrical and Electronics Equipment—equipment is needed for the new television broadcasting system, the microwave system and all phases of telecommunications. Substantial investment is taking place in power generation and already international tenders have been called for a variety of equipment.

7. Textiles and Consumer Goods—Thailand imports large quantities of manmade fibers and if Canadian prices are competitive, there should be a market. This also applies to household textiles, such as sheets and rugs. European producers have been selling substantial quantities of hides, skins and leather products to Thailand. One of the largest Canadian exports to Thailand in the past year has been hardware. If Canadian companies are willing to undertake a hard selling campaign, there are openings in the air-conditioning field.

If your product falls into a category which has potential, write to the Canadian Commercial Counsellor in Singapore. Send literature, samples if possible, and both c. and f. and c.i.f. prices, Bangkok. We can establish quickly whether your product can be sold competitively; if it can, we will suggest suitable agents. We think a trial appointment for six months or one year is the best policy. There are special ways of doing business in Thailand which must be left to your agent. Give him the facts and figures and your prices and leave the rest to him. If business materializes, you should visit the market regularly to discuss problems and to meet your customers.

—D. H. M. BRANION,
Assistant Commercial Secretary,
Singapore.

production and industrial output increased by over 10 per cent. In 1967, for example, the Board of Investment granted new licences or expansion permits for the following types of industries: cold storage, plants producing airtight metallic containers and metallic tubes, motor vehicle tubes and tires, aluminum electric wire or cable, tractors (producing and assembling), paper, paint, galvanized iron products, wool carpet, vegetable oil and bran oil, floor or wall ceramic tile; shipbuilding; manufacturing or assembling radio receiving sets and electronic products industry; pearl oyster culture; making of Thai silk, animal foods, plastic powder and synthetic fiber products. As this annual rate of increase is expected to be maintained during the next few years, there should be excellent opportunities for Canadian firms to supply engineering services and equipment for the new plants and perhaps raw materials once they are in production.

Development Projects

The final phase of investment which should interest Canadian suppliers is being made in the public sector. The development projects covered by the Government's Second Plan (1967-1971) call for a total investment of U.S.$1.1 billion, of which the foreign content in engineering services and equipment will amount to U.S.$496 million. These projects include power plants, irrigation works, highway planning and construction, improvement of the state-owned railway and telephone systems, harbor construction, waterworks and sewage plants, an international airport, a large television network and a variety of programs in the educational field. Already two Canadian consulting engineers are working on projects in Thailand and it is hoped that more of them and equipment suppliers will make a special effort to obtain contracts. There is fierce competition for this capital equipment business, where payment is guaranteed by international lending entities or by the Thai Government itself, but the prize is well worth the effort.

Singapore: Banking Center of Southeast Asia

This small independent Republic plays a financial role in Southeast Asia far greater than its size warrants. What that role is and how it influences the growth of industry and trade is explained below.

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

■ Singapore, a city state of two million persons and 220 square miles of terrain, has 35 full-fledged banking institutions.* As a result, this smallest member of the Commonwealth has the highest banking "density" of any independent country in the world, not excepting Switzerland. The number of banks, however, tells only part of the story. It is their relative size and the crucial role they play in the commercial and industrial life of Southeast Asia that make this large concentration of banking houses really important.

Some journalists have compared Singapore's financial role in Southeast Asia to that of Switzerland in Europe. Although there are a number of similarities, there are two important differences. First, Singapore operates within the sterling area, and must seek permission for the payment of accounts and the transfer of funds outside the sterling area. Second, secret account numbers are not used though they are being talked about.

Singapore's prosperity is primarily due to its focal position in Southeast Asia. Its economically strategic position at the center of one of the world's richest natural resource areas and its fine natural harbor (the fifth largest in the world in terms of tonnage of shipping calling to take on and discharge cargo) have made it the natural center for handling and financing the trade and industry of neighboring countries. In addition, the financial strength and knowhow of these banks have helped greatly in recent years in the establishment of a number of new industries in Singapore to supply manufactured goods to local markets and for export.

Financing Trade and Commerce

The import and export trade of Singapore in 1967 amounted to Cdn.$2.9 billion, or Cdn.$1,450 per capita. (As a comparison Canadian exports totalled Cdn.$11.4 billion in 1967 or Cdn.$570 per capita as against Singapore exports of Cdn.$1.4 billion or Cdn.$695 per capita.) The role the local banks play in the tremendous movement of goods is, of course, critical but difficult to define in terms of dollars because there are no separate statistics for Singapore. If we look at Singapore and Malaysia together, some 70 per cent of all commercial bank funds in 1965 were used to finance commercial trading activities and provide short-term working capital for manufacturing companies,

*See list in box on page 11. Approximately half of these banks are controlled locally. Hong Kong, not independent, has more banks: over 100 and a population of four million.

compared with only 2 per cent used to provide long-term loans or equity capital for local industries. Although the percentages have probably changed somewhat in the past two years, this wide disparity in the use of commercial bank funds points up the importance of these banks in financing trade in this region.

Financing Local Industries

The old concept of banking in Singapore as shown above meant that banks confined their activities to making short-term and self-liquidating loans and advances, rather than assisting in the development of local industries. This attitude is understandable in the light of the past 25 years of political instability. This picture is now changing and most of the local banks are becoming multi-purpose financial institutions. As an indication of industrial financing by commercial banks in Singapore, at the end of 1963, 1964, 1965 and 1966 some 13, 13, 17, and 18 per cent respectively of all loans and advances were made to manufacturing industries. In 1967 this figure was expected to be above 20 per cent.

Financing of local industries is not by any means completely new to Singapore's banks. There were many small plants started by local businessmen and merchants who saw an opportunity to produce relatively basic consumer goods for the Singapore/Malaysia market. What is new is the magnitude, urgency and complexity of the financing now required to cope with the extent and pace of industrialization in Singapore. The latter is of the utmost importance to assure Singapore's economic livelihood following the withdrawal by 1971 of the British forces, which contribute over 20 per cent of the national income. Steps are being taken to bring local and foreign industrialists and bankers even closer together to review the rapidly changing economic situation and to work in even closer co-operation.

Banks Operating in Singapore in 1968

Asia Commercial Banking Corporation, Ltd.	Hong Kong & Shanghai Banking Corporation
Bank of Singapore, Ltd.	Mercantile Bank, Ltd.
Chung Khiaw Bank, Ltd.	Bank of India, Ltd.
Far Eastern Bank, Ltd.	Indian Bank, Ltd.
Four Seas Communications Bank, Ltd.	Indian Overseas Bank, Ltd.
Industrial & Commercial Bank, Ltd.	United Commercial Bank, Ltd.
Lee Wah Bank, Ltd.	Bank of America
Overseas-Chinese Banking Corporation, Ltd.	Chase Manhattan Bank, N.A.
Overseas Union Bank, Ltd.	First National City Bank
The United Overseas Bank, Ltd.	Algemene Bank Nederland, N.V.
Ban Hin Lee Bank, Ltd.	Bangkok Bank, Ltd.
Kwong Lee Bank, Ltd.	Bank of Canton, Ltd.
Malayan Banking, Ltd.	Bank of China
United Malayan Banking Corporation, Ltd.	Bank of East Asia, Ltd.
The Chartered Bank	Bank of Tokyo, Ltd.
Eastern Bank, Ltd.	Banque de L'Indochine
	Kwangtung Provincial Bank
	Mitsui Bank, Ltd.
	Bank Negara Indonesia

Government Takes Action

Singapore, however, is not relying only on the goodwill of private investors. In 1961, the Government set up the Economic Development Board to co-ordinate and direct the industrialization program for Singapore. One of the Board's functions was investment in and the provision of loans to new industries. At the end of 1966, the Board had loans of Cdn.$13.4 million outstanding and equity investment of some Cdn.$6.9 million. In effect, this particular aspect of the Board's operation is similar to that of the development banks.

In addition, the Government announced at the end of March this year that some Cdn.$320 million will be spent by the Government over the next four years, over and above what the public and the Government would normally spend, to counteract a possible recession resulting from the British withdrawal. These funds will be raised from foreign investment, the introduction of attractive government securities, and forced savings by employees who will be required to contribute more to the government-operated compulsory savings scheme. The magnitude of this expenditure is apparent when compared with the budgeted expenditure for Singapore for 1968 of Cdn.$220 million.

Haven for Flight Capital

Besides financing by far the largest share of the import-export trade in Southeast Asia and assisting in the development of local industries, Singapore is also becoming a haven for funds from politically troubled parts of the surrounding area. Political upheaval in Indo-China has led investors to withdraw their funds steadily over the last ten years and some of this has been invested in Singapore. More recently, the political problems in Hong Kong and Indonesia have influenced investors in these two trouble spots to seek a sanctuary not too far distant and yet more secure from the point of view of internal political stability and external threats. Singapore, in the sterling bloc, seemed to be the answer and the Singapore Government went out of its way to find useful investment for such funds.

As an added incentive for those with capital looking for a more settled political climate in which to reside, the Singapore Government also grants permanent residence to individuals and their immediate family under one of two schemes:

1. Cdn.$90,000 Deposit Scheme— Under this scheme an applicant will be required to deposit Cdn.$90,000 with the Government, this sum to be invested in an industrial undertaking approved by the Government.

2. Cdn.$36,000 Active Participation Scheme—Here the applicant is required to participate actively in setting up a factory or other industrial undertaking and invest not less than Cdn.$36,000 in the project.

Encouraging New Industries

In an attempt to attract as much foreign investment as possible the Singapore Government has itself invested, through the Economic Development Board, some Cdn.$40 million in industrial estate development. This development includes standard factory buildings which can be leased on favorable terms and complete infrastructure including roads, railway service, dock facilities, light and power, water, and housing for employees. Legislation also provides a tax holiday on profits for up to five years for new industries, and a reduction in income tax on profits earned as a result of expansion and modernization or from exports and market diversification. In an attempt to enable local manufacturers to acquire technical knowhow on cheaper terms, royalties, technical assistance fees and contributions to research and development costs paid overseas will be taxed at a concessionary rate of 20 per cent instead of the normal 40 per cent.

As an indication of the independent financial role that Singapore's banks will play in the future, the devaluation of the British pound on November 18, 1967, did not result in a devaluation of the Singapore dollar. The latter, with reserves of gold and foreign exchange totalling Cdn.$486 million at the end of 1967 compared with currency in circulation of only Cdn.$116 million (which represents a backing of some 400 per cent), was unaffected by the British move. However, it is just possible that Malaysia, because of its raw material exports which must compete with those of Ceylon and other countries where devaluation did take place, may have to devalue its currency in due course. If such a devaluation comes and Singapore does not follow suit, it will be the first strong indication that Singapore is indeed financially independent. If it can show that its currency remains stable in spite of devaluation in other countries, investors will gain still further confidence. Then an even greater flow of funds from surrounding areas seeking a safe haven will come to Singapore.

Indonesia

Singapore and Hong Kong agents can help you sell

J. H. BAILEY,
Commercial Counsellor, Singapore.

■ Indonesia has not yet recovered from the economic and political strains of the pre-1967 period. Between 1961 and 1967, its growth rate was only 2.4 per cent a year. Per capita GNP is today estimated at U.S.$80. Despite its population of over 110 million and a land and sea area as big as the United States, Indonesia does not have as large a market potential as might appear at first glance.

Problems Ahead

Probably Indonesia's most serious problem is acute and persistent inflation. In 1967, prices rose 6.5 per cent *a month.* Startling as this is, it is much better than the 18 per cent a month of 1966. Since 1966, practically all price controls have been removed (except those on petroleum products, electric power, urban transport and drinking water). The slowing down in the rate of inflation can be attributed mainly to the Government's tight money policy and its sincere efforts to balance the budget.

Business is operating at only about one-third of the level possible if the major business community were assured of political security. Inflation coupled with growing unemployment (three million 17-year-olds will be entering the labor market each year by 1970) could lead to further upheavals. Most local business is simply marking time until it can see more clearly whether the new Government can guarantee the necessary political stability.

Another serious problem—particularly to Canadian and other overseas suppliers—is the lack of foreign exchange. Exports rose approximately 8 per cent in 1967, reaching U.S.$774 million, which should result in a favorable balance of trade for the first time in many years. However, the policy of the previous administration was to use foreign credits as its main source of financing public expenditures and this has left the country with a tremendous foreign debt. A large proportion of the foreign exchange earnings must now go to servicing these debts and cannot be used to pay for current imports.

Fluctuating exchange rates, the new and higher import duties, and high rates of interest charged on trading transactions also hamper importers. It appeared to be a progressive step when the Government in 1966 began to remove import controls and replace them with a fluctuating exchange rate system (Export Bonus Certificates) based on the supply of and demand for foreign exchange. At first the system seemed to work. New measures in July 1967 went even farther in eliminating multiple rates, but ever since the rupiah has lost ground in terms of the U.S. dollar. The free rate in March 1968 was over 300 rupiahs to the dollar, almost double what it was the year before.

Import duties were increased substantially during 1967 to provide additional revenue. Smuggling has since increased and for legitimate importers the cost of doing business has gone up. To pay the import duties, im-

These terraced rice fields near Batu produce one of the staples of the Indonesian dlet.

porters have to borrow at 14 to 18 per cent *a month* interest. These high interest rates discourage importers from purchasing goods direct from distant countries such as Canada because money could be tied up for four months, compared with only four weeks for shipments from Singapore or Hong Kong.

Government officials interviewed at the end of the first quarter of 1968 showed considerable optimism. Certainly, a few bright spots are beginning to show. A change in foreign investment laws is starting to bring in new capital, especially in resource development. Foreign banks are to be allowed to operate again, a number have already been approved, and one is actually in operation. A wider range of consumer goods, including many new cars, can be seen in the stores and on the streets and exports in 1968 are expected to earn an additional 11 per cent in foreign exchange.

