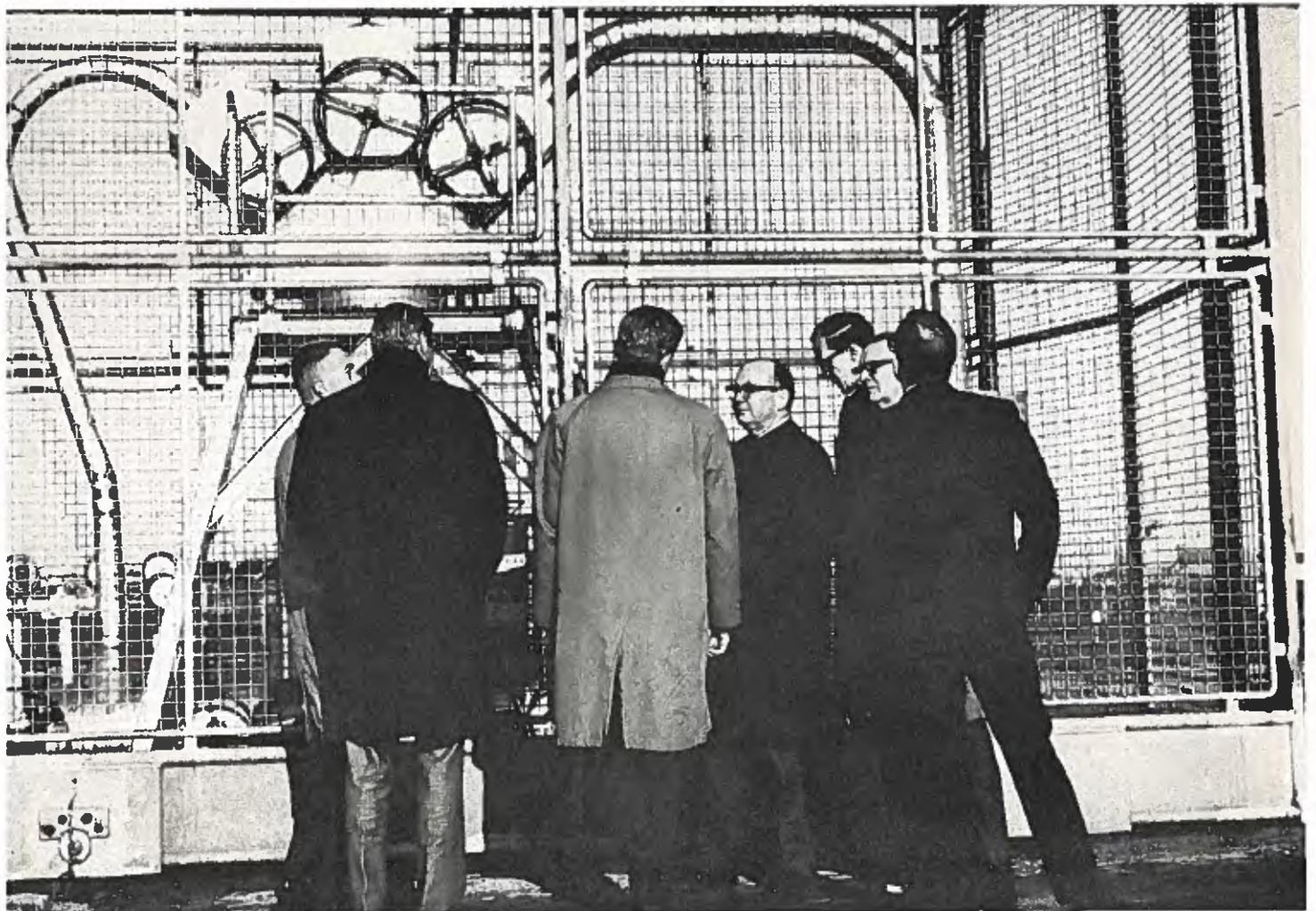


MARCH 16. 68

FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA



“Operation Groningen”

FOREIGN TRADE

MARCH 16, 1968

Vol. 129 No. 6

COVER: Recently the Trade Commissioners in the Netherlands worked out a method of covering their territory more intensively and uncovering more opportunities for Canadian goods. Here the team that went to Groningen (see article on page 2) visits the main distribution center for natural gas at Sappemeer. In the center is D. A. B. Marshall, Commercial Counsellor at the Canadian Embassy in The Hague.

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"Operation Groningen"

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This is the report of how a new trade promotion technique was developed and applied. It originated in The Hague office of the Trade Commissioner Service, and those taking part in the try-out are enthusiastic about its possibilities.

They've Got It Taped!

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To show how Lufkin steel tapes get around, we wanted to use a picture of a tribal chief in South Africa (with all his wives) being measured on location by Lufkin's vice-president and general manager. The picture wouldn't reproduce properly, but you will find the story of Lufkin's world-wide success heartening.

How to Sell Hardware and Housewares in New England

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Some time ago, the Department's Transportation Division embarked on a careful study of the world cargo fleet, recognizing the importance of speed, size and efficiency in determining ocean freight costs. This is what it discovered.

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COMING—CANADIAN BUSINESSMAN AND AID TO INDIA, MARCH 30 ISSUE

“Operation Groningen”

Planned: to make contacts, study trade potential in Holland's northernmost province.

Executed: in mid-November 1967 by Trade Commissioners in The Hague office.

Results: export and investment opportunities uncovered.

D. A. B. MARSHALL, *Commercial Counsellor, The Hague.*

GRONINGEN, Delfzijl, and Paterswolde are names familiar to thousands of Canadians—and thousands of Canadians are remembered with warmth and enthusiasm in these cities. Every Canadian visitor to the hotel in Paterswolde is proudly shown the plaque presented by the Black Watch of Canada, made from the casing of a shell fired in the liberation of May 1945. The participants in “Operation Groningen”—the Commercial Counsellor and his colleagues—were equally warmly welcomed and quickly made to feel at home when in mid-November they set up shop in Groningen.

The greater part of international trade in the Netherlands is carried out in what is known as “Randstad Holland”. Almost half the population lives in this area, which includes the cities of Amsterdam, Rotterdam, The Hague and Utrecht but which incorporates only three of the eleven provinces of the Kingdom of the Netherlands. Not all businessmen in the north, east and south of the country come to The Hague. Therefore, The Hague office has begun a program of visiting the other provinces in order to establish new contacts and assess the potential for increased trade.

A first sortie was made to Friesland in 1966 in association with the Netherlands-Canada Chamber of Commerce. The experience gained and interest generated by this trip were encouraging and therefore plans were made to visit the northernmost prov-

ince in 1967. “Operation Groningen” was then drawn up.

Organizing the Attack

In consultation with officials of the Groningen Chamber of Commerce and the Netherlands-Canada Chamber of Commerce, both of which offered every facility in developing the program, it was decided to allocate two days for visits to factories and municipal officials in the area, with a third day set aside for interviews with businessmen. In principle, the objective was to gain firsthand knowledge of local industrial production as well as to make personal contact with company and municipal officials.

In the past, visits to the provinces have been made to follow up an individual inquiry or contact, or for some other specific reason, such as a local fair. These are not given general publicity nor are formal calls made on provincial or municipal officials. An officer might be in a southern province one day and a northern province the next but spend no appreciable time in either. With the surprisingly large divergences between provinces of the Kingdom in language, business activities and even characteristics, it is difficult to obtain a clear picture of each province on only a day's visit. The new program, which has the effect of locating the office in the province for two or three days, allows the Commercial Counsellor and his colleagues to shift the emphasis to

that specific area. They can demonstrate a definite interest in all aspects of its business as well as carry out representational activity among sections of the business community and local government agencies that would not otherwise be reached. A nominal staff is, of course, left behind in The Hague to look after routine business there.

Groningen crowns the north of the Netherlands from the estuary of the River Eems, bordering Germany, along the North Sea 60 miles west to the Province of Friesland. Covering approximately 929 miles, it has a population of over half a million. This province, with some of the richest and most productive farm land in Western Europe, has long been one of the most important producers of agricultural products. As a result, the major share of its industry has been related to the processing of agricultural commodities, turning out potato starch and related chemicals, packaged foods, and fertilizer. There are also two other traditional Groningen industries: shipbuilding firms specializing in coasters and small fishing vessels, and metalworking firms specializing in steel and iron plating construction. As in the other sea-bordered areas, there is the age-old fishing trade.

Attracting Industry

In recent years the province, with the assistance of the Central Government, has been successfully increasing and broadening its industrial role in the Dutch economy and has waged a

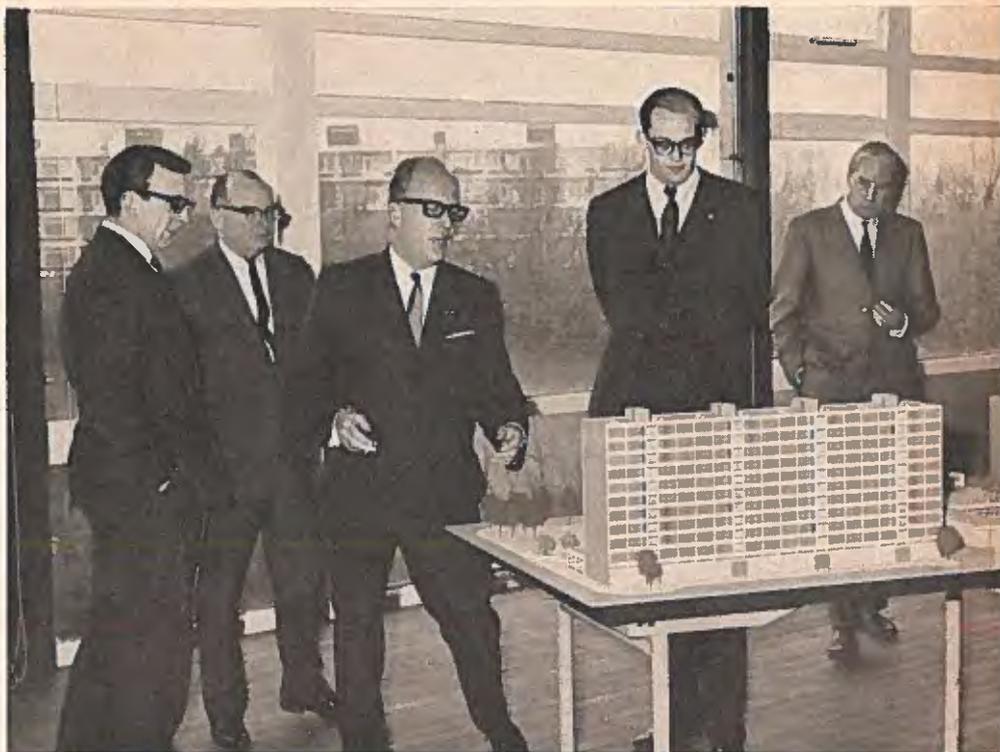
forceful campaign to attract new industries, especially from abroad. The Dutch Government provides three incentives to encourage firms to establish operations in the province—building grants, a reduction of cost prices for industrial land, and special mortgage arrangements or hire-purchase agreements.

Encouraged by the success of this program so far, the Province has also been greatly aided by the spectacular discovery of two important natural resources: natural gas and salt. Immense finds of natural gas within the last decade have brought in a great deal of capital and have allowed the province to offer industrial consumers the cheapest natural gas in Europe. The Groningen gas bubble, conservatively estimated at 1,800,000 million cubic meters, is the largest known field in the world and additional finds are anticipated in the North Sea, just off the Groningen coast, where offshore drilling is expected to begin early this year. Applications for drilling rights were called for in November and more than 50 international companies applied. As a result, this province particularly is expecting a large influx of people and, hopefully, new industries, especially in the chemical field. The salt deposits are also exceedingly rich: the Royal Dutch Salt N.V. has built a large salt refinery and soda plant at Delfzijl, the major port of the province, from which the bulk of production is exported, mainly to other Western European countries.

Getting to Work

The Province of Groningen was therefore fertile ground for a trade development visit. Suitably equipped with files and reference books, the task force established headquarters with the Groningen Chamber of Commerce which had made detailed local arrangements (even providing reserved parking space for official visits).

A warm welcome from the Burgomaster of Groningen was a most encouraging beginning. This was followed by the first business visit to the textile co-op, known nationally as Stijl Groep Groningen. The Director of N.V. Herenkledingfabriek v.h. Gebrs. Levie outlined the development and working operations of the group and discussed in detail trends in the clothing industry. As a result of problems just before and after the



At Delfzijl, the major seaport in the north of Holland, the Burgomaster (center), explains a model of a new housing development. Watching him are, from the Hague office, (left to right): D. J. S. Winfield, D. A. Bruce Marshall, and W. L. Clarke. On the right is Dr. J. C. Berghuis, a member of the Groningen Chamber of Commerce.

Second World War, six firms in the textile industry, mainly producing men's suits and coats, joined together in a loose co-operative. All six members offer the same sale, delivery and payment conditions and co-operate in research, product control, personnel management and advertising. Competition is now limited to the selling price and there are tacit understandings in this as well. This group produced about 600,000 pieces in 1966, about one-quarter of the total production of men's suits in the Netherlands. Of particular interest was the view that lighter-weight North American-style suits would gradually increase their share of the market at the expense of the traditional heavier wool-len types.