Doing Business in Indonesia

Canadian business firms should be cautious about the business they accept from Indonesia during the next few years and be absolutely sure of the financing of the transaction before dispatching the goods. Business is far better done through agents in Singapore and Hong Kong. Exporters might even go as far as helping agents to carry stocks, extending credit (180 days at least) and paying a share of the travelling expenses for sales representatives visiting Djakarta. They have the knowhow and personal contacts needed to sell successfully in Indonesia at the present time.

The other main opportunities for Canadian firms lie in the field of capital projects financed by international organizations. Projects on the main islands of Indonesia are expected to amount to U.S.$75 million in 1968. Under the new United Nations Special Fund for the Development of West Irian, an additional U.S.$30 million will probably be spent in the next few years by various UN agencies (FAO, UNDP, ILO, etc.) on transportation, education, the forest and fishing industries, utilities and public health. Canadian engineering and equipment suppliers should keep in close contact with these international agencies. Competition will be keen but at least payment will not be a problem.

Publicity in Hungary?

▪ Canadians will be interested to know that the Hungarian Chamber of Commerce started publisbing last month a new trade paper called *Hungarian Importer*, sister of the monthly *Hungarian Exporter* published in English.

The main aim of the *Hungarian Importer* will be to help foreign exporters promote their products in Hungary. Tbe paper has a circulation of about 6,000 to 8,000 and is distributed to state trading companies involved in foreign trade and also to big industrial enterprises.

Hungarian Importer will carry news on foreign products or advertisements for them; articles on foreign firms, including knowhow, products and production; information about trade fairs, trade missions, scientific and technical lectures or conferences organized in Hungary by foreign firms. It will also list tenders published abroad.

If you would like to make some of your products or activities known in Hungary, you may write directly to the Hungarian Chamber of Commerce, c/o *Hungarian Importer*, Budapest 62, P.O. Box 106, Hungary, or to the Hungarian Trade Commissioner's Office, 1390 Pine Avenue West, Montreal.

The Hungarian Chamber of Commerce will send copies and official translations into English of any articles published in the *Hungarian Importer*.

The Philippines

Imports up, exports down slightly in '67

Canadian sales made substantial gains

Canadian firms participate in mining development

J. L. MUTTER, *Consul General and Trade Commissioner, Manila.*

■ Both prices and unemployment have continued to rise in the Philippines but the rate of expansion in real national income in 1967 was estimated at 5.4 per cent. Mining production increased but export crops declined. At the same time, however, efforts to expand rice production and make the country self-sufficient in this grain were rewarded by a five to six per cent increase. As a consequence, it was possible to re-export much of the rice imported earlier in the year, when a substantial shortage was anticipated.

Exports Down, Imports Up

The Administration's efforts to reduce customs and tax evasion achieved a fair measure of success and benefited manufacturing production. Easier credit led to an increase in imports in 1967 of roughly 30 per cent by value over those of 1966 but exports fell by about 10 per cent. Latest figures released by the Central Bank of the Philippines show the eleven-month totals for the ten principal exports (or about 87 per cent of all exports) at $624 million, compared with $677 million in 1966. External factors which adversely affected Philippine foreign trade were the war in the Middle East and the 10 per cent shipping surcharges imposed on cargoes following the closure of the Suez Canal (through which about 16 per cent of Philippine foreign trade normally passes), the pause in the economies of Britain and West Germany (usually big markets for coconut products), and the uncertainties stemming from the devaluation of sterling and U.S. measures to improve the balance-of-payments position and defend the dollar. (The general opinion is that the Philippines will benefit little from the average cut of 34 per cent in the tariffs on the affected products emerging from the Kennedy Round.) The eleven-month total for the ten principal imports—about 76 per cent of all imports—was $733 million ($579 million in 1966).

A Manila firm, Permanent Concrete Products, Inc., recently bought equipment developed by Spiroll Corporation Ltd., Winnipeg, that extrudes hollow-core prestressed concrete floor slabs. The extruder has been sold in a number of other foreign markets.

The decline in the international reserves which began at the end of 1966 triggered the introduction by the Central Bank in June of a number of temporary restrictive measures aimed at diverting commercial bank resources from paying for imports to the production and marketing of exports. Carried too far, this process can be self-defeating, because trade returns indicate that over 80 per cent of imports consist of capital goods and materials for industry. However, the reserves subsequently rose satisfactorily (aided by IMF loans and a $31 million veterans' payment by the United States), to reach $215 million at the end of the year, compared with $92 million and $151 million at year-end in 1965 and 1966.

Trade and Investment

Preliminary discussions on the Laurel-Langley Agreement, under which the proportion of the U.S. tariff paid by imports from the Philippines is due to go up from 40 to 60 per cent this year and to 100 per cent in 1974, began in November. Over a third of Philippine exports still go to the U.S. and the hope is to secure an alternative arrangement which will at least maintain the current preferences. At the same time Filipinos appear to be strongly opposed to continuing parity arrangements for United States citizens and companies in the Philippines. No doubt because of these uncertainties, there are signs of a decline in U.S. investment. Japanese investment, both present and prospective, is also being questioned. Currently the business permits of some 20 of the large Japanese trading companies have been suspended while a Senate committee investigates the validity of the instruments (including a resolution by the National Economic Council) which allowed these companies to establish themselves formally and do business in the Philippines early in 1967.

The Investment Incentives Act, passed last year, limits to 40 per cent the proportion of foreign ownership in areas of investment to which special incentives and privileges are to be given, unless the Board of Investments decides that domestic funds cannot be secured. Thus, although it provides for repatriation of investment, remittance of profits and interest on loans, and freedom from expropriation, the Act is still rather less attractive to foreign capital than arrangements in a number of other countries in the area.

The Presidential budget for the fiscal year beginning July 1, 1968, presented to Congress but not yet passed, calls for an over-all expenditure of Pesos 3 billion (U.S.$773 million). The big allocations are P1,032 million for economic development and P1,079 million for social development. The priority projects include:

	(P million)
Roads and highways	431
Irrigation	16
Airports and air navigation facilities	28
Telecommunications	28
River control and waterworks	39
Rice and corn production	32
Land reform and other food production projects	114

Trade with Canada

Canadian exports to the Philippines in 1967 totalled $25.4 million, a substantial increase over the $16.2 million of 1966. In 1965 the shortfall in the wheat trade was largely offset by heavy shipments of Canadian telephone equipment supplied under a financing agreement signed late in 1964. Shipments of this equipment decreased in 1966 but were resumed in 1967 under a second agreement entered into between ECIC and the Philippine Long Distance Telephone Company. Another compensating factor in 1967 was the substantial increase in exports from Canada to the Philippines of motor vehicles, chassis, and parts.

The table shows the changes during the past five years in Canadian trade with the Philippines.

The restoration of our trade in wheat with this market might enable our total exports to the Philippines for the current year to reach a record high. Shipments of telephone apparatus, equipment and parts still to come forward under the second ECIC financing agreement with the telephone company will match or better those of 1967. And late in March, it was announced that a second Canadian company had been awarded a commercial contract for $2.7 million worth of Canadian equipment for the Republic Telephone Company of the Philippines. The encouraging increase in shipments of insulated wire and cable is, of course, directly related to the movement of telephone and other commercial communications equip-

SELECTED CANADIAN EXPORTS TO THE PHILIPPINES
1963 - 1967

	1963	*1964*	*1965*	*1966*	*1967*
			(Cdn.$'000)		
Malt	832	978	884	702	1,036
Asbestos milled fibers, grades 4 & 5	137	137	158	227	219
Asbestos shorts, groups 6, 7, 8 & 9	10	20	19	21	24
Sulphur, crude and refined	42	179	352	—	318
Newsprint, mutilated beater stock	187	316	328	433	408
Wood pulp, bleached sulphate	18	13	103	235	525
Wood pulp, bleached sulphite	329	144	22	78	47
Wood pulp, unbleached sulphate	404	—	75	75	217
Newsprint paper	2,912	2,945	3,630	4,357	5,205
Metallic salts of inorganic acids	132	223	215	114	222
Plastic and synthetic rubber, not shaped	39	162	223	212	125
Copper pipe and tubing	450	479	285	434	593
Copper alloy pipe and tubing	13	3	—	—	186
Zinc blocks, pigs and slabs	57	333	65	136	917
Insulated wire and cable	23	790	910	4	2,776
Passenger automobiles & chassis	2	2	52	741	455
Trucks & chassis, not over 6,000 lbs.	—	—	—	212	85
Trucks and chassis, commercial, n.e.s.	—	—	—	2,019	3,263
Telephone apparatus, equipment and parts	206	2,116	4,644	2,221	4,553
Commercial communication equipment, n.e.s.	6	60	437	95	182
Electricity measuring instruments and parts	114	123	156	63	68
Card punch, sorting, tabulating computers & parts	1	18	11	188	591
Total of above listed items	**18,734**	**25,045**	**22,844**	**15,568**	**22,284**
Total—all exports	**21,284**	**27,809**	**26,354**	**18,683**	**25,458**

ment. Here again the 1967 level should be maintained and future business stimulated by the planned visit to Southeast Asian markets, including the Philippines, of a Wire and Cable Mission next October/November sponsored by the Department of Trade and Commerce.

An event of interest to Canada was the official inauguration last week of the assembly plant of Ford Philippines Inc., some 12 miles south of Manila. This new operation will almost certainly mean an increase in Philippine imports from Canadian suppliers (General Motors, Ford, International Harvester) of motor vehicle chassis, parts and components. These stood at nearly $4 million in 1967, or approximately 25 per cent more than in the previous year. Ford's new Philippine plant occupies an area of 182,000 square feet, provides jobs for some 450, of whom all but 2 per cent are Filipinos, and will be engaged in the assembly of Ford products imported knocked down from Canada and two or three other countries.

The substantial increase in newsprint sales recorded each year since 1965 is noteworthy and was achieved in the face of fierce Scandinavian competition. Though some local production of newsprint is in prospect, it is safe to assume that imports from Canada will continue to be large for some years to come.

Wood pulp too is standing up well, as are such other raw or semi-processed materials for expanding Philippine industry as copper and copper-alloy tubing, zinc blocks and slabs, asbestos and sulphur. Malt continues to figure in the trade; of the 24 foreign markets to which Canadian malt is shipped, the Philippines ranks fourth.

Developing Natural Resources

Throughout the past decade Canadian mining companies have shown interest in mineral deposits in the Philippines. Placer Development Ltd. of Vancouver has carried on extensive exploration of a promising copper deposit on the island of Marinduque but has not yet invested on a large scale in the development of this property. Its patience was rewarded with the passage last August of the Investment Incentives Act and the signing into law by the Philippines President of an amendment to the Corporation Law. A few weeks after, it was officially announced that the company proposed to invest approximately $40 million in machinery, expert engineering services, supplies and cash in the construction of what it expects will be the largest and best-equipped mining operation in Southeast Asia. Actual earthmoving and construction began in January 1968, with production of copper ore scheduled to commence about January 1970. Output is destined mainly for Japan, which offers a large and assured market.

More recently, the development by foreign investors of the nickel deposits in the Surigao Mineral Reservation has received wide publicity. Several foreign mining companies, in association with their Philippine partners, have entered into vigorous competition. In recent weeks, the field has narrowed to two competitors—Marinduque Mining and Development Corporation of the Philippines in association with Sherritt Gordon Mines Ltd. of Canada, and the French company, Société Le Nickel, in association with Phinma (Philippine Investors and Management). A few days ago it was officially announced that the Philippine President had awarded the concession to the Marinduque-Sherritt Gordon group. This means that the chemical processes developed by Sherritt Gordon Mines Ltd. will be used to produce each year an expected $40 million worth of nickel and cobalt. It is understood that in terms of a 25-year agreement with Marinduque, Sherritt Gordon will manage the metallurgical plant which, hopefully, will be in operation in about two years' time. According to reports, the project will require a Philippine Government loan of about $10 million and loans totalling some $50 million from United States and Japanese export-import banks.

Consulting Engineering

During the last few years the flow of Canadian engineers and consultants visiting the Philippines has increased remarkably, as has the volume of correspondence between the post and Canadian companies engaged in these professions. Initially the interest was essentially in surveying and engineering projects in Southeast Asia launched under the United Nations Development Program. At least one Canadian company has reaped a reward for its promotion efforts.

Late last year a Vancouver firm was awarded the contract for the hydraulic control of Laguna de Bay project. Involved is a feasibility and design study valued at about $400,000 on how to control the levels of a freshwater lake southeast of Manila and of the Marikina and Pasig Rivers through which it drains into Manila Bay. The problem is to stem the progress of siltation in Laguna, remove the possibility of flooding of low areas of Manila and Rizal, and prevent salt water from Manila Bay from backing up into the lake, with the ultimate objective of converting the whole lake area into an agro-industrial complex. The study is expected to take two years.

Procurement under ADB

The Consulate General has also introduced many Canadian consultants and engineers to the Asian Development Bank and assisted them in listing with it their special interests, qualifications and experience, against the day when projects financed by the Bank will offer opportunities.

Procurement related to projects financed from the Bank's ordinary capital resources, as provided by Canada ($25 million) and the other members, is open to international competitive bidding among all members. For projects financed by the Bank's so-called Special Funds, the situation is different. Thus, the recently announced additional Canadian contribution of $25 million to these will constitute a revolving fund to be expended, in the first round, on the procurement of goods and services in Canada.

As of now the Asian Development Bank, which is just over a year old, has made only one loan and no normal pattern of operations has yet developed. However, a number of loan applications will probably be processed during 1968 and there may be opportunities for Canadian firms. Meanwhile, the Bank has produced two booklets for the information and guidance of interested parties entitled: *Guidelines for Procurement under Asian Development Bank Loans* and *Uses of Consultants by Asian Development Bank and Its Borrowers.* Arrangements are now being made to have these booklets on hand in Canada to be sent to interested firms, on application.

This sheet rolling mill was built at Petaling Jaya, Malaysia, six years ago by Alcan Malayan Aluminium, an Alcan subsidiary.