After a luncheon provided by the Chambers of Commerce of Groningen and Veendam, the group visited the factory of Theodorus Niemeijer N.V. This tobacco firm, founded in 1819, has developed into one of the largest producers of pipe and cigarette tobacco in the Netherlands. It has

been controlled by the Niemeijer family since its foundation, employs about 800 workers, and recently established a branch plant in Brantford, Ontario.

The group was received by the president and after a personally conducted tour of the plant, Mr. Niemeijer discussed trade prospects with Canada, including the possibilities of expansion.

Visiting Major Port

The second day's activities began at Delfzijl, the major seaport for the northern Netherlands, when the Burgomaster and other officials of the city described the industrial background of the area and its future plans for expansion. Delfzijl developed almost a century ago when, in 1876, the Eems Canal was dug, providing transportation from the port to the settled areas in the south. Since then factories producing soda ash, salt, chlorine, iron and steel cable, aluminum, and diesel engines have led the way to rapid industrialization in and around

this bustling community. The population of the port has doubled in the last 15 years to 20,000 and dramatic plans are under way to expand the modernized harbor and further industrialize the area. The first aluminum plant in the Netherlands was opened here in 1966 with an annual capacity of 32,000 tons. This will be increased to 76,000 tons in 1968 and within three or four years to about 200,000.

After a tour of the development area, conducted personally by the Burgomaster, the group was received by the Managing Director and officers of N.V. Appingedam Bronsmotor Fabriek and shown their factory. The largest supplier of diesel engines to the Dutch coastal fleet, this company has developed a unique management/labor relationship to the extent that the clocking in and out of its 400 employees has been discontinued. The company is also able to give unique and rapid service to its customers by holding in renewed stock parts of even their oldest marine engines, built at the turn of the century. They have connections in Canada and mutually beneficial trade prospects were discussed at length.

Following a lunch given by the Burgomaster of Delfzijl, the group visited the potato starch factory of Avebe at Veendam. In company with 15 other member factories, this cooperative produces nearly 250,000 metric tons of starch per year—more than half the total production of the EEC. Potatoes with an especially high starch content are grown for processing and the plant uses over one million tons a season. Derivatives are regularly exported to the Canadian pulp and paper industry.

In the evening a reception was held by the Commercial Counsellor and his colleagues for 180 business representatives of firms in the province as well as officials of the main cities and towns.

Individual Interviews Given

On the third day, businessmen were interviewed in the offices of the Chamber of Commerce after which the group visited the installations of NAM—the natural gas agency at Sappemeer. To the Netherlands which has had practically no resource except the energy of its population, the massive natural gas finds have brought

great possibilities for its further advancement and development as an industrialized country.

"Operation Groningen" has opened up what is virtually a new area for the commercial work of The Hague office. Opportunities for Canadian exports were uncovered and will be processed through the appropriate commodity divisions. Industrial and economic developments in the Province of Groningen should be of particular interest to sectors of Canadian

business as, in addition to the large new industrial complex developing around Delfzijl, the forthcoming search for gas in the North Sea will bring a great influx of business and labor into the area. In addition, there is a particularly warm welcome for Canadians in Groningen.

The Hague office would be pleased to receive inquiries from Canadian businessmen about the Groningen area and to assist in market explorations and arranging introductions. ●

Norway Boosts Sulphuric Acid Production

FOR some years, Norwegian production of pyrite concentrates has been falling, yet the value of exports of unroasted pyrite has not only been maintained but has even increased. Running down stocks has helped, but the main reasons for the improvement are tight world supplies of sulphur and rising prices. The output of Norway's six mines declined in 1966 to 700,000 tons from 833,000 tons in 1960, largely because one of the biggest, the Follidal Verk, came to the end of the deposit it was working; the mine will close shortly.

Follidal has for some years been controlled by A/S Borregaard, Norway's largest industrial concern which recently became the country's largest producer of sulphuric acid. Because of increasing demand for acid, Borregaard set out to find other pyrite deposits and in 1965 announced that it had discovered large quantities of ore at Hjerkin in central Norway; present estimates put these deposits at 8 million tons of pyrite ore containing copper and zinc sulphides. The new mine there will come into operation in 1968 with an initial output of 400,000 tons of ore yielding 220,000 tons of pyrite, 14,500 tons of copper concentrate and 5,700 tons of zinc concentrate. It is hoped to increase ore production to 600,000 tons.

The greater part of Norwegian pyrite production is exported, most of it going to processing plants at Hamburg, Lubeck and Duisberg in West Germany, and to Halsingborg in Sweden. In 1964 some 632,800 tons of unroasted ore worth 43 million kroner were exported; in 1966, 559,200 tons earned 65 million kroner. Exports of roasted ore were much smaller—76,100 tons worth 2.6 million kroner in 1964 and 67,900 tons worth 2 million kroner in 1966.

Borregaard intends to use a high proportion of the new mine's output to make sulphuric acid. Acid production began on a trial basis in 1966 with pyrite from Follidal. The company has since commissioned a new sulphuric acid plant at Sarpsborg with a capacity of 200,000 tons of acid from Hjerkin pyrite. Although no definite plans have yet been made, future developments will probably include the production of phosphoric acid, di-ammonium phosphate and inorganic chemicals.

Norwegian sulphuric acid production totalled about 124,000 tons in 1965 and exports about 19,000 tons in both 1965 and 1966. Imports, however, have risen sharply—from 1,537 tons in 1964 to 19,155 in 1966. Borregaard's new plant should cover the entire domestic demand and have considerable quantities available for export. The new plant will not, however, mean a net increase of 200,000 tons because Borregaard will close down its former plant. In the home market, it is reported that between 60,000 and 70,000 tons of acid a year will be sold on a ten-year contract to A/S Titan (the Norwegian subsidiary of National Lead) for the production of titanium pigments. Export markets for sulphuric acid have already been established in Britain.

Other sulphuric acid producers are Det Norske Zinkkompani A/S which uses the whole of its production, a little over 50,000 tons in 1965, to make superphosphate fertilizers; Lysaker Kemiske Fabrik A/S which produced 32,000 tons in 1965, and Norsk Sprængstoffindustri A/S which made about 20,000 tons but is closing down its plant.

—B. G. R. BARTON,
Commercial Assistant, Oslo.

They've Got It Taped!

Lufkin Rule did not go seriously into exporting until late 1963. Once it took the plunge, the company lost no time in developing markets all over the world. Here is how it was done—perhaps you face the same problems.

M. A. JOHNSTON, *Assistant Editor, "Foreign Trade"*.

THE LUFKIN RULE CO. of Canada Ltd. makes an amazing variety of measuring tapes and rules at its Barrie, Ontario, plant. There are special ones for the surveyor, craftsman, engineer, sportsman and the woman who does her own dressmaking. Because more and more countries are using the metric system, Lufkin has brought in machinery from the parent company in Saginaw, Michigan, to print graduations in centimeters. Now given complete freedom to sell overseas, the Canadian subsidiary has developed many markets beyond the Commonwealth, which was its original preserve. Rules from the Barrie plant go to sixty countries, and within two or three years half the entire output will be exported—a major achievement when you consider that Lufkin didn't begin serious exporting until 1963.

Britain, Australia and Africa are the biggest buyers. But since it believes that it is wrong to have too many eggs in one basket, Lufkin has systematically opened up new outlets because competition, tariffs and import quotas can at any time change the market picture. It also makes good sense to spread an air fare over a number of calls, particularly when stopovers often cost no more than a taxi and an extra night at a hotel.

Co-operative Effort

Success in export markets begins on the production line at home. This is especially true of products like steel rules. They have to be made to rigid standards of accuracy and production necessarily involves a proportion of rejections. Lufkin's careful workman-

ship and good housekeeping are keeping material costs down—with the result that it can sell its products in more and more markets where price competition is keen.

However, I was concerned with sales techniques, rather than production, when I talked to Don MacPherson, Lufkin's vice-president and general manager. "I believe that the best way to open up markets, especially overseas markets," he told me, "is to send senior personnel to break the ground. In practice, this may mean that you have to go and sweat it out in the tropics yourself, but it is worth it. Only senior people can make important decisions on the spot and make them stick; in a competitive situation, customers won't wait for head office to grind out the answer."

He also expressed some very decided views on what should be done in the Board Room and what should not: "Many companies make the mistake of predetermining policies at head office or the factory. What you need in export markets is flexibility, based on sound business judgment, of course. You should maximize profits by using the mix of prices, terms and conditions that is best for each individual market. Each market has peculiarities and often the exporter can adjust to them without sacrificing profitability. Recognizing the uniqueness of the individual market or country can give you a big "plus" over competition."

There's No Rule of Thumb

Playing the devil's advocate, I asked him how he decided what was the best mix of policies for the



market. "There isn't any simple rule of thumb," he answered, "you have to do some detective work. It isn't too difficult to find the clues and fit them together, but you can't do it from an office desk. You have to go to a lot of retail stores, see for yourself what they are selling and what the prices and conditions are, and talk to the managers. If you tell them that you are Canadian and are surveying the market for your product, I've always found that the average person will go out of his way to help you. You then repeat the process with wholesalers and agents—the Trade Commissioner can usually put you in touch with the right people—to get the picture at their level. By the time you have finished, you not only know what the normal trade terms are, but you have a good idea which products are likely to sell best. Naturally, you will spend longer checking into markets which have a big potential or where the competition is strong. There is no point in lingering in a place where you can do only a few

hundred dollars' worth of business. Foreign travel is costly, time-consuming and exhausting—and you don't do it just for fun."



Lufkin uses different channels to reach the retailer in different countries. It has just opened a warehouse at Emmen in the Netherlands to serve the European market which demands quick delivery and a complete service. The director of export sales, Bob McLeod, will be stationed in Europe for some time. He will be responsible for putting the new system into operation which will use commission agents to sell to wholesalers. Elsewhere, the company sells through agents who order their requirements from Canada as they need them or who keep small stocks and act as distributors. In Britain, however, sales are made to a concessionaire who buys outright, controls distribution and sets his own prices—with Lufkin guidance.

Keep the Agent on His Toes

Whatever the channel used, Lufkin retains an active interest in the marketing of its products. "An agent needs to have regular refresher courses," Mr. MacPherson told me. "We find that if we leave him alone more than a year, his enthusiasm fades and sales suffer. Besides, there is a lot that the manufacturer can learn from the agent about competition, market trends and the way the trade is organized. If your merchandise starts going through a different kind of retailer, for example, it means more than just a change in the master pack. You may need a new selection on the point-of-sale display, different literature, even completely different products. Keeping agents on their toes and gathering information from them is a task that Bob McLeod does very well.

"Lufkin is not, of course, the only manufacturer of rules and its products are not always the cheapest. Our great asset is marketing knowhow. (Cana-

dians sometimes forget that this gives them a big advantage in overseas markets over less sophisticated competitors.) We don't just ship out a crate of rules and leave it at that. We do our utmost to help our agents sell them. For example, we make displays to suit each individual market, featuring the lines we find sell best there. When it is not practicable to produce a complete catalogue in the local language, we concentrate on what the market is mainly interested in. We produce catalogue information in English, French, Dutch, German and Spanish. Above all, we help our agents to train their salesmen; when we launched Lufkin products on the British market, we sent six salesmen over from Canada to team up with six of the concessionaire's men and do a real sales blitz. If you help a salesman increase his earnings by showing him how to sell more efficiently, he will be well disposed to your product and push it, even if it is just one of many lines that he handles. But remember that goodwill by itself won't last forever; products and margins must be right and the firm's image has to be kept shining too."

Lessons of Experience

Like every other firm that has been successful, Lufkin acquired much of its knowhow through the painful experience of trial and error. A big step forward was the realization that export documentation and export promotion call for two quite different skills. "We hired an expert to look after the paperwork," Mr. MacPherson told me, "and it has saved us all sorts of worry. Before, we made just about every mistake in the book and although we always managed to get things sorted out in the end, it was tough on the nerves." Another lesson that the company learned the hard way was that wording on packages should be kept to a minimum. "If you have to translate into a number of languages, the fewer words there are and the simpler the message, the better. You might otherwise end up by having to make a bigger package just to get the message on!" Lufkin has its translations for publicity material done in the foreign country; it has discovered that an expatriate German, for example, hasn't quite the same feeling for the modern idiom as someone living in Berlin or Ham-

burg. The agent looks after local advertising when it is needed, but Lufkin's main promotion is through point-of-sale displays, pamphlets and dealer catalogues, all of which are designed in Canada. Lufkin's own staff can handle routine correspondence in French and German; a translation service in Toronto is used when other languages are required.

"Experience has also taught us to seek help from the Federal Government whenever we have a problem. We have received aid and advice from several government departments on problems related to importing parts and equipment, as well as on export problems."

The Human Touch

Exporting is not, by any means, all techniques and theory. The exporter has to sell himself as well as his product and must be acceptable to his overseas clients. "An interest in people and good manners are the two essentials. One day you may be selling your product to an industrial supply house in an Australian city and the next week you may be talking to a Highway Department official in an African capital or a wholesaler in the Netherlands.