Malaysia

Low rubber prices have slowed up expansion
Many large development projects mooted
Canadian sales are rising, potential good

PHILIP STUCHEN, *Commercial Counsellor, Kuala Lumpur.*

■ The Federation of Malaysia has been a remarkably stable force in Southeast Asia since it achieved independence on August 31, 1957. It has endured two years of confrontation with Indonesia (1964-66), the separation of Singapore less than two years after the creation of Malaysia (1965), and in late 1967 the news of the withdrawal of the British Armed Forces from Southeast Asia by December 1971. To this should be added the disturbing economic fact that natural rubber—and Malaysia produces 40 per cent of the world's supply—declined in price last August to the lowest level in 19 years.

Expansion Is Slower

Despite all these happenings the Malaysian economy expanded in 1967, but at a slower rate—a 2.8 per cent increase in the gross national product compared with 5.9 per cent in 1966 and 5.6 per cent during the period 1960-66. With a population of about 9.5 million in an area of 128,500 square miles, the GNP stands at M$945 per capita—still one of the highest in Southeast Asia. Export earnings declined in 1967 by 3.2 per cent to M$3,271 million because of a sharp fall in the prices of a number of commodities, especially in rubber and tin. Shipments of rubher, tin, timber, canned pineapple, pepper and coconut oil all rose in volume, however, but only the latter three (constituting about 20 per cent of total exports) brought an increase in export receipts over the previous year.

Canadian Exports Rising

The Trade Commissioner's office in Kuala Lumpur has been able to work more closely on Malaysian requirements in recent years and thus a variety of new Canadian products, from salmon roe to log tugboats, from honey to portable drills, from spices to steam boilers, have reached the Malaysian market, often for the first time. Our sales in 1967 totalled Cdn.$13.4 million ($11.1 million in 1966).

The biggest single item in our export trade has been the sale of military aircraft to the Malaysian Government. Over the past two years as much as Cdn.$17.8 million has been accounted for by aircraft sales. Twenty CL-41 jet trainers worth Cdn.$10 million were delivered to the Royal Malaysian Air Force by December 1967 from Canadair and nine Caribou aircraft from de Havilland, making up the remainder, are to be supplied during 1968-69. Both of these purchases were arranged with ECIC financing—the Canadair deal under Section 21 and the de Havilland under Section 21A. The already noted withdrawal of British forces in Southeast Asia gives great urgency to Malaysian military and defence requirements. Hence, a rapid buildup of their own aircraft and military strength will call for contributions of military aid and training as well as outright purchases of equipment.

The usual bread-and-butter exports have also gone to Malaysia, via Singapore in the past but now in increasing volume through Malaysia's own Port Swettenham, located only some 45 minutes or 25 miles from Kuala Lumpur. In tbe past, Canadian flour worth $1 million to $1.5 million annually has been supplied; the equivalent amount in wheat now reaches the three new flour mills in operation (at Lumut, Port Swettenham, and Butterworth). Incidentally, these mills represent joint ventures, with Hong Kong, Australian and Singapore interests combining with local participants.

Materials and Equipment

On the outskirts of K.L. (as Kuala Lumpur is referred to locally) in Petaling Jaya is located the Alcan Malayan Aluminium sheet rolling mill. This is one of Canada's few "Pioneer Industries" in Malaysia. It was established in 1962 and uses Canadian-produced aluminum ingots for rolling sheet metal (largely used for latex vats in the rubber industry, circles for aluminum utensils, and plugs for toothpaste containers). This plant will be expanding to undertake extrusions in the near future.

Another increasing Canadian export is asbestos milled fibers, used in the expanding building trades industry (chiefly in the Ipoh area) for asbestos sheeting and cement pipes. Newsprint and other paper stocks have sold better in the past and are now meeting stiff competition. Logging equipment, chiefly heavy truck loggers, is becoming an important Canadian-identified item in the Sandakan area, from which over Cdn.$100 million worth of logs were exported last year. During 1966-67, Cdn.$3 million worth of equipment for tecbnical and vocational schools was contributed under Canadian Colombo Plan auspices to be distributed to 53 comprehensive technical schools in West Malaysia. The largest item was machine lathes but also included were machine and hand tools, metal and woodworking machinery, laboratory, electrical and electronic equipment.

Capital Projects

Certain of Canada's capital aid projects could mean further potential development for Malaysia. A valuable feasibility study on hydro power development of the Upper Perak River was completed by mid-1966 under Canadian Colombo Plan Aid auspices by a Canadian engineering firm. Although Malaya's present power requirements are being met by thermal units and a large hydro installation in the Cameron Highlands, future needs might mean developing the potential (three) dam sites indicated by the Upper Perak survey.

Another intensive Canadian aid study is just being finished on natural resources and land utilization, following an earlier photographic survey of West Malaysia. A land development scheme in the State of Pahang, which was earlier surveyed under World Bank auspices, is now about to begin, following a recent loan of M$42.6 million from the Bank towards the agricultural development portion of the project. This project—the Jengka Triangle—calls for the clearing of 300,000 acres of over-all jungle area (of which about 163,500 acres are to be developed), the logs and timber to be used in a forestry complex and the cleared land ultimately to be assigned to settlers to cultivate rubber and oil palm trees. Even before the Jengka Triangle is under way another super Jengka—a similar land resettlement project but three or four times its size—is being mapped out and assessed. Apart from the forestry possibilities of these two projects, a pulp and paper mill has long been mooted by the local authorities and has been investigated by Canadian interests.

Telecommunication link-ups and systems in East Malaysia and between East and West Malaysia are eventual projects under study. So is television installation in East Malaysia. The West Malaysia television installations were an entirely Canadian project and the Kuala Lumpur television and radio complex (worth about M$35 million) was undertaken by a Canadian engineering firm. On the industrial front, auto and truck assembly has come to the fore and during the past six months three auto plants have gone into operation. These include Fiat, Volvo and Motor Investments (Volkswagen and Toyota) and three more are to follow before the end of the year. In all, the output of 37 makes of cars covering over 90 models is planned. The eventual establishment of a domestic motor vehicle component parts industry to feed the local assemblers could be of interest to Canadian makers of automotive parts.

Looking Ahead

Thus, prospects in Malaysia can be described as good and if rubber and tin prices were a bit less uncertain, the situation would merit an excellent rating. Future Canadian prospects could be fairly described as promising. Canadians are welcomed in Malaysia—the Canadian aid program has been carefully worked out with the local authorities because Canada is a member of the Aid-to-Malaysia Group. On the trade side, business is definitely increasing and offers real potential for export-minded Canadian businessmen. Canada even manages to sell synthetic rubber in this land of the natural product! Malaysia is therefore well worth a visit and Kuala Lumpur seems to appeal to all Canadians. It is only an hour's flight from Singapore, about two from Bangkok, and three and a half from Hong Kong.

MALAYSIAN IMPORTS BY MAJOR GROUPS

	1963	*1964**	*1965*	*1966*	*1967*
	(millions of M dollars)				
Food and live animals	785	1,146	750	748	786
Beverages and tobacco	130	136	123	91	97
Crude maierials inedible excepi fuels	310	258	238	164	178
Mineral fuels, lubricants and related materials	360	645	388	437	462
Animal and vegeiable oils and fats	15	16	18	15	15
Chemicals and products of chemical industries	194	263	234	252	262
Manufaciured goods classified chiefly by maierials	547	789	598	609	610
Machinery and iransport equipment	626	833	729	800	741
Miscellaneous manufaciured articles	192	357	206	187	203
Miscellaneous iransactions and commodities not elsewhere specified	75	78	72	75	80
Total imports	**3,234**	**4,521**	**3,356**	**3,378**	**3,434**

Source: Deparimeni of Siatistics, Kuala Lumpur
Raie: $2.85 Malaysian = $1.00 Canadian
*Figures for 1964 only include Singapore

Brunei Oil revenues finance development projects

PHILIP STUCHEN,
*Commercial Counsellor,
Kuala Lumpur.*

■ Surrounded as it is by the South China Sea and by the State of Sarawak, the State of Brunei is often believed by outsiders to belong to the Federation of Malaysia. It did not, however, join the Federation in 1963 as did its neighbors, Sarawak and Sabah. Instead it has continued as a Malay Sultanate under British protection these past 80 years. In fact, elaborate preparations costing $3.5 million are now being made to crown the 29th Sultan, Hassanal Balkiah, early in August.

Brunei is nearly always identified as the second largest Commonwealth producer of petroleum after Canada. Recent official figures reveal that the highest oil production ever has resulted from newly discovered offshore deposits. During the month of March 1968, a record of 120,000 barrels a day was attained—compared with the previous high of 117,400 in October 1956 from the Seria oilfields, previously regarded as the principal source of Brunei's wealth. Revenue in oil taxes to the State is expected to total over $50 million this year, an increase of more than $7 million over last year's figure.

The population of about 110,000—30,000 to 35,000 of whom reside in Brunei Town—are chiefly self-employed in agriculture and fishing. Another 35,000 to 40,000 live in the urban areas of Seria and Kuala Belait, locale of the biggest single employer, the Brunei Shell Petroleum Company. The remainder are scattered throughout the rural areas of a state that covers 2,226 square miles. There are never more than a dozen Canadians in the country (usually attached to the oil company) but at this time there are four Canadian (CUSO) teachers in Brunei Town.

British influences are still strongly evident in Brunei. Most of the senior officials are Britishers who have had previous service in other parts of Malaysia or in East and West Africa. The strong official attachment to the mother country was apparent when it was recently disclosed that $55 million had been lost because of the devaluation of the pound sterling, indicating the extent of Brunei reserve funds invested in British holdings. Even at that, the Consolidated Fund was reported at $225 million as at December 31, 1967, making it one of the wealthiest areas in the world for its size and population.

In addition to the new lease on life as a result of the recent offshore oil findings, a spectacular building and construction boom is going on. Over the next three to five years these expenditures could reach $50 to $60 million. Actually this development program might have totalled well over $75 million, but since the loss through devaluation, priorities have been established and certain building projects have been postponed.

Picturesque Brunei Town, with the mosque in the center and water village beyond.

Development Projects

One of the earliest development projects to be carried out will be the deepwater port and harbor facilities at Muara, about 15 miles from Brunei Town. This has been mooted for some years, but a contract for $4 million was let in May for the dredging, reclamation and ancillary works, including the cutting of a canal to provide ocean-going ships with access to the port. Another $5 million for the construction of wharves, sheds and godowns will follow, and the entire project will be completed some time in 1970. No Canadian firms bid on either the dredging or construction tenders—or at least none was successful.

Another development project for which tenders were called earlier this year is the construction of a new and modern $10 to $13 million airport which will provide the longest runway in Southeast Asia. It will be completed early in 1970. A Canadian construction firm was one of the 20 bidders for this contract.

A series of both trunk and connecting roads is going forward, to cost between $12 to $15 million. A $7 million water and sewerage contract for Brunei Town has been won by the Japanese. Certain government buildings, secondary and religious schools, a new hospital for Brunei Town, and a television installation on which a Canadian firm has done some work have been postponed.

Competition Is Keen

A visit to Brunei Town is always a unique experience and to this is now added the hustle and bustle of construction. Architectural, construction, civil and other types of engineering firms have set up offices and are competing with one another for all or one of the above-mentioned projects. Certainly those firms bidding for two or three are in a more advantageous position than those pursuing a single tender. Several of the companies have worked in this area previously and collaborated with other firms there; this arrangement facilitates the use and loan of skilled manpower and equipment to locally operating firms. Competition is keen and outside firms are now beginning to exceed the range of earlier Crown Agent and British applicants to include U.S., Dutch, French, Japanese, Taiwanese, Hong Kong, Singapore, Malaysian and local interests. Whether traditional British firms continue to enjoy any preference remains to be seen.

Other trade possibilities are limited in view of the small population, even though it enjoys a higher standard of living than some of its neighbors. The Brunei Shell Company employs about 1,500 laborers and another 1,000 other technical and office personnel; of the latter, about 250 are expatriates. In all, the company's employees and dependents total 10,000 to 12,000. Most of Brunei's requirements are supplied as transshipments from Singapore, although products from Malaysia, Hong Kong, Japan, Communist China and Taiwan are beginning to be much more in evidence.

For many years Canada supplied one of the most conspicuous products to be seen and heard in the quaint atmosphere of Kampong Ayer (or Water Village), that portion of Brunei Town with wooden houses on stilts. Imports of Canadian-made outboard motors, in greater demand than cars, totalled $200,000 to $300,000 a year until 1967 when these outboards became available from an Australian-affiliated plant.

To reach Brunei one must go by plane via Singapore to either Kuching (in Sarawak) or to Kota Kinabalu (formerly Jesselton in Sabah). But a call at Kuala Lumpur en route for briefing is advisable. In any event, because of the Coronation celebrations and the limited facilities available in Brunei Town, any visit planned between July 15 to August 15 should be postponed to a later date.

Burma

Better prospects for Canadian trade

PHILIP STUCHEN, *Commercial Counsellor, Kuala Lumpur.*

■ Canadian-Burmese trade prospects have improved in the past few months. On the import side, a father-and-son team of precious stone merchants from Toronto attended the Fourth Emporium Sale of precious stones, pearls and jade in Rangoon in March and bought gems there. This was the first time that Canadians had participated in the sale, which normally attracts 150 buyers from a dozen countries. In exports, the breakthrough was the sale of Canadian logging equipment and newsprint. Logging and lumbering equipment is very much needed for handling teak logs and hardwoods, Burma's second largest export. Two apples don't make a bushel, but both these "firsts" augur well for the future.

Rice is still the country's largest export, but Burma is no longer the world's leading rice exporter. From a high of 2 million tons in 1959-60, rice exports fell to 1.5 million tons in 1963-64 and about 692,000 in 1966-67. The Government's policy is to trim imports to equal and not exceed the value of exports. This means that nowadays about $200 million worth of goods and services is purchased abroad each year—enough to make a varied shopping list for Burma's population of 25 million and to provide definite potential for Canadian suppliers.

Role of Trade Corporations

In Burma, all production, exports and imports, and practically all local distribution of goods and services are under government supervision and control. There are no private companies or agents to act for overseas suppliers and firms. Twenty-two Government Trade Corporations, each with a chairman, manager and varying numbers of staff, do the purchasing by international tender. This is how their responsibilities are divided:

Trade Corporations

No. 1	Agricultural products
No. 2	Marine products
No. 3	Animal & dairy products
No. 4	Bakery & confectionery and beverages
No. 5	Textiles
No. 6	Personal goods
No. 7	Household goods
No. 8	Paper, printing and photographic stores
No. 9	Printed matter, stationery and office equipment
No. 10	Medical stores
No. 11	Chemicals and dyes
No. 12	Transport, transport equipment and spares
No. 13	Machinery, equipment, tools and spares
No. 14	Electrical
No. 15	Construction stores
No. 16	Forest products
No. 17	Mineral products
No. 18	Industrial raw materials
No. 19	Gems and jewellery
No. 20	Hotels and tourists
No. 21	Inspection
No. 22	Myanma Export Import Corporation

BURMA'S FOREIGN TRADE

Exports

Fiscal Year (Oct.-Sept.)	*Total*	*Rice and Rice Products*	*Teak*
		(millions of kyats)	
1962-63	1,269.0	784.2	157.3
1963-64	1,142.6	760.9	149.4
1964-65	1,087.8	645.1	146.9
1965-66*	925.3	562.7	163.0
1966-67**	647.1	371.6	120.5

Imports

Fiscal Year (Oct.-Sept.)	*Total*	*Capital Goods*	*Consumer Goods*
		(millions of kyats)	
1962-63	1,097.7	415.1	682.6
1963-64	1,086.0	376.0	710.0
1964-65	1,413.0	423.5	989.5
1965-66	808.5	314.9	493.6
1966-67**	667.2	273.7	393.5

Source: Central Statistical and Economics Department
* Revised
** Provisional
4.76 kyats = Cdn.$1.00

The all-important state trading agency, Myanma Export Import Corporation (usually known as MEIC), has three departments: the export department, the imports division and the agency division. Canadian exporters are expected to register with the agency division which acts for all importers on a fee or commission basis depending upon the items and the amount of the tender. Because the commission is eventually deducted, it effectively reduces the tender price. The reduction, in fact, corresponds to the amount normally provided for the agency commission and this should be borne in mind when tendering.

Goodwill towards Canadians

Canada enjoys the friendliest relations with the Burmese authorities. Over the years, our aid program has provided Canadian wheat or flour, cobalt therapy units with a clinic to house them and training for technicians, and training for other students in Canada. This has been much appreciated. The largest and most outstanding Canadian aid contribution is the Thaketa Bridge which was completed early in 1967. Built at a cost of Cdn.$3.6 million (about $2 million paid in Canadian funds and the remainder in counterpart funds realized from the sale of Canadian wheat or flour), the bridge links the developing industrial suburb of Thaketa with Rangoon proper.

Another positive factor in Canadian-Burmese relations was the successful Burmese participation in Expo 67. The Burmese were very pleased with their reception. Their pavilion was modest but most attractive. The Canadian delegation at the Colombo Plan Consultative Committee meetings in Rangoon last November got an equally warm welcome.

Doing Business in Burma

A commercial representative from the Kuala Lumpur office normally visits Rangoon every four to six months. It is hoped that more frequent visits will help to make more Canadian goods and services known to the heads of state corporations and future tender requirements may be anticipated.

Canadian exporters should respond to tender notices brought to their attention by the Commodity Officers in the Department of Trade and Commerce or by the Commercial Counsellor in Kuala Lumpur. They must be prepared to be a little more patient when tendering or offering their submission, allowing sufficient time for correspondence with Rangoon or Kuala Lumpur and for the refund of their earnest money (usually 1 per cent of the tender amount) in due

These log skidders, made in Canada, were sold to the Burmese State Timber Board and arrived in Rangoon early this year. Photographed with Board officials is Philip Stuchen (second from right), our Commercial Counsellor in Kuala Lumpur.

time. They should not be disturbed if it takes some months, as it has in several instances. They should not be disappointed if the Commercial Counsellor is unable to tell them the company, country and amount of the winning tender. This information is not made available to him nor to other trade commissioners resident in Rangoon.

Businessmen planning to visit Burma will find that entry for more than 24 hours is still difficult. However, when the Canadian goods are particularly sought after and consultations with the Canadian suppliers desired, visas for longer periods are authorized. Arrangements are still best made through the Burmese Embassy in Ottawa and six to eight weeks should be allowed. Visas cannot be obtained in Kuala Lumpur or Bangkok more easily or in a shorter time, so travellers should not count on this. Hotel accommodation is good at the Inya Lake Hotel, a few miles out of Rangoon, or at the Strand Hotel, which is downtown and very close to most government offices. Travelling outside of Rangoon is seldom essential and a two- to four-day stay in Rangoon is usually adequate. Be sure to bring along or send in advance comprehensive catalogues, brochures and data and enough copies to pass around freely to all members of the trade corporation you are visiting or corresponding with.

Canadians can do and are doing business in Burma, despite the different, and at times difficult and protracted, business procedures. Lumbering and logging equipment suppliers should be getting into the act—medium to heavy equipment is mostly called for. There is a real potential for newsprint and other paper stocks because supplies from certain neighboring sources are at present not available. Heavy earth-moving machinery, chemicals, non-ferrous metals, pharmaceutical goods, hospital and medical equipment, aircraft, airport navigation aids and equipment, and telecommunications equipment are all on the wanted list. However, orders depend on when and how the Burmese authorities allot their funds. When you submit your tender, put it in straightforward terms and support it with sufficient brochures and illustrated catalogues.

South Vietnam

Consumer goods in demand

ARMAND BLUM, *Assistant Trade Commissioner, Hong Kong.*

■ The situation in South Vietnam makes it difficult to look at the economy except from a short-term point of view. A sizeable part of the country's imports are supplied under various U.S. aid programs; the proportion was about 70 per cent at the beginning of 1966 (the latest date for which figures are available) but during 1966 and 1967 it probably decreased somewhat. More foreign exchange came into the hands of the Vietnamese authorities as local spending by U.S. military and other personnel increased. Vietnamese-financed imports in 1965 amounted to only U.S. $85.4 million, but in 1966 and 1967 they are thought to have approximated U.S. $250 million and U.S. $450 million. These Vietnamese-financed imports are completely free from tie-ins and represent the sole potential market for Canadian exporters (apart from anything ordered in Canada by U.S. companies supplying goods under a U.S. aid program).

In spite of the war, there has been something of an import boom in Vietnam in the past two years. This boom is mainly geared to consumer goods because the climate for industrial expansion or development is not promising. There is still an extremely large pent-up demand for these goods. Present plans call for a 93 per cent increase in Vietnamese-financed imports during the 1967/1968 fiscal year (July 1—June 30) compared with the previous year. Some products needed which are of interest to Canadian manufacturers are:

Foodstuffs—including malt, oil, fat and margarine, sugar, candies, canned

MAIN CANADIAN EXPORTS TO SOUTH VIETNAM

Product	*1965*	*1966*	*1967*
	(Canadian dollars)		
Grain, flour, meal and cereal preparations	233,082	2,136	....
Sugar	....	....	46,367
Beverages	46,200	301,428	480,309
Chemicals and related products	....	396,528	791,042
Structural shapes and sheet piling	70,089	163,283	....
Metal fabricated basic products	143	31,802	15,340
Asbestos brake linings and clutch facings	....	....	10,595
Miscellaneous fabricated materials	6,764	2,876	....
Generators and parts	....	7,350	....
General purpose industrial machinery	420	48,028	22,511
Conveying, elevating and materials handling equipment	....	159,326	2,394
Special industry machinery	8,064	76,452	283,087
Road motor vehicles	68,290	8,000	....
Communication and related equipment	42,367	15,426	2,600
Heating, air conditioning and refrigeration equipment	30,537	80,788	903
Measuring, controlling, laboratory, medical and optical equipment	312	223,845	125,679
Furniture and fixtures	....	25,028	10,766
Fur goods apparel	....	....	3,000
Household personal equipment	3,066	12,007	....
Medicinal and pharmaceutical products	3,000	123,466	67,167
Bandages, dressings and surgical gauze	....	96,916	59,500
Photographic equipment and supplies, n.e.s.	....	....	9,489
Prefabricated buildings, structures and parts	275,100	808,723	5,514

Source: DBS

fruits, vegetables and other foods, hops

Chemicals—including antibiotic raw materials, plastic paper laminate, essential oils, PVC resins, dye and soap powders

Automotive products—including automobile spare parts, tires and tubes, motorcycle spare parts

Bicycles and spare parts

General machinery and equipment—including office equipment, marine and industrial motors, tractor spare parts

Textiles—including cotton, wool and synthetic yarns, synthetic fabrics, ropes and fishing nets

Pulp and paper products—including wood pulp, cigarette paper, cellulose film, cardboard, newsprint

Electrical appliances—including refrigerators, air conditioners, radio and television sets and parts

Sports equipment

Glassware

Tableware

Tobacco

The table gives Canadian exports to South Vietnam for the period 1965-67, and shows that we shipped a variety of goods. The figures include Canadian aid and goods ordered in Canada by U.S. suppliers.

Doing business with South Vietnam is reasonably straightforward. There are many agencies and importing firms in the country, foreign exchange licences are normally not too difficult to obtain, and payment is by letter of credit in U.S. dollars. Business tends to be carried on more and more in English, although sometimes French is preferred. Prices should be quoted in U.S. dollars, c.i.f. Saigon. The congestion at this port has lessened slightly and shipping service is adequate.

If you manufacture any of the goods listed above and are interested in exploring the possibilities of selling to South Vietnam, write to the Canadian Trade Commissioner, P.O. Box 126, Hong Kong. He will be glad to recommend appropriate contacts.

Laos

Untied aid could mean business for exporters

ARMAND BLUM, *Assistant Trade Commissioner, Hong Kong.*

■ Development in Laos is still proceeding extremely slowly. Exports, excluding re-exports of gold, do not exceed $1 to $2 million a year, and the country continues to depend upon foreign aid to some extent. Foreign aid comes in the form of bilateral aid agreements (with tied-in sources of supply) or multilateral support for Laotian foreign exchange deficits through the Foreign Exchange Operation Fund (FEOF). The Fund operates as a free foreign exchange market in Vientiane, the capital, and sells mainly U.S. dollars to local banks which then supply their customers, FEOF is supported by the United States, Britain, France, Japan, and Australia, which together contribute close to $20 million annually. Purchases made with foreign exchange supplied by FEOF are completely free of ties.

Without the Fund, a money economy would be almost impossible in Laos because developed natural resources are lacking and there are no cash crops to furnish exports. During the first nine months of 1966, some U.S.$2 million worth out of U.S.$30.4 million total imports was covered from Laotian resources; the remainder was covered by FEOF (U.S.$14.7 million), various direct U.S. aid projects (U.S.$4.4 million), aid from other countries (U.S.$182,000), and imports by embassies and foreign missions (U.S.$9.2 million). The relative importance of FEOF import financing compared with direct commodity aid has been increasing over the past few years. It represented 27 per cent of total imports in 1964, 34 per cent in 1965 and 48 per cent in 1966. It is expected that the 1967 level will be even higher because more donor countries have concluded that FEOF support is preferable to commodity aid.

Still coming in under commercial aid are petroleum products, rice, transportation and construction equipment, and industrial machinery. Generally

WHAT LAOS IMPORTS

	1964	*1965*	*Jan.-Sept. 1966*
	*(millions of kips)**		
Animals and meat	158.8	258.0	298.8
Vegetables	1,003.4	1,138.5	1,913.6
Fats and oil	16.8	55.3	4.3
Industrial food products	708.3	1,094.4	641.4
Minerals	981.8	1,268.4	1,247.6
Chemical products	397.5	463.5	305.8
Rubber and rubber products	155.2	172.3	175.1
Leather and hides	4.4	4.6	4.1
Wood and wood products	20.3	56.8	34.6
Paper and paper products	159.2	268.2	187.1
Textiles	609.1	727.2	264.2
Wearing apparel	32.6	27.2	19.4
Ceramic glass	106.3	213.4	57.8
Precious metals, jewellery	48.6	5.2	3.6
Metal and metal products	380.1	434.3	354.9
Machinery	517.7	704.2	605.3
Means of transportation	715.4	799.6	917.5
Scientific instruments	65.4	114.9	87.6
Weapons	—	1.5	1.6
Others	43.0	85.7	84.2
Total	**6,123.6**	**7,893,2**	**7,308.5**

*Goods coming under aid are paid for at a rate of exchange of 240 kips= U.S.$1.00; for other goods the exchange rate is about 500 kips=U.S.$1.00.
Source: U.S. AID.

speaking, Canadian manufacturers would find it difficult to compete in these fields as local importers are allowed to purchase products coming in under commercial aid at the official rate of exchange of 240 kips=U.S. $1.00; the same products imported commercially (and this would apply to Canadian products) would have to be purchased with foreign exchange from FEOF at the free market rate of 500 kips=U.S.$1.00. The disparity in exchange rates means that a commercially purchased product costs the importer more than twice as much as it would if bought under a commercial aid program.

The range of commercial aid goods is far from all-encompassing and there are signs that it will narrow further. To cite two products of interest to Canada, flour and powdered milk were recently taken off the list of commercial aid commodities and all imports of these into Laos are now on a strictly commercial basis. The table shows Laotian imports for the period 1964-66 (the latest available), and there are a good number that should be of interest to Canadians.

The writer recently visited Laos and found a number of indications of interest in exploring Canadian sources of supply. Our trade with Laos until now has been almost non-existent but there is no reason why it could not be developed. Methods of doing business are quite straightforward, local importers have no difficulty in obtaining foreign exchange, and the Trade Commissioner in Hong Kong can put you in touch with appropriate importers or agents. Some of the products which seem to offer the best potential are flour, powdered whole milk, canned fish, meats, fruits and vegetables, beer, whisky, tobacco, paper products, electrical appliances (110/220 volts, 50 cycles) and consumer goods generally. The market is not very large—about $20 million annually—but you might find it an interesting one.