"I can remember only one unpleasant incident," Mr. MacPherson told me, "and I was really scared that time. I'd had a bit of bother getting my bags through Customs in Lagos, Nigeria, and when I finally got to the hotel I couldn't sleep. The next morning I was feeling pretty rough. I looked at a street map and decided that I would walk to where I was to meet the Trade Commissioner. As I stepped from my hotel out onto the street, I was surrounded by a mob of club-toting warriors. Boy, did I run! Every few yards of the chase, one of them aimed a blow at me and I was sure I was escaping death by mere inches. By some miracle, I managed to reach my destination where I collapsed onto a chair. Imagine my chagrin when the Trade Commissioner laughingly informed me that it was a Carnival day and the club-swinging had all been in fun." ●

How to Sell

Hardware and Housewares in New England

Here is an outline of how hardware and housewares are sold in this area, plus an analysis of distribution methods to help the Canadian exporter choose the right one for him.

HERBERT B. STEARNS, *Commercial Officer, Boston.*

NEW ENGLAND with its large marketing area provides excellent opportunities that Canadian manufacturers of hardware and houseware products should explore. There is a market for new as well as standard product lines in the hardware field, including hand tools, small electric tools, power tools, nails, builders' supplies, cabinet hardware, bathroom fixtures, locks and latch sets, fasteners, paints, brushes, floor waxes and polishes, aerosol sprays, packaged fertilizers, garden tools, garden furniture, shovels and powered snow blowers, packaged metal fencing, packaged wood components, electrical supplies and automotive accessories.

The variety of saleable products in housewares and the opportunities for unique and novel ones are unlimited. A manufacturer, a distributor or a wholesaler is always interested in seeing and considering houseware lines, including canister sets, kitchenware, cooking utensils, the entire field of household plastics, aluminum trays, melamine dinnerware, decorative household accessories, planters, casual and recreational furniture, barbecue grills and accessories, steel wool and scouring pads, packaged detergents, and all types of household aerosol products.

Also included within the framework of the hardware-housewares industry are the many "traffic appliance" products, such as electric shavers, toasters, electric tea kettles, steam and dry irons, and so on. Industrial hardware

products are part of this industry but they are moved through distribution systems totally different from those established for consumer goods.

Hardware-Housewares Outlets

The many types of hardware and housewares outlets in the New England territory can be classified as follows:

Department Stores—There are approximately 50 major department stores in the New England territory and most of these maintain departments which display and sell all categories of hardware and housewares. Several of the larger department stores usually buy the small fast-turnover items, electrical supplies and traffic appliances from one or more large wholesale distributing firms. They purchase a number of other products—including seasonal items like snow blowers, lawn mowers, shovels, garden tools and other goods—directly from the manufacturer. When purchasing directly from the manufacturer, the department store buyer places the greatest emphasis on advertising allowances. In addition to this, quality of product, packaging, display material, and factory guarantees, plus price and favorable payment terms, are factors carefully evaluated by most department store buyers.

Hardware-Housewares Chain Stores—There are a few giant retail firms in New England which specialize in

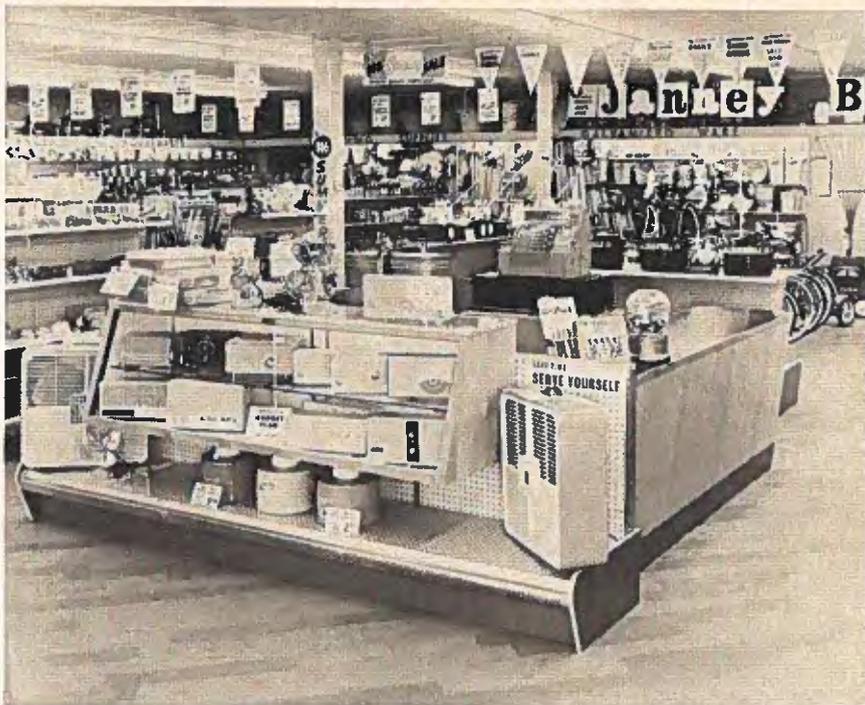
hardware and houseware products. The best known firm of this type maintains branch stores throughout the New England territory. Outlets of this type have a large product turnover and their over-all dollar volume of business is tremendous. For this reason, these firms prefer to bypass wholesale distributors and buy directly from the manufacturers whenever possible. The demands on suppliers made by buyers for hardware-housewares chain store operations are similar to those made by the department store buyers.

Independent Hardware Stores—Throughout the New England territory there are thousands of small, independent hardware merchants as well as a great number of independently owned franchised operations, such as the Western Auto Group. These firms generally stock and sell all hardware-houseware products in the consumer goods category. The volume of business of each store varies from small to large, depending upon population, size of store and the number of competitors in an area. The majority of these independent hardware merchants prefer to buy most products from the wholesale distributors. This is because their purchases per item are generally not large enough to warrant buying direct from the producer. Most independent hardware merchants appreciate the many local services which the wholesaler provides. Bookkeeping also becomes easier for the small retailer when he deals with distributors in contrast to dealing with numerous

factories. There are exceptions, because special items such as snow shovels move rapidly in season. In limited instances such as these a firm may prefer to buy the items in quantity from a manufacturer in order to obtain better prices and better payment terms. The owners of or buyers for these smaller stores generally place great emphasis on quality. They rely heavily on the judgment of the distributor salesmen and manufacturers' representatives who have been calling on them for many years. They do not, for the most part, demand unreasonable advertising allowances, price concessions or extended terms of payment. Most of them develop great loyalty and continue to do business year after year with the same suppliers.

Discount Houses—There are many large discount stores and discount chains in New England. The volume of all types of hardware and houseware products sold by this single segment of the retail market is estimated at many millions of dollars. For this reason, most discount houses buy products which have a rapid turnover. They prefer to buy all products of this type directly from the manufacturer and to buy the slower moving "consumer accommodation" items from wholesale distributors. In purchasing directly from the manufacturer, the discount house buyer is primarily interested in prices and packaging. Many of the discount operations are self-service and rely on low price tags and good packaging to attract the attention of the consumer. Other discount houses are remarkably similar to the department stores in their method of operation and in their buying habits.