The business language is French and prices should be quoted in U.S. dollars, c. & f. Bangkok, where most exports for Laos are transshipped. Should you want us to explore your chances of selling there, write to the Office of the Canadian Government Trade Commissioner, P.O. Box 126, Hong Kong, telling us what you have to offer.

Cambodia

Export earnings fall, austerity the rule

ARMAND BLUM, *Assistant Trade Commissioner, Hong Kong.*

■ The austerity program in Cambodia, which was begun in 1966, continues. Its aim is to reduce imports and conserve foreign exchange. It was introduced when receipts from exports fell 36 per cent (by over U.S.$38 million) as a result of lower world prices for rubber and a decrease of more than 50 per cent in official rice exports.

Cambodia's imports in 1966 totalled U.S.$111.1 million compared with U.S.$102.9 million in 1965. The latest available trade figures for 1967 showed imports running at about 17 per cent below the previous year. Table I shows Cambodian imports by commodities for the period 1965-67 and should help exporters to assess present market potential.

A preliminary import plan for 1968 has been adopted, fixing total imports at U.S.$85.9 million. This is some 18 per cent more than the U.S.$72.9

TABLE 1

WHAT CAMBODIA BUYS

Commodity	*1965*	*1966*	*8 months 1966*	*8 months 1967*
			(U.S.$'000)	
Agricultural Products	**5,552**	**6,387**	**4,375**	**5,412**
of which				
Dairy products	1,807	2,124	1,720	2,550
Fruits and vegetables	107	200	142	127
Wheat flour	736	1,199	811	1,296
Canned foods	758	607	457	276
Sugar	839	788	307	462
Beer, wine and beverages	1,076	1,377	882	619
Tobacco and cigarettes	229	92	56	82
Mineral Products	**9,980**	**11,808**	**8,135**	**7,965**
of which				
Gasoline and petroleum products	6,985	8,801	5,741	5,849
Cement	2,499	2,341	1,874	1,872
Textiles	**15,907**	**14,414**	**10,157**	**5,758**
of which				
Fabrics	10,590	8,700	6,475	3,403
Jute bags and canvas	3,133	3,490	2,006	1,420
Metals and Their Products	**42,175**	**49,658**	**33,767**	**29,756**
of which				
Metals	6,994	8,125	6,235	5,259
Metal products	8,294	9,395	6,589	3,946
Machinery and appliances	9,682	14,447	8,968	7,588
Electrical machinery and appliances	7,567	7,237	4,657	4,739
Automobiles and parts	5,531	7,269	5,159	4,385
Bicycles, motorcycles and parts	2,717	2,053	1,796	803
Other Products	**29,324**	**28,811**	**21,118**	**15,500**
of which				
Pharmaceuticals	6,362	8,590	7,248	4,167
Chemicals	6,007	6,179	4,256	3,551
Rubber products	3,605	2,762	1,858	1,247
Paper products	3,625	2,651	1,861	1,038
Total	**102,938**	**111,078**	**77,552**	**64,391**

Source: Bulletin de Statistiques des Échanges Commerciaux de la Direction des Douanes et Régies. Calculated at the official rate of 35 riels = U.S.$1.00.

million planned for 1967, but to judge from imports in the first eight months, the actual figure for 1967 may be closer to U.S.$92 million—the projected increase for 1968 may simply be an adjustment to reality. The largest increases in the plan for 1968 are petroleum and petroleum products (U.S.$3.7 million more than planned for 1967) motor and special vehicles (U.S.$3.1 million more), pharmaceuticals (U.S.$2.3 million more), and non-metallic minerals (U.S.$1.6 million more).

Doing business in Cambodia presents certain difficulties and complications, but the difficulties are not insurmountable and there are some opportunities. In a recent tour of this country, I was struck by the interest in Canada and in Canadian products. A number of factors, by no means unique to Cambodia, must be kept in mind by any businessman contemplating this market:

1. All import and export business is nationalized and goes through SONEXIM, a state-trading organization (Société Nationale d'Exportation et d'Importation). SONEXIM issues tenders for all imports, either worldwide or restricted to particular countries or areas because of aid tie-ins or foreign exchange availability. The Cambodian authorities are going more and more to worldwide tenders.

2. SONEXIM is the only agency authorized to import but there are still some private firms operating in Cambodia. When they wish to import and have import licences, SONEXIM will act as their procuring agent. If SONEXIM calls a tender, foreign exchange is automatically made available and payment usually is by letter of credit.

3. Agents no longer operate as such in Cambodia; they have become "technical representatives". They can be useful to companies in certain fields wishing to export to Camhodia.

4. The business language is French. Your correspondence and literature should, if at all possible, be in this language. Prices should always be given both f.o.b. and c. & f. Sihanoukville or Phnom Penh in Canadian or U.S. dollars. More shipping lines are serving both ports and c. & f. quotations to Cambodia should not be too difficult to obtain.

There are no direct lines yet from North America to Cambodia; transshipment in Hong Kong or Singapore is necessary.

TABLE II

CAMBODIAN IMPORT PLANS

Commodity	*1967 Plan*	*1968 Plan**
	(U.S.$'000)	
Leaf tobacco	29	—
Pharmaceuticals	6,857	9,143
Chemical products	4,286	5,714
Fertilizers, insecticides and pesticides	2,286	1,829
Vegetable fibers and products	3,429	3,429
Textiles	5,429	4,286
Pulp and paper	1,000	1,429
Schoolbooks	571	714
Petroleum and petroleum products	8,286	11,943
Non-metallic minerals	2,286	3,857
Iron and steel products	6,571	7,143
Metal manufactures	1,429	1,000
Non-ferrous products	714	714
Generators, motors and turbines	1,429	2,286
Electrical equipment and appliances	1,429	2,286
Industrial machinery	4,000	4,000
Machine tools	286	286
Scientific equipment	286	286
Construction and mining equipment	143	—
Tractors, agricultural and roadbuilding equipment	5,429	5,371
Rubber products	857	571
Motor and special vehicles	2,000	5,086
Bicycle parts	143	286
Sundries	829	—
Products subject to compensation payments	12,857	14,286
Total	**72,861**	**85,945**

Calculated at the official rate of 35 riels = U.S.$1.00.

* Preliminary.

Trade with Canada

Canadian trade with Cambodia is small. In 1967, Canadians exported about Cdn.$60,000 worth of goods, mainly asbestos fibers and welding rods. There are opportunities for selling a much greater variety. During my visit a few months ago I received inquiries for:

Foodstuffs, including canned meats and fruits, flour, and powdered whole milk

Chemicals, including fertilizers, paint components, animal sera, pesticides and insecticides

Paper products and wood pulp

Metal manufactures, including wire and cable

Appliances and commercial machinery, including air conditioners, water meters, drilling equipment and construction equipment

Electrical and electronic equipment, including telecommunication equipment, electrical cables, fluorescent tubes, generators and transformers.

Cambodia is buying these commodities today from all over the world, so why not from Canada? Any Canadian exporter wishing to inquire about entering this U.S.$100 million market should send a letter describing his product to the Canadian Trade Commissioner, P.O. Box 126, Hong Kong, who will be happy to provide further information and help.

B.C. Fir Walkway Spans Thames

■ British Columbia fir plywood has been used in many countries and for many purposes—from protecting city trees in Chicago to providing shoring for a nuclear reactor in Switzerland. And its latest use? A stalwart walkway over London Bridge in Britain.

No, the famous 137-year-old bridge is not falling down. Contractors are carefully demolishing it to make way for a new structure which will better handle London's increasing traffic. Each day some 50,000 pedestrians cross the temporary walkway erected over the City end of the bridge, which provides the quickest access to the center of the city from London Bridge railway station.

Possibly none of the bowler-hatted or miniskirted workers know that their daily walk is safeguarded by impact-resistant fir plywood from British Columbia.

Businessman Visits Malaysia

One of the long established manufacturing plants in Malaysia is Bata Shoe, situated in Klang, about 25 miles from Kuala Lumpur. It turns out some four million pairs of footwear a year and operates 120 retail stores and 13 travelling vans in East and West Malaysia. Some of the modern machinery and equipment in the Klang plant comes from Batawa in Ontario and all of the synthetic rubber used is imported from Canada.

Last January Thomas J. Bata of Canada paid a visit to Malaysia and particularly to the Klang plant (pictured above). The camera caught a few of his other activities, including a formal call on the Sultan of Selangor and on a government official who explained Malaysia's Five Year Development Plan. Mr. Bata is third from left in both these pictures.

Import and Exchange Regulations in Southeast Asia

Import and exchange regulations affecting shipments to the Southeast Asian countries are summarized below. Canadian exporters who would like to obtain more detailed information or advice on documentation should get in touch with the Asia and Middle East Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

Asia and Middle East Division

Brunei

This protectorate has a short tariff schedule which covers only 20 items. Most items may be shipped under Open General Licence. Certain commodities such as air conditioning equipment, motor vehicles, heavy mechanical equipment, and certain types of machinery require specific import licences. There are no restrictions on foreign exchange transactions.

Burma

Import trade is in the hands of the Government and government agencies such as tbe Trade Council (sole importer of consumer goods) or the Rangoon Drug House (drugs and medicines). All prices for imports have to be confirmed with the Ministry of Trade Development. The Government's Myanma Export-Import Corporation (MEIC), 577 Merchant St., Rangoon, is the sole agency authorized to function as commission agent in Burma on behalf of over twenty other government trade corporations. Foreign firms may, however, employ Burmese nationals to act as technical representatives provided they do not engage in sales activities. However, such arrangements require a prior agency agreement with MEIC.

There is a list of products which may be imported from any country under Open General Licence by government import agencies. Apart from this, imports require specific licences, usually valid for six months. Expiration is determined by the date of the bill of lading.

The following exemptions from import licences have been authorized: goods imported through the post for the private use of the importer; government imports; bona fide samples or advertising matter supplied free of charge, not exceeding 100 kyats in value in one consignment; goods supplied free of charge in replacement of goods previously imported and found to be defective or otherwise unfit for use.

All transactions in foreign exchange have been under control since September 1939. Foreign exchange is automatically available for all authorized imports.

Cambodia

Cambodia's import and export trade is nationalized and and is carried out by a state-controlled trading agency, Société Nationale d'Exportation et d'Importation (SONEXIM), which is under the control of the Ministry of Commerce. SONEXIM issues and administers import regulations and conducts all import operations for the account of government agencies, private enterprises, or merchants.

Licences, required for all imports, are valid for three months for goods imported from Asiatic countries and for six months for goods imported from African, European and American countries. Extensions are possible; shipments must be effected before expiration dates. The import of certain luxury goods is prohibited. Merchandise arriving without an import permit may be confiscated or fines may be imposed, if it is not re-exported or a licence obtained within sixty days.

Exchange operations are governed by the Office National des Changes (National Exchange Office) and are conducted ordinarily through commercial banks and exceptionally through the Banque Nationale du Cambodge. Import permits embody the right to purchase foreign exchange. Rates vary according to the essentiality of the merchandise being imported. Payments for imports must be arranged by letter of credit.

Indonesia

Import, export and foreign exchange control is under the jurisdiction of the Foreign Exchange Bureau, the Department of Trade and the Bank Negara Indonesia, Unit I (the central bank). Imports do not generally require licences.

Three types of official foreign exchange are currently in use. The Bonus Export (BE) market is made up from that portion of export proceeds which the exporter is allowed to retain (75 or 90 per cent depending on the category into which the export falls), and from that part of foreign capital loans earmarked for imports (Credit Export Bonus). BE may be used to pay for specified imports and to transfer investment capital and income abroad or may be sold in the BE market. Complementary Foreign Exchange (DP) comes from the proceeds from invisible transactions and the difference between export proceeds and net f.o.b. values (government-set export "posted" prices). DP may be used for import payments and invisible transactions, or may be sold in the DP market. Automatic Foreign Exchange Allocation (ADO) is derived from the 10 per cent of export proceeds retained by the regional governments in whose areas the export products originated. It is shared by them and the authorities of the region from which the exports were shipped. ADO exchange may be used for import payments by the authorities, or may be sold in the BE market.

Certain listed goods may be imported into Indonesia only with BE or with ADO exchange. These goods fall into the following categories: food and materials used in food production; packaging materials; clothing and goods used in the clothing industry; medicines and medical equipment; pharmaceuticals and goods for the pharmaceutical industry; parts and equipment for export industries; construction equipment; transportation and telecommunication equipment; raw materials and spare parts to supply existing industries; educational materials; and a variety of miscellaneous items. A number of goods not classified on the BE list may be imported with DP exchange only. Certain goods, such as opiates and other harmful drugs, sedans with f.o.b. prices of over U.S. $2,000, TV sets with screens of 21 inches or more, radio/pick-up sets in consoles, and certain textiles are prohibited from import.

Payment for imports is usually made by sight letters of credit. Payment in advance is permitted.

Laos

The National Exchange Office of the Ministry of Finance, jointly with the Department of Customs, authorizes imports under the foreign assistance import program. All traders must pay an annual registration fee to the Government. Commodities are divided into 15 different categories and a trader may pay for the right to trade in one or several of these categories. The registration fee entitles the importer or exporter to import/export the commodities in that category for a period of 12 months.

Importers apply to the National Exchange Office for licences, and are required to make a covering payment of 100 per cent at the time they acquire the import licence. After clearance by the Customs authorities, the exchange licences automatically become import licences and the importer opens a letter of credit with an authorized bank.

There are two types of import financing in Laos: (1) imports financed by foreign aid from Australia, Britain, and the United States, and (2) all other imports for which the importer supplies his own foreign exchange. Import licences and exchange permits are required for the first category and the import licence guarantees the exchange permit. No import or exchange permit is required for the second category.

The Foreign Exchange Operation Fund, (FEOF), a multilateral form of support of the Laotian foreign exchange deficit, provides foreign exchange in a free market by selling U.S. dollars to local banks which then supply their customers. The FEOF is supported by the United States, Britain, France, Japan and Australia.