Wholesale Distributors (Jobbers)—There are many Boston-based hardware-houseware distributors who maintain large outside sales forces. These firms stock every conceivable type of hardware and houseware product and they provide extensive sales coverage to all segments of the retail market throughout New England. Additional hardware-housewares jobbers throughout the territory provide extensive sales coverage within certain regions. In Maine, for example, there are approximately eight hardware-housewares wholesale firms



This spacious, well arranged hardware store is typical of hundreds in the New England States. Household appliances, garden supplies, non-electric housewares, and various types of hardware are arranged and displayed in groups for easy shopping.

giving excellent sales coverage throughout Maine and New Hampshire, and there are a number of distributors of this type in Vermont and in Rhode Island. Hardware-housewares distributors in Connecticut generally provide full sales coverage throughout Connecticut and western Massachusetts. Builders' supply firms and mill supply companies also stock and sell at wholesale both hardware and houseware products.

Prices and Profits

The Canadian manufacturer of hardware-houseware products must at this point examine discounts and discount structures as they apply to each of the above types of outlets. Standard large brand-name producers extend to the jobber average discounts of 50 per cent off suggested retail prices. Non-standard brand or secondary producers offer jobbers discounts ranging anywhere from 50 per cent to 50 and 10 per cent. The average margin for retailers indicated by the National Retail Hardware (NRHA) chart is approximately 30 per cent.

Methods of Distribution

A Canadian producer of hardware-houseware products who has limited quantities for export might consider selling directly to the discount houses. It is possible that one or two discount houses and/or department stores could handle the total export portion of the Canadian firm's production. The firm might, however, encounter certain problems when trying this method.

1. Heavy price cutting by certain discount stores can prove injurious to a product image.
2. Discount house buyers often pressure the supplier for the equivalent of jobber discounts.
3. It is not uncommon for many discount and department store buyers to require the supplier to supply heavy advertising allowances and offer extended terms of payment.

A second method which has proved successful for certain Canadian hardware-houseware producers with lim-

ited quantities for export is to select one or two strategically located wholesale distributors. This approach is generally free from the pitfalls encountered in a direct approach to the discount outlets.

The best method of distribution for the Canadian hardware-housewares manufacturer may be through a manufacturers' representative. Manufacturers' representatives are seasoned business people who know the territory well and are experienced in sales and marketing techniques. These agents are known by and usually enjoy the confidence of the buyers and the trade. The Canadian manufacturer engaging the services of a representative must offer him a fixed percentage. This fixed commission is a percentage of the total wholesale dollar volume of business written by the representative, and is usually payable to him each month. The normal commission on most hardware-houseware products which the representative sells to wholesale distributing firms is 5 per cent. Most orders written by representatives with the giant discount firms and department stores where maximum discounts are given are also compensated at 5 per cent. Some manufacturers allow 7½ per cent and in some instances even 10 per cent commission for sales made by the representative to stores giving minimum discounts.

There are many excellent hardware-housewares manufacturers' representatives in the New England territory, and a number of them have successfully represented Canadian manufacturers. Boston is the headquarters for two major trade associations, the New England Hardware Dealers' Association and the New England Housewares Club, and approximately 100 firms of manufacturers' representatives belong to each of these groups. Manufacturers' representatives are generally interested in exploring new lines and it is not difficult to locate agents willing to take the time to test-market Canadian products. From a test market procedure, the potential agent can determine the over-all acceptance of the product in terms of price, quality, design and packaging. If for some reason the product is found to be not saleable, the representative will provide a detailed report. If the product is satisfactory and the

representative accepts the commission percentages and policies of the Canadian firm, he will request a letter confirming the details of his appointment. The representative may request that this letter contain the provision that he will act as exclusive agent.

Once the Canadian firm has appointed a representative, its products will be sold either to a single segment or to several segments of the wholesale buying trade. The final sales program will depend largely upon the product itself and the type of representative appointed. A well-packaged product pre-priced for mass merchandising operations may be sold exclusively to the discount trade by a type of representative whose agency is geared to supply accounts of this category. Other manufacturers with diverse product lines, flexible price schedules and required packaging might choose a similarly flexible representative. This means a representative whose agency caters to whole-

sale distributing firms and premium houses as well as to department stores, discount houses and chains, and independent hardware-houseware chains.

Certain products, such as most electrical appliances and electric tools, are specifically sold to wholesale distributors only and the Canadian producer considering export to the New England territory is invited to contact the Trade Commissioner at the Canadian Consulate General, 500 Boylston Street, Boston, Massachusetts 02116. He will be pleased to assist such producers in locating potential buying outlets and/or suitable agencies.

If you manufacture a line of hardware or housewares products we encourage you to visit the New England states; our office in Boston would be pleased to outline a marketing approach for your product and to arrange appointments for you. If there is any way we can help, please write to us. ●

Trade Fair Calendar—1968

● **Britain**—Alexandra Palace, the annual home of the Inter-Leather Fair, is falling down. Late this year London's well-known landmark will come under the hammer of a demolition crew—and there will not be a leather fair in 1968. Plans are under way to extend the fair's facilities in 1968 and include a more comprehensive range of leather products than has ever been shown before, from shoe materials to a variety of leather goods.

● **France**—Some 45 fairs and exhibitions have been scheduled throughout 1968, the majority in or close to Paris. The shows range from toys and games to women's foundation garments and lingerie, household appliances and home-making; there are also several agricultural, machinery, and livestock shows, a winter sports show, ready-to-wear apparel and electronic and aviation shows.

● **Germany**—Cologne's 1968 program of eleven trade fairs and exhibitions includes eight specialist shows directed entirely to the trade. Ten are international in scope and of interest to a variety of manufacturers; they cover a wide range of products, such as furniture, bicycles, household goods, clothing, and food. Canada will mount a display at the spring and fall *Fair for the Child*.

● **Indonesia**—Plans to stage a floating exhibition of Indonesian export products are being studied by the New Floating Fair Committee. Actual work on the new venture is expected to begin in March. A proposal to send the exhibition on a world cruise, calling at Pacific, West Atlantic, Mediterranean, and Indian Ocean ports is being considered.

● **Portugal**—The first Portuguese International Machine Tool Exhibition has been scheduled for October 1968 in Oporto and is sponsored by the Associação Industrial Portuense. Interested manufacturers should contact the Commercial Counsellor, Canadian Embassy, Lisbon.

● **United States**—The United States Government has announced it will again participate in the International Trade Fair to be held in Tel-Aviv, June 4 to 22, 1968. With some 11,000 square feet of space, the U.S. pavilion will be one of the largest among the 40 exhibiting nations. As part of Israel's 20th Anniversary celebrations, the fair is expected to attract world-wide attention and a record number of visitors from many countries.