Malaysia

Preferential rates are extended to a very limited number of commodities. Import licences are required for a wide range of items and certain goods are subject to quantitative restrictions—that is, import licences are issued on a quota basis. There are no foreign exchange restrictions.

Philippines

Imports are classified into four categories and licences are not required except for a small number of items which are regulated or prohibited in order to protect domestic industry (e.g., coffee, tobacco, onions, potatoes, garlic and cabbage).

Before opening a letter of credit, tbe importer must make a cash marginal deposit, the percentage of which is determined by the necessity of the import. This varies from 25 per cent for essential producer and consumer goods to 150 per cent for luxury items. Certain essential goods, such as agricultural equipment and parts, fungicides, insecticides and fumigants, have been exempted from the 25 per cent cash margin.

All imports over $100 must be covered by letters of credit, unless the imports have been exempted from the cash deposit requirement. Letters of credit must be opened on or before the actual date of shipment. Partial shipments may be allowed against a letter of credit.

Exempted imports may be financed by means of documents against payment or documents against acceptance for a period not exceeding 180 days in the case of producers; imports by importers under the same arrangements are allowed only for periods not exceeding 90 days. Imports of raw materials required by local industries also exempted from the prior deposits may be financed under an open account arrangement payable within 180 days after the issuance of the release certificate by the authorized agent bank.

No exchange licences are needed. However, all transactions in foreign exchange must be conducted through authorized agent banks designated by the Central Bank of the Philippines. Authorized banks may sell foreign exchange at the current market rate without regard to previous allocation patterns. Drawees generally make payment only upon arrival of the merchandise, although payment in advance is permitted for shipments covered by letters of credit.

Goods must be cleared through Customs within 15 days, although a 15-day extension may be granted. After 30 days have elapsed, uncleared shipments become liable to sale at public auction. There is neither a free port nor a free zone in the Philippines.

Singapore

A wide range of commodities are now subject to import duty. Preferential rates are extended to a very limited number of goods, including alcoholic beverages, tobacco and tobacco products, leather and leather products, tires and tubes, condensed milk, molasses and syrups. Import licences are required for a wide range of goods, and are issued on a quota basis. There are no foreign exchange restrictions.

Thailand

Import licences are required for only about 34 items, import of which is controlled generally for protective, competitive, or health and security reasons. All other goods, with the exception of a few which are prohibited, may be imported without a licence. When required, licences are granted by the Ministry of Economic Affairs; they are usually valid for six months and extensions are permissible. No tolerances, either in quantity or value, are allowed. Merchandise arriving in Thailand without an import licence when one is necessary is subject to confiscation. The granting of an import licence implies that foreign exchange will be made available to pay for the goods.

Exchange control is administered by the Bank of Thailand and all transactions must be effected through authorized banks. A permit from an authorized bank is required to make any payment for imports but its issuance is automatic for a legitimate commercial transaction. Permits are valid for 30 days for sight drafts and until 15 days after due date for time drafts. Authorized banks may grant an extension of one month but the Bank of Thailand must approve further extensions. Exchange control approval is required for advance payments.

Vietnam

The General Department of Commerce of the Ministry of National Economy has jurisdiction in matters of import and export control. All imports are subject to licensing, and licences are non-transferable. For import purposes, merchandise is classified in eighteen categories, and importers may apply for licences only in those categories in which they were previously licenced. However, 100 designated "large firms" are allowed to import goods of any category. Importers of raw materials for local handicrafts are required to join groupings or "pools" importing the same category of goods.

Licences for imports other than those financed by United States AID are issued by the Directorate General of Commerce and countersigned by the Directorate General of Exchange of the National Bank of Vietnam. A licence must be used to open a letter of credit within fifteen days of issuance. The licence is valid for four months from the date of issue. Extensions may be granted. An import licence entitles an importer to purchase the necessary exchange from authorized banks. Goods must be shipped before the import licence expires.

Imports other than essential goods are subject to an equalization tax, which varies according to the goods and ranges from VN$5 to VN$140 per U.S. dollar. An "austerity" tax, ranging from 5 to 210 per cent is charged on the c.i.f. value of non-essential imports or those which would compete with domestic products.

Foreign exchange control is under the jurisdiction of the Directorate General of Exchange of the National Bank of Vietnam. Exchange is purchased at the official rate plus an "economic consolidation" tax currently equal to close to 50 per cent of the value of the transaction. All imports must be paid for by letters of credit providing for sight payments on presentation of documents. Advance payments are permitted for small amounts only.

Shipping Services from Canada to Southeast Asia

	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
TO: BURMA	American Mail Line *(Trans Pacific Steamship Agencies Ltd., Vancouver)*	*No direct liner service; cargo transshipped at Calcutta.*	
CAMBODIA	*No direct liner service; cargo transshipped at Calcutta.*		
INDONESIA	American Mail Line Klaveness Line *(Balfour Guthrie (Canada) Ltd., Vancouver)*	Orient Mid-East Line *(B & K Shipping Agency Ltd., Toronto)*	Orient Mid-East Line *(B & K Shipping Agency Ltd., Montreal)* Maersk Line *(The Robert Reford Company Limited, Montreal, Toronto)*
LAOS	*No direct liner services; cargo transshipped at Saigon.*		
MALAYSIA	American Mail Line Klaveness Line Knutsen Line *(Johnson Walton Steamships Limited, Vancouver)*	"K" Line *(Kerr Steamships Limited, Toronto)* Orient Mid-East Line	Maersk Line "K" Line *(Kerr Steamships Limited, Montreal)* Orient Mid-East Line

Shipping Services from Canada to Southeast Asia

	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
TO: MALAYSIA	Showa Line (*Kingsley Navigation Co., Vancouver*) Nedlloyd & Hoegh Lines (*Dingwall Cotts & Co. Ltd., Vancouver*)		
PHILIPPINES	American Mail Line Klaveness Line Knutsen Line Nedlloyd & Hoegh Lines Maritime Company of the Philippines (*Furness Withy & Co. Ltd., Vancouver*) P & O Line (*Furness Withy & Co. Ltd,. Vancouver*) States Line (*Dodwell & Co. Ltd., Vancouver*)	"K" Line Orient Mid-East Line Pacific Star Line (*Mills Steamship Agency Ltd., Toronto*)	"K" Line Orient Mid-East Line Maersk Line Barber Line (*Hurum Shipping & Trading Co. Ltd., Montreal, Toronto*) Pacific Star Line (*Clarke Agencies, Montreal*)
SINGAPORE	American Mail Line Klaveness Line Knutsen Line Nedlloyd & Hoegh Lines Showa Line P & O Line	"K" Line Orient Mid-East Line Nedlloyd Line (*Montreal Shipping Company Limited, Toronto, Hamilton*)	"K" Line Orient Mid-East Line Maersk Line Nedlloyd Line (*Montreal Shipping Company Limited, Montreal*) Barber Line
THAILAND	Klaveness Line States Line	"K" Line Orient Mid-East Line	"K" Line Orient Mid-East Line Maersk Line Barber Line
VIETNAM (South)	American Mail Line States Line	"K" Line Orient Mid-East Line	"K" Line Orient Mid-East Line Maersk Line

What's current in jewellery

in Britain where Canadians are selling more jewellery, especially costume jewellery. Competition from the U.S. and Western Europe is stiff, but Commonwealth preference gives us some advantage.

K. D. TAYLOR, *Commercial Secretary, London.*

Canadian jewellery exports to Britain—less than $500,000 in 1963—have now soared to almost $2 million. Canada is in an excellent position to capture a larger share of the British market each year, with several firms currently registering sales gains after a few years of concentrated market development.

A Canadian firm new to the British jewellery market will immediately notice a greater reserve and a conservatism not common to the Canadian trade. The retailer varies his styles and stocks only slightly each year. Consumer tastes and demand shift imperceptibly. A new firm entering this market will find it challenging and a sustained sales program essential. Competition from domestic producers, the U.S., and Western Europe (especially Germany) is stiff.

Once he has aroused interest in the market, there are a number of sales channels for the exporter to consider. Appointing a manufacturers' agent or a wholesaler, establishing a subsidiary sales organization, or selling directly to retailers are some of the choices.

Unless the manufacturer is prepared to make regular trips to Britain, the establishment of some type of local representation is vital. Depending upon the exporter's objectives and capacity, the type of representation may evolve from a manufacturers' agent in the preliminary stages to a stocking operation or sales subsidiary if volume sales become possible. Eventually master moulds and patterns may be sent to Britain from Canada and the final stages of manufacturing completed here.

Getting a Representative

To a great extent the decision on the type of representation depends upon the kind of jewellery sold. Precious jewellery made in Britain is usually sold directly to the retailer or through as few intermediaries as possible. Occasionally some precious jewellery is sold on consignment to leading jewellery outlets. Cartier's, one of Bond Street's most prestigious jewellers, manufactures many of its own precious jewellery pieces and Asprey's does some finishing and designing on its premises.

The wholesaler and the manufacturers' representative play a greater role in the costume jewellery field. The wholesaler may buy directly from the jewellery manufacturer or from a manufacturers' representative. A Canadian firm may find that having a wholesaler or representative with a stock is crucial for servicing accounts properly. But products sold through a manufacturers' representative to wholesaler to retailer can result in high sales overhead. Some manufacturers partially simplify the sales

BRITISH IMPORTS OF JEWELLERY, ETC.

	1966	1967
	(in £'000)	
Articles of jewellery and parts thereof, of precious metal or rolled precious metal	1,826	1,865
Imitation jewellery	2,410	3,015
All other jewellery	869	1,701
Pocket watches, wrist watches and other watches, including stop watches	5,409	9,877
Watch movements, (including stop-watch movements) assembled	1,964	2,521
Clocks with watch movements, watch cases and parts of watch cases	915	802
Instrument panel clocks, clocks of a similar type for vehicles, aircraft or vessels; other clocks, (ex. clocks with watch movements)	1,908	2,310

CANADIAN EXPORTS OF JEWELLERY, ETC., TO BRITAIN

	1965	1966	1967
		(Cdn. $'000)	
Jewellery, jewellers' findings, gold	—	182	250
Jewellery and costume jewellery, n.e.s.	747	615	984
Silverware and goldware, n.e.s.	62	87	111
Watches, watch movements and parts, n.e.s.	74	16	25
Clocks, clock movements and parts, n.e.s.	8	5	14
Special time recorders and parts	18	10	24

problem by selling exclusively to wholesalers or manufacturers' representatives, but there is a trend away from the use of wholesalers in order to satisfy the retailers' demand for economical and efficient purchasing. However, many manufacturers' representatives currently sell 70 per cent of their volume to wholesalers against 30 per cent to retailers.

There is also a clear division between costume and precious jewellery at the retail level. Department or chain stores handle costume jewellery but little precious jewellery. The opposite is true for jewellery stores. The British consumer seldom thinks of going to a department store for anything other than costume jewellery.

Turning to commissions and markups, a manufacturer selling exclusively to a wholesaler allows the latter a 25 to 30 per cent discount. A manufacturer selling to a manufacturers' representative who in turn sells only to the wholesale trade expects to pay a 10 per cent commission to the agent. If the agent sells to retailers, the commission is about 15 per cent. When the purchase tax of 50 per cent is added to the cost, the retail markup (on gold jewellery, for example) is about 70 per cent for the jewellery store and 50 per cent for the department store. The margins vary with the type of items and the location of the retailer.

Tariffs and Purchase Tax

Generally speaking, articles of jewellery, either consisting of precious stones or metal or articles of imitation jewellery, enter Britain free of customs duty when of Canadian or Commonwealth origin and if they fulfill the requirements of British Commonwealth preference regulations. The qualifications for entry under Commonwealth preference are (a) that the goods are manufactured in Canada or a Commonwealth country, (b) that they are consigned direct from Canada or a Commonwealth country to Britain, and (c) that at least 25 per cent of the factory or works cost is attributable to Canadian and/or Commonwealth materials and labor. Goods which fail to meet these requirements are subject to payment of customs duty at the "full" rate of 25 per cent ad valorem. The Kennedy Round, when implemented, however, will halve this full rate to 12½ per cent.

Jewellery for personal adornment and consisting wholly or partly of precious, semi-precious or imitation stones or of precious metal is subject to British purchase tax at the rate of 50 per cent, levied on the open market wholesale value of the goods in Britain. Jewellery containing no precious metal or stones or pearls of any description is exempt from payment of purchase tax. The tax, however, if charged, should not affect the product's competitive position in Britain because it is charged at the same rate on both domestically produced and imported goods.

Hallmarking Requirements

Next to the selection of an appropriate method of distribution, British hallmarking requirements cause the Canadian exporter most concern. In brief, the law requires that any gold or silver ware made in Britain or imported and sold shall be of one of the authorized standards and shall be hallmarked before sale. (There are a few exceptions.) In general, Canadian manufacturers have no difficulty in meeting the authorized standards and for sales appeal usually hallmark even exempt items destined for sale in Britain. The main problem is the extra cost in terms of time and money of flying the jewellery from Canada to Britain semi-finished for hallmarking, returning it to Canada for finishing, and finally again to Britain for sale. Some Canadian firms complete the finishing in Britain but it can be difficult to conclude a satisfactory arrangement.

It is unlikely that the hallmarking regulations will be amended or liberalized to the benefit of Canadian exporters. Several committees commissioned by the British Government have recently reviewed hallmarking requirements and there is no indication of any immediate changes.

Sales Approach

Despite the difficulties caused by marking regulations, Canadian jewellery sales are climbing. One strength is the new exciting Canadian designs. On medium- to low-priced items superior craftsmanship is a feature.

Canadian exporters have found that a range of jewellery featuring too many contemporary designs can overwhelm the British buyer and result in resistance to the line. Instead of dazzling the potential buyer, it is often sounder to recognize the innate conservatism of the British jeweller and introduce only a few lines each year. The distinctive design and construction of the few new pieces introduced should be stressed.

Canadian exporters are unlikely to be able to compete in the British market on the basis of price. Consequently, uniqueness of design and finishing becomes paramount and overcomes the need of competing item by item against British producers.

Trade Fairs

The exporter can give added impetus to his sales program by participation in a British trade fair. Largest in the jewellery field is the International Watch and Jewellery Fair in London, at which 200 firms exhibited in 1967. The show is aimed at the retailers and merits serious consideration by the Canadian exporter. Several Canadian firms exhibited at the show last year. The 1968 exhibition took place April 9 to 13 at Olympia.

Another show is the Wholesale Buyers Gift Fair held each fall in a London hotel. Broader in scope than the International Watch and Jewellery Fair, the Gift Fair is primarily for wholesalers.

The International Gift Fair held annually in February at Blackpool also attracts the trade. One of the largest gift fairs in the world, it has a special jewellery and horological section.

Besides trade fairs, many British jewellery manufacturers use for display the showrooms of the British Jewellery Trade Centre, formerly known as the Jewellery Trade Centre. Although the Centre is not in a position to display Canadian jewellery, it does operate a clearing-house of information covering all aspects of the jewellery trade in Britain. The Centre also provides an opportunity to view quickly a range of competing British products. The British National Jewellers Association sponsors an active public relations campaign handled by the Jewellery Information Centre. The Centre prepares periodic releases to the media highlighting the products of the members.

Sales Trends in Britain

It is a mistake to characterize the entire British jewellery trade as sedate and static. The imaginative design associated with British apparel is beginning to influence the domestic jewellery industry. Whether discriminating shoppers visit the elegant shops on Bond Street or the volume sales outlets on Oxford Street, they are finding a wider range of contemporary jewellery complementing stocks of traditional types.

Turnover in the jewellery trade in Britain is about $900 million a year. Compare this with a turnover of $1.2 billion in appliances and $2.4 billion in the holiday and travel sector, and it is small wonder the jewellery trade feels it is not getting a sufficient share of discretionary income. Industry spokesmen are calling for retail shops to make their stores more inviting to attract new customers and encourage more purchases.

Another suggestion is to emphasize the investment potential of high-priced jewellery. But this counters another promotion campaign which calls for a greater number of fashion-conscious consumers—that is, women to whom jewellery is an integral part of fashion and who purchase new contemporary pieces regularly to keep pace with trends in apparel and accessories. A representative from De Beers in London expanded on this theme with the thought that if we accept that women covet jewellery to enhance their appearance, to achieve this, the jewellery must complement the woman's personality and style of dress.

The watch industry is one sector of the jewellery trade that has adopted a dynamic marketing program. The watch is now an important fashion accessory and new types are introduced with the speed and grace of the mid-season collection of a fashion house. Featured for this fall and winter are flower-power wrist watches trimmed with bells and set on a white plastic strap and mini-ring watches in bright psychedelic colours.

The annual turnover in watches is estimated at $50 million. About 60 per cent are imported, almost all from Switzerland. On the basis of new designs and the relaxation of import restrictions on cheap watch movements from Switzerland, Britain's manufacturers are gaining an increasing share of the market for watches retailing under $20, although Soviet and Japanese imports maintain pressure. Most retailers of watches are supplied by manufacturers direct or by importers. Some North American firms are assembling watches in Britain, using cases imported from North America and movements from Switzerland. Movements and cases from Switzerland currently enter Britain duty-free under EFTA and will be gaining a larger share of the market.

Clocks are also undergoing dramatic changes in design. The introduction of inexpensive mass-produced battery movements has allowed the use of a wide range of faces. Wooden blocks, plastic cubes and giant circular dials are currently featured; most of them sell for under $30. The turnover in clocks in Britain is estimated at $40 million, with domestic manufacturers supplying about 70 per cent of the market in unit terms.

Another significant trend in jewellery during 1967 has been the renewed interest in colored stone-set rings. The stones may be real or synthetic and are set to give each gem the maximum amount of prominence. Even engagement rings are available in bold contemporary designs. The most popular designs are all-diamond clusters or sapphires and diamonds and emeralds and diamonds, with the precious gemstones cut in attractive baguette and marquise shapes. These rings range in price from $300 to $1,500.

There is also a growing demand for gold jewellery. Modern methods of texturing gold are being adapted to all types of jewellery, from chain and watch bracelets to rings and earrings. Gold earrings are particularly popular, with diamond-cut, engine-turned and engraved designs in most demand. Hallmarking requirements for gold jewellery can be obtained through our office.

In a completely different price bracket are crystal necklaces and earrings. A graduated natural crystal necklace, with small crystals alternating with miniature pearls, is selling in London at about $3.00. A new development is a smoky-grey vitrel crystal which gives the impression of a black iridescent bead.

Jewellers report that men are also becoming more fashion-conscious, as illustrated by the growing market for cufflinks. Conventional designs are still favored for evening wear, but there is a variety of styles for daytime use. Sales of 18-carat-gold cufflinks are surprisingly strong.

We would welcome inquiries from potential Canadian exporters of jewellery about the British market. Devaluation and budget measures to decrease domestic demand have temporarily unsettled the market, but tbe outlook is bright and the enterprising exporter stands a good chance of success.

In the first week in September, a Canadian Jewellery Travelling Samples Display will visit London. Members of the Mission will have the opportunity to study the requirements of the market personally and to size up the competition. This reconnaissance should help our jewellery exports in the long run.

World Post Offices Listed

If you have been wondering where to find the address of that out-of-the-way post office in Africa's interior or that small post office in South America, your search could be at an end. Through the co-operation of some 150 countries (all members of the Universal Postal Union), a worldwide list of post offices has been prepared. Published in three volumes, the *International List of Post Offices* is a handy reference for busy businessmen and provides interesting, useful information. Because of its scope, amendments will not be made to the original volumes but continual revisions, including new listings, will be published every five years. The set is priced at $14.25 for paperback and $15.00 for hard cover and can be obtained from the Universal Postal Union, 300 Berne 15, Switzerland.

How Confirming Houses Serve the Exporter

A relative newcomer to Canada is the confirming house; it can play a useful role in financing export trade. Read this article to find out whether it could help you enter more foreign markets.

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

■ Confirming houses and the services that they offer to exporters and importers are not yet well known in Canada. Originally they were a British institution that came into being after the 1914 war; several hundred of them still flourish in London. In fact, the British Export Houses Association estimates that about 20 per cent of foreign trade in that country passes through their hands. Gradually they are making their appearance in Canada, mainly as branches of established British firms.

Like export merchants, export agents, factors, and freight forwarders, confirming houses exist to assist the foreign trader. Sometimes they offer the same services (such as help with documentation or shipping) that these others provide. But the primary role of the confirming house is financial, as its name testifies. When an order has been placed, it "confirms" payment to the supplier: that is, it undertakes to pay him in cash when it receives the invoices and the documents of title. The confirming house, in turn, arranges with the buyer the terms on which he will pay for the goods. There is no recourse to the supplier except for the normal warranties on the products sold.

How It Works

An example may make this function clearer and illustrate the slogan of one confirming house—"Let us help you by helping your buyer." A Venezuelan importer comes to Canada looking for logging equipment. He selects the type that he wants but when it comes to concluding the sale, the question of two years' credit arises. The manufacturer does not want to tie up some of his capital for that length of time—nor does he want to lose the sale. He refers his client to a confirming house in Toronto. The house, through its intelligence network overseas, checks on the buyer's financial standing, reputation and resources. Satisfied that he is a good risk, the confirming house works out with this buyer credit terms that fit in with his financial program. When the machinery has been shipped, the confirming house pays the manufacturer.

For this service, it is normally the buyer who pays. He is charged interest on the money involved of at least 6½ per cent—usually 1 per cent over the U.S. prime rate—plus a commission charge for handling the transaction. This commission varies with the size of the order, the country to which the goods are going, the creditworthiness of the buyer, the length of the credit, and the nature of the goods. Generally it varies between 1½ and 2½ per cent. The credit is usually granted without collateral security other than an accepted bill of exchange. Occasionally half the charges are paid by the buyer and half by the seller; the latter may either absorb the charge or figure it into his price.

Both sides stand to benefit from this transaction. The manufacturer is free to make other export sales, without anxiety about credits and collection. His working capital position and his borrowing power at the bank are unaffected. The buyer does not have to accept letter of credit terms and, with time to pay, may purchase more equipment than he could if he paid cash. If he is importing the goods for resale, terms of 180 days help him to finance his floor inventory.

Exporters sometimes ask about the difference between making an outright sale to an export merchant—who also pays the supplier in cash—and financing one through a confirming house. The most important difference is that the normal relationship between buyer and seller remains unaffected when a confirming house is used. They continue to be in close contact with each other, as principal to principal, but the problem of financing is removed. In fact, a confirming house normally confirms as a principal, although it has an agency relationship with the buyer.

Not a Factor

More often, confirming houses are confused with factors. Factors first made their appearance in the United States in the 1950's. In certain areas, the services that the two provide are similar. The factor, however, operates in a different way and is less concerned with individual trading transactions. He buys from an exporter at a discount the latter's accounts receivable, usually on a continuing basis, and normally with recourse to the supplier if the purchaser defaults payment. When the factor assumes the non-payment risk, he expects to approve all credit terms before a sale is finally concluded. Like the confirming house, the factor builds up and relies upon excellent sources of credit information overseas. Factors are becoming established in Britain now. One satisfied British client says, "Factoring enables me to get on with the job I know best and like doing—manufacturing and marketing . . . It frees me from the headaches of sales ledgers and the many problems associated with accounts."

Medium-Term Credit

Experienced foreign traders believe that the confirming house can prove most useful in Canada by providing medium-term credit of, say, between three to five years. This helps to fill in the gap between Export Credits Insurance Corporation coverage in the short term and the ECIC long-term financing available under Section 21A. In certain instances the confirming house will also provide prefinancing. Suppose the manufacturer of logging equipment needed money to buy the raw materials for making up the Venezuelan order. For a fee, the confirming house might undertake to pay the suppliers of the raw materials on behalf of the manufacturer when these are shipped. The materials would go into the company's own yards against a field certificate held by the confirming house or into a public warehouse in the latter's name. Or the whole transaction might be handled under normal bills of exchange, with no additional documentation.

Here is another example. A South American country wishes to buy some $400,000 worth of traffic control equipment in Canada. The manufacturer must, however, agree to payment terms of 10 per cent with the order, 10 per cent on shipment, and 80 per cent over three years. But the buyer also demanded a 24-month moratorium on payments. In other words, he would not begin to pay the 80 per cent off until the third year; this moratorium made it impossible to finance the transaction through the chartered banks. To secure these terms, the South Americans were willing to pay well over the average rate of interest on the promissory note. In this situation a Montreal confirming house was willing to step in and assume the risk; the sale then went forward.

Not that confirming houses are interested in any and every transaction. Some exclude certain areas of the world where the risk is high. Sales under $5,000 are out because the commission for handling them does not bring in enough; often the minimum accepted is $10,000 to $15,000. A Montreal house likes to make connections with exporters with a total turnover of at least $100,000 a year. All are looking for firms with which they can establish a continuing relationship. Most houses in Canada insist that the sale be insured whenever possible by ECIC; this permits refinancing of the bill of exchange through banks in Canada and overseas. (A few confirming houses, it should be pointed out, sometimes act also as merchant bankers.)

Other Benefits

The confirming house can not only help an exporter with financing a sale. Because of its close relations with importers overseas, it can also put business in bis way. An English importer of canned foods may want sources of supply for canned peaches in Canada. He gets in touch with a confirming house that has a Canadian branch. The branch manager obtains quotes from various suppliers and passes them on. If the British inquirer decides to buy, the confirming house sees to the shipping of the order and the documentation, pays the supplier, and arranges terms with the buyer.

Thus one of the benefits of using a confirming house is that it widens the export possibilities for many firms. Take the company making types of capital equipment that may not be eligible for ECIC 21 A financing. Through a confirming house it may be able to offer a buyer in a developing country up to five years' credit. Or suppose that the potential purchaser lives in a country that is short of dollars or has imposed foreign exchange control. The credit that the confirming house can offer may bring an order to Canada that otherwise would have gone elsewhere.

The profitable operation of a confirming house has become a highly skilled business and one that requires both good organization and plenty of expertise. Most houses painstakingly

How Confirming Houses Serve the Supplier

Tbe wide range of services that confirming houses provide include the following:

- Providing the supplier with a contract enforceable in his own country to enable him to commence production of orders with complete confidence.
- Paying promptly in the currency of the supplier.
- Assuming financial responsibility so far as the buyer is concerned, thus bearing the full del credere risk.
- Granting credit to the buyer in approved cases, whicb is a direct aid to increased volume of business.
- Arranging dispatcb and documentation.
- Being able to offer expert advice on local conditions in overseas markets and helping to promote sales in fresh and existing markets.
- Giving valuable advice regarding the appointment of agents or factory representatives overseas.
- Possibly being instrumental in arranging finance for the supplier in various ways outside the pure finance of individual confirmed contracts.
- Supplying valuable information regarding competition from local industries in overseas territories.

—British Export Houses Association
(reproduced with permission)

build up in all the countries in which they are interested an intelligence system. They rely upon it to alert them to opportunities, to supply information on general credit conditions, and to report on the credit status of would-be importers. The exporter can draw on this store of knowhow in many ways, in addition to benefitting from the prompt payment of invoices, particularly in the areas of shipping and marine insurance, and sometimes packing for export. Confirming houses do not, of course, make contracts nor enter into contractual agreements.

Complementary not Competitive

It should be made plain that the services provided by a confirming house do not compete with those offered by the Canadian chartered banks and by the Export Credits Insurance Corporation. Rather, it complements these services and in doing this helps to increase export trade. An article published in a trade magazine in Britain, where the confirming house has a long history, puts it this way: "In a credit-thirsty world the willingness of a confirming house to give credit to an importer may well influence the placing of the order. These facilities are used not only by small manufacturers but by the larger with their own export departments. This important financial role is widely recognized and used in more and more markets."