Look Again at Japan

Canadian manufactured goods are becoming more important in our sharply rising exports to Japan. The author suggests how Canadian industry might participate from the inside in the expansion of the Japanese economy through joint ventures and licensing arrangements.

WILLIAM BRETT,
Commercial Counsellor, Tokyo.

MARRIAGE is a joint venture. So is a rendezvous in space or, for that matter, a tango. All of them require trust, expertise and co-ordination. A joint business venture into Japan requires all three, plus patience and optimism. This is a demanding list and the businessman contemplating operations here may well ask himself whether such a venture is worthwhile. The answer depends upon his own situation. If he is exporting to Japan and the end of patent protection is in sight, he will be vulnerable unless he can participate in the economy more intimately. It may also be that his competition is planning to combine with Japanese interests. If so, the rival firm will be in a favored position in a protected market. In any event, whatever the businessman's situation vis à vis Japan, he would be missing an opportunity in not considering operations here, either through a joint venture or a licensing arrangement.

Arrangements of this type have, in general, more relevance to the U.S., the British or the German manufacturer. There is no doubt that highly manufactured exports to Japan from these countries are better suited to this kind of operation than most Canadian exports are. Certainly inherent in manufacturing arrangements is the element of knowhow, or some other protective ingredient unavailable to the Japanese company—or it would be turning out the product itself. This element is today found in a growing list of Canadian exports and potential exports to Japan.

Canadians Have Advantages

There are apparently two main reasons for this relatively recent development. The first is the world-wide acceleration of research and development which has resulted in patents and processes and a general increase in the sophistication in industry everywhere. The technological permutations which have followed greatly increase the scope for international matchmak-

ing and in recent years Canada has been more active than most in this world-wide exercise. The second reason lies in Canada's familiarity with dealing at first hand with resource extraction and handling. As we grappled with our raw resources we have developed skills and methods that are interesting to the Japanese as they stake out their long-term resource requirements throughout the undeveloped world. There is in any case an apparent concentration of business co-operation potential on equipment of this general type.

Those unfamiliar with Japan would probably think first about direct equity investment. Many companies would welcome such an opportunity but this is an almost impossible approach. There are many deep-seated economic, social and historical reasons for Japan's reluctance to let foreign capital find its own level in Japan. This attitude is under attack from several quarters and there are some signs of change, but to be realistic, Canadians should, in the foreseeable future, try to adapt to possibilities as they are.

"Yen" Ventures or Licensing

One alternative is the establishment of a "yen base" company. This is a Japanese company operating entirely on yen and the resulting profit, if any, must remain in Japan. For obvious reasons this arrangement is not a happy one for most international businessmen—for one thing, doing business in the world today requires a high degree of capital mobility. Another possibility is the licensing arrangement. A market with the absorptive capacity of Japan is extremely attractive to many potential licensors, particularly if they make arrangements with their Japanese licensee for distribution elsewhere in Asia. Often this is a convenient and easy solution for a Canadian manufacturer who is busy establishing elsewhere and is not interested in equity participation.



This modern, efficient plant in Japan turns out monosodium glutamate, used by cooks everywhere. Japan is looking for foreign investors as partners in domestic industry.

Joint Ventures

The other opening into the Japanese economy is through the joint venture and there are growing indications that Canadians would do well to examine the possibility of joining hands with suitable Japanese partners. There are formidable organizational and administrative impediments to be cleared away but many of these apply equally to securing licensing agreements. We believe that it would be useful for more Canadian companies to consider the possibility of joint ventures before entering into licensing arrangements or pinning their hopes on initiating or continuing direct exports to the Japanese market.

Choosing a Partner

One of the first considerations in any proposed joint venture is the discovery and selection of a Japanese partner. If the businessman has an exceptional proposal, such as very specialized knowhow, Japanese interests will probably be aware of it and he is likely to receive all sorts of overtures. Even in the ordinary situa-

tion there is no lack of choice from the wide range of Japanese industry. The selection process should include all the standard tests: financial responsibility, technical attainments, marketing organization, and any other consideration that sound business sense prompts. One important point is whether the intended partner is the right vehicle to promote and pilot the joint venture through the trials to come, particularly the maze of government examinations the joint proposal will receive before it is validated.

Since the purpose of Japanese regulations in this field is to strengthen domestic industry, the Canadian businessman may find himself consorting with a Japanese firm whose operations parallel his own. This could bring up the possibility of conflict in third markets. This and other inherent frictions that might arise should be gone into thoroughly. In fact, everything should be gone into thoroughly and there should be complete understanding and enthusiasm on the part of both, or the intended venture could fail, either before validation or after. Another desirable attribute in the partner is

some exposure to Western business methods. Any knowledge of Western attitudes and thought processes will make things easier.

At about this stage the Canadian interest should secure the services of a local lawyer for general guidance on the intent of Japanese law and other potential problems. Such counsel would also be helpful negotiating an agreement with the Japanese partner.

Equity and Knowhow

Negotiations with the intended partner are really not too difficult once a few of the basic points are settled. These generally relate to equity and almost invariably the incoming firm must be prepared to take less than 50 per cent. The other relates to evaluation of knowhow, or whatever other element is in question. Generally speaking, the incoming firm should listen to its lawyer on these points, bearing in mind that the proposed Japanese partner has a better knowledge of what the proper authorities will approve. These authorities state that there is no well-defined set of terms admitting foreign capital. Rather, each case, be it a joint venture or licensing arrangement, is closely reviewed on its merits.

Once the Canadian and Japanese firm have established a new corporate identity, the new firm then turns to the Government for official approval. Certainly in some instances there will be no official softening until all requirements are met. Before validation the authorities must assure themselves on a number of points. The first imperative is that the joint venture will strengthen the Japanese economy in general by lending technical support to a relatively weak sector of industry that has a strong growth potential. The Japanese will look for a labor-intensive operation, and will be concerned about the export possibilities that the agreement engenders. If the operation of the agreement will require significant imports of bulk raw materials, the application will, generally speaking, receive a lower priority. The whole rationale is concerned with conservation of exchange and the reinforcement of the Japanese domestic economy.

Applying for Validation

Actually there are usually two applications for validation. One relates

to the technical assistance agreement between the Canadian company and the new Japanese entity, and the other to the acquisition of stock by the Canadian company in the new Japanese entity. These two applications have to be backed up by exhaustive details supporting the desirability of the agreement from the over-all Japanese point of view. The Canadian side will be asked to provide full details of its financial position, operating experience elsewhere, etc. The talks which have already taken place with the Japanese partner will have to be replayed and forecasts of production, export performance and profitability will be required.

The applications are made to two Government Ministries, the Ministry of International Trade and Industry (MITI), and the Ministry of Finance (MOF), but they are channelled through the Bank of Japan, which has over-all surveillance. Actually applications and related material move through the Industrial Finance Section of the MITI's Enterprise Bureau. This authority consults all organs of Government with a potential interest in the proceedings. One of the first sources consulted is the commodity section of MITI dealing with the

product of the joint venture. This group assesses it from the point of view of the venture's contribution to the industrial sector. (Sometimes the competition sees to it that MITI is apprised of all the soft spots!)

Then the Ministry of Finance officials make a searching review as they try to assess the effect on the nation's exchange balance. At every step the proposal may have to be adapted to conform to official views. After this going over, the venture is scrutinized by the Scientific and Technology Advisory Committee which is intended to apply criteria perhaps wider than those applied by officialdom proper. Eventually all the deliberative and consultative bodies are reassembled to approve or reject the application. For major agreements there may be an additional high deliberative council called to put the final stamp on validation.

Understanding Needed

Up to this point the Canadian company and the Japanese partner have been joined together by common interests and travail. Apparently it is the post-validation stage which proves the value of having a complete understanding with the Japanese partner.

The new firm will be carrying on business in a medium completely strange to the Canadian businessman. For instance, he may find that the Japanese will not automatically accept the view that he should have an influence on general management commensurate with his equity. Again speaking generally, it seems to be fairly widely accepted that the Japanese should manage day-to-day operations as much as possible, with the incoming firm contenting itself with a certain amount of say in general policy matters. Basic business attitudes and social philosophies differ and sometimes the institutional manifestations of these are almost incomprehensible, particularly in the field of personnel policy.

The establishment of a joint venture in modern Japan is one of the real challenges in international business. We would like to see more Canadian companies participate from the inside in a country widely held to be the scene of the most stirring chapter in modern economic development. This would be a proud accomplishment for a Canadian company and a valuable and lasting experience for the man who could bring it about. ●

Make Contact at the Canton Fair

IN THE FALL of 1967, an estimated 7,000 businessmen from around the world visited Canton to meet with representatives from the export and import divisions of Communist China's twelve trading corporations. (The twelve, with their addresses, are shown in the accompanying list.) A considerable percentage of the country's total foreign trade is conducted at this Fair which is held twice each year. Officially called the Chinese Export Commodities Fair, the spring version is held from April 15 to May 15 and the fall version from October 15 to November 15 of each year. The next Fair opens on April 15, 1968.

Canton is situated approximately 90 miles north of Hong Kong and there are three ways in which the Canadian visitor can reach the Fair. The first is via Hong Kong. Although it is a relatively short distance, one day should be set aside for train travel from Hong Kong to Canton and another for the return journey. The second and third methods are by air. Pakistan International

Airways has two flights a week from Karachi to Canton and Air France has one flight a week from Paris to Shanghai. Businessmen who take the Air France flight have to fly by domestic service from Shanghai to Canton.

All business visitors to the Fair must have a written invitation. These invitations can be obtained by writing to the head office of the corporation handling the products in which the potential visitor is interested or by writing directly to the Fair at the following address:

Chinese Export Commodities Fair
Pearl River Square
Canton, China

Businessmen who have already established contact with the state trading corporations, either through their head offices or one of the many branch offices situated throughout the country, can merely write to one or more of them

for an invitation. Businessmen who do not have established contacts should write to the Fair authorities at the above address, specifying the commodities in which they are interested and requesting that invitations to the Fair be sent to them. Such an application can be made at any time during the year. Although this is primarily an export fair, considerable import business is concluded.

On receipt of an invitation, the businessman must obtain a visa for travel to Canton. If business travel takes him to Europe or other parts of Asia before coming to Canton, he can obtain a visa from the country's embassies or consulates-general on the presentation of the invitation, in (among other centers) London, Paris, Berne, Karachi, Colombo or Phnom Penh. In our experience, however, most business visitors take the Pacific route, which necessitates the obtaining of a visa in Hong Kong. Because there is no official visa-issuing authority in Hong Kong, it is necessary for all formalities to be completed in Canton. If, therefore, the businessman arrives in Hong Kong with an invitation, he must be prepared to stay there for three or four days until a visa can be obtained from Canton. This is done through the China Travel Service whose address is:

China Travel Service (H.K.) Ltd.
37 Queen's Road, C.
Hong Kong.

The best way to avoid a delay in Hong Kong is to apply for a visa several weeks ahead. This is done by mailing

a photocopy of the invitation together with a request for visa application forms to China Travel Service at the address set out above. The Service will then airmail the visa application forms to the applicant. These forms, completed, with four passport photographs plus the original invitation, should then be returned to China Travel Service which will arrange for the visa to be issued in Canton and will have it ready for the visitor on his arrival in Hong Kong. This will enable him to travel to Canton shortly after his arrival. Even with this procedure, it is best to spend a night in Hong Kong in order to catch the early morning trains to the border to connect with the one regularly scheduled service to Canton.

If this is a first business visit to the country, we would suggest entry via Hong Kong. This will enable the Canadian to be briefed by our Trade Commissioners who are familiar with the situation. Plan to spend at least three or four days in Canton in order to do business because negotiations, even for small contracts, tend to be both thorough and protracted. Language is not a problem; interpreters in French and English are readily available.

We recommend that Canadian exporters who are considering a visit to the Fair write to our office in Hong Kong to obtain more detailed information on the potential Chinese interest in the products which they handle.

Visitors can expect a cordial reception at this increasingly important trade fair in Canton.

—R. G. GODSON,
Trade Commissioner, Hong Kong.

Chinese Foreign Trade Corporations

China National Cereals, Oils and Foodstuffs Import & Export Corp.
82 Tung An Men Street
Peking, China

China National Animal By-Products Import & Export Corp.
82 Tung An Men Street
Peking, China

China National Chemicals Import & Export Corp.
Erh Li Kou, Hsi Chiao
Peking, China

China National Light Industrial Products Import & Export Corp.
82 Tung An Men Street
Peking, China

China National Machinery Import & Export Corp.
Erh Li Kou, Hsi Chiao
Peking, China

China National Instruments Import & Export Corp.
Erh Li Kou, Hsi Chiao
Peking, China

China National Technical Import Corp.
Erh Li Kou, Hsi Chiao
Peking, China

China National Metals & Minerals Import & Export Corp.
Erh Li Kou, Hsi Chiao
Peking, China

China National Textiles Import & Export Corp.
82 Tung An Men Street
Peking, China

China National Tea & Native Produce Import & Export Corp.
82 Tung An Men Street
Peking, China

China National Garments & Wearing Apparel Import & Export Corp.
82 Tung An Men Street
Peking, China

China National Arts & Crafts Import & Export Corp.
82 Tung An Men Street
Peking, China

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Skiing Equipment for Australians

SPORTS-conscious Australians, although they are relative latecomers to skiing, are