Trade Commissioners on Tour

In Canada

The following officers are undertaking tours of business centers throughout Canada as detailed below. Businessmen who wish to see them should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions: Windsor (Ontario), Greater Windsor Industrial Commission; St. John's, Halifax, Montreal, Ottawa, Toronto, Winnipeg, Edmonton and Vancouver, Department of Trade and Commerce; Fredericton, Department of Industry.

Jamaica—D. I. Ditto, Assistant Commercial Secretary in Kingston:

Montreal—June 26-July 3
Quebec City—July 4 and 5

New Zealand—R. H. Gayner, Commercial Secretary in Wellington:

Malton, Cooksville, Port Credit, Sheridan Park—June 27
Hamilton—June 28
St. Catharines, Welland, Brantford—July 2
Kitchener, Guelph, Waterloo, Galt—July 3
London, St. Thomas, Sarnia July 5
Edmonton—July 15
Calgary—July 16
Kelowna—July 17
Vancouver—July 18-23

South Africa—W. M. Jones, Trade Commissioner in Johannesburg:

Vancouver—June 26-28

Temporary Duty in Ottawa

The following will be on temporary duty in Ottawa and may be contacted through the Trade Commissioner Service, phone 992-9930 (area code 613).

D. J. Browne, Assistant Commercial Secretary in Guatemala City, June 24-28.

D. H. Cheney, Consul and Senior Trade Commissioner in Chicago, August 12-16.

P. A. Savard, Consul and Trade Commissioner in New Orleans, July 22-31.

G. E. Woollam, Commercial Counsellor (Agriculture) in London, England, June 26-28.

In Territory

Britain—J. H. Nelson, Trade Commissioner, K. R. Higham, Assistant Trade Commissioner, and W. H. G. Metcalfe, Commercial Assistant, in Liverpool, will visit the following cities on the dates shown.

Manchester—July 11
Leeds and Bradford—July 3-4
Harrogate—July 17
Coventry—July 17-18

Bulgaria, Czechoslovakia, Hungary, Romania—Trade Commissioners in the Vienna, Austria, office make frequent visits to these countries, but often there is not time to publish their itineraries in advance. Therefore, Canadian businessmen who would like the Trade Commissioners to undertake assignments for them in these East European countries are advised to write to the Vienna office immediately.

Finland—E. C. H. Shelly, Assistant Commercial Secretary in Stockholm, Sweden, will visit Helsinki, Pori, Nokia, Tampere, Valkeakoski and Kuusankoski July 1-5.

Thailand—A Trade Commissioner from Singapore will be making a monthly visit to Thailand throughout 1968. Correspondence should normally be addressed to the Singapore office although contact can also be made through the Canadian Embassy in Bangkok, P.O. Box 2090 (telex: 2277; cable: DOMCAN, Bangkok; phone: 32-956).

Tunisia—D. T. Johnston, Assistant Commercial Secretary in Berne, Switzerland, will visit Tunisia June 17-28.

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

foreign tariffs and trade regulations

Portugal

TARIFF REDUCTIONS—The Portuguese Diario do Governo of February 21, 1968, listed a wide range of industrial raw materials for which full or partial duty reductions have been made when these are imported for use by specified Portuguese industries.

Those for which duty-free entry is now granted include:

Horsehair
Animal intestines
Seeds for sowing
Oilcake
Sulphur
Asbestos
Metallic ores and concentrates other than copper concentrates or red hematite
Aluminum oxide and hydroxide, artificial corundum
A range of inorganic chemical salts and organic compounds (eg. phenol, pentaerythritol, nitrogen-function compounds)
Vitamins and provitamins (except vitamin A)
Dyestuffs and pigments
Hides and skins
Logs
Wood pulp
Glass fibers and fabric
Iron or steel waste, scrap, shot, pellets
Unwrought copper
Unwrought nickel
Unwrought aluminum
Unwrought zinc

Those for which reductions of 50 per cent have been implemented include:

Bovine and equine leather
Artificial textile fibers

In addition, certain specified Portuguese industries can apply for exemption from customs duties on imported equipment and parts. Some of the products covered are:

Pipe and tubes of iron, steel, copper, aluminum, etc.
Stranded wire and cable of iron, steel, copper and aluminum
Boilers and parts
Engines, motors and parts
Pumps and compressors
Air conditioners and refrigeration equipment
Cranes, winches, hoists
Pulp and paper machinery and parts
Textile industry machinery and parts
Machine tools
Mineral processing machinery (crushers, sorters, etc.)
Machinery parts and accessories (eg. valves, bearings, shafts, gaskets)
Electric motors, generators, transformers
Starting and ignition equipment
Switchgear, relays, etc.
Electronic tubes
X-ray apparatus
Electrical measuring, testing, automatically controlling apparatus and parts.

Further details regarding these reductions can be obtained from European Division, Office of Trade Relations.

United States

TARIFF-RATE QUOTA FOR TUNA FISH—Pursuant to the provisions of item 112.30, Tariff Schedules of the United States, it has been determined that 66,985,048 pounds of tuna may be entered for consumption or withdrawn from warehouse for consumption during the calendar year 1968 at the rate of 11 per cent ad valorem under item 112.30. Any such tuna which is entered, or withdrawn from warehouse, for consumption during the current calendar year in excess of this quota will be dutiable at the rate of 22 per cent ad valorem under item 112.34 of the Tariff Schedules.

AMERICAN GOODS RETURNED—NEW CUSTOMS FORM 3311—The U.S. Bureau of Customs has established a new Customs Form 3311 (January 1968 edition), which is a consolidation of existing Customs Forms 3311 and 4467. The new Form 3311 will be required as the declaration of the owner, importer, consignee, or agent of domestic products exported from the United States and returned under the provisions of Section 10.1 (a), Customs Regulations. This section provides for free entry of (i) articles not advanced or improved abroad; (ii) articles advanced or improved abroad; and (iii) substantial containers or holders of American origin which are used in the shipment or transportation of goods. The January 1968 edition of the new Form 3311 may be obtained from Customs Region II, Publications and Reproduction Section, 201 Varick Street, New York, N.Y. 10014. It replaces all previous editions of Forms 3311 and 4467 which may be used until existing supplies are exhausted.

Foreign Exchange Rates

These nominal quotations may help exporters in checking prices, but they should consult their bank before making any firm commitments. When more than one rate is shown, the one to be used depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the Office of the Trade Relations, Department of Trade and Commerce, Ottawa.

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

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

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

Country and Currency	Value of Foreign currency unit in Canadian dollars at June 7	Value of Canadian dollar in foreign currency units at June 7
Algeria		
Dinar	.2166	4.60
Argentina		
Peso (free)	.0031	322.58
Australia		
Dollar	1.198	.8257
Austria		
Schilling	.0417	23.98
Bahamas		
Dollar	1.056	.9364
Belgium and Luxembourg		
Franc	.0216	46.25
Bermuda		
Pound	2.571	.39
Bolivia		
Peso	.0905	10.97
Brazil		
Cruzeiro (official free)	.3361	2.97
Britain		
Pound	2.568	.39
British Honduras		
Dollar	.6425	1.55
Burma		
Kyat	.2262	4.20
Ceylon		
Rupee	.1810	5.47
Chile		
Escudo (bank rate)	.1619	6.16
(free)	.1401	7.13
China, Republic of		
New Taiwan Dollar (official)	.027	37.04
Colombia		
Peso (fixed)	.066	14.95
Congo, Republic of[1]		
Franc	.0072	139.50
Costa Rica		
Colon	.1626	6.10
Cuba[2]		
Peso	....	....
Czechoslovakia		
Koruna	.1496	6.64
Denmark		
Krone	.1441	6.81
Dominican Republic		
Peso	1.077	.92
Ecuador		
Sucre (official)	.0598	16.50
(free)	.0536	18.45
El Salvador		
Colon	.4309	2.31
Fiji		
Pound	2.474	.40
Finland		
Markka	.2565	3.88
France, Monaco, etc.[3]		
Franc	.2166	4.60
Franco-African Republics[4]		
Franc	.0043	227.79
French Pacific[5]		
Franc	.0119	82.64
Germany		
D Mark	.2700	3.68
Ghana		
New Cedi	1.056	.94
Greece		
Drachma	.0359	27.86
Guatemala		
Quetzal	1.077	.92
Guayana		
Dollar	.5386	1.85
Haiti		
Gourde	.2154	4.60
Honduras		
Lempira	.5386	1.85
Hong Kong		
Dollar	.1777	5.56
Hungary		
Forint (official)	.0921	10.86
Iceland		
Krona (official)	.0189	52.91
India		
Rupee	.1427	6.90

ountry ıd urrency	Value of Foreign currency unit in Canadian dollars at June 7	Value of Canadian dollar in foreign currency units at June 7
donesia[6]		
Rupiah	....	....
an		
Rial	.0143	70.42
aq		
Dinar	3.016	.33
eland		
Pound	2.568	.39
rael		
Pound	.3078	3.23
aly		
Lira	.0017	581.86
maica		
Pound	2.568	.39
pan		
Yen	.0030	333.33
enya		
Shilling	.1526	6.55
ebanon		
Pound (free)	.3339	2.98
alaysia		
Dollar	.3519	2.82
exico		
Peso	.0862	11.47
orocco		
Dirham	.2129	4.65
etherlands		
Florin	.2976	3.34
etherlands Antilles		
Florin	.5712	1.74
ew Zealand		
Dollar	1.202	.82
icaragua		
Cordoba	.1539	6.42
igeria		
Pound	3.051	.33
orway		
Krone	.1508	6.57
akistan		
Rupee	.2262	4.38
anama		
Balboa	1.077	.93

Country and Currency	Value of Foreign currency unit in Canadian dollars at June 7	Value of Canadian dollar in foreign currency units at June 7
Paraguay		
Guarani (free)	.0086	116.28
Peru		
Sol (free)	.0235	42.37
Philippines		
Peso (free)	.2752	3.61
Poland		
Zloty (fixed basic rate)	.2695	3.68
Portugal & Colonies[7]		
Escudo	.0375	26.33
Saudi Arabia		
Riyal	.2066	4.84
Sierra Leone		
Leone	1.508	.66
Singapore		
Dollar	.3520	2.82
South Africa		
Rand	1.508	.66
Spain & Dependencies		
Peseta	.0155	64.25
Sweden		
Krona	.2085	4.77
Switzerland		
Franc	.2501	4.01
Syria		
Pound (free)	.2821	3.51
Thailand		
Baht (free)	.0522	18.90
Trinidad & Tobago[8]		
Dollar	.5392	1.85
Tunisia		
Dinar	2.052	.48
Turkey		
Lira	.1197	8.28
United Arab Republic		
Pound (official)	2.478	.40
United States		
Dollar	1.077	.92
Uruguay		
Peso (free)	.0043	232.55
Venezuela		
Bolivar (official free)	.2396	4.17
Yugoslavia		
Dinar (official)	.0862	11.47

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, 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. Also used in Barbados, Leeward and Windward Islands.

Marketing Data Sheet

PERU

Area

506,000 square miles.

Climate

Great range of climatic conditions, from the arid desert on the Pacific coast (where most of the major population centers are) to the tropical rain forest in the east. Centigrade scale is used.

Population

The total population is 12.4 million.

35 and over	3,070,200
25 to 34	1,783,500
15 to 24	2,336,300

Households

The number of private residential dwellings was 2,372,000 in 1966.

Income

National income is U.S.$5.4 billion, U.S.$431 per capita. The average hourly wage is 25 cents.

Bank Accounts

There are approximately 250,000 bank accounts.

Retail Sales

Total retail sales are U.S.$3.5 billion, U.S.$284 per capita.

Motor Vehicles

In 1966, there were 178,200 passenger vehicles registered, 107,800 commercial vehicles, and 29,700 motorcycles and scooters.

Telephones

In 1966, there were 57,000 lines plus 48,000 terminals. A further 67,000 lines are being installed.

Radio and Television

There were 684,400 households with radio and 108,700 with television sets in 1966. Radio and television (625 lines American standard) broadcasting is privately owned.

Water

Not generally safe to drink. Pressure in Lima varies from 40 to 70 psi.

Electric Power

Sixty-cycle a.c. 220 volts, single phase for domestic use, three phase for commercial and industrial use. The voltage may be 10 per cent above or below 220 volts; frequency may vary by one per cent. A grounding conductor is not required in the cord attached to an appliance. The distribution system does not have a ground wire. The public utilities have 392,500 domestic customers, 87,300 commercial customers, and 7,100 industrial customers. The average cost to consumers in 1966 was 2.4 cents a unit; the price was increased by 21 per cent in Lima in 1967. National capacity in 1966 was 1.4 million kw. and in 1967 was 1.5 million. No changes in the distribution system are proposed.

Coal

Mainly anthracite used. Production and consumption in 1966 was 154,600 metric tons. 4,500 tons of coke were imported. Coal reserves total 20 million tons.

Gas

Production of liquefied gas in 1966 was 305,100 tons of propane, 2,700 tons of butane, and 7,800 tons of hexane. Natural gas is used only on the oilfields. Distribution is by ocean tanker and tank truck to main centers where it is bottled for delivery to customers. There are approximately 73,000 domestic customers and 22,000 commercial customers. Consumption is increasing by 10 per cent a year. The price of LPG is Cdn.$6.00 per 100 pounds.

Petroleum

All refined products are available. Production of petroleum was approximately 23 million barrels in 1966. Reserves are sufficient for 20 years at this rate.

Weights and Measures

Metric. Old Spanish land measures and weights survive in Indian communities.

Screw Thread

North American SAE in 95 per cent of cases, otherwise metric.

Standards

There are no official standards.

Wrap It Up

Export packing needs knowhow. Make a start by reading the expert advice in HOW TO WIN WORLD MARKETS (page 177) available from the Queen's Printer bookstores in Halifax, Montreal, Ottawa, Toronto, Winnipeg and Vancouver. It costs $2.50 for the paperback edition, $4.50 for the hard cover. This new handbook for exporters can be ordered by mail from the Queen's Printer, Ottawa, with cheque or money order payable to the Receiver General of Canada.

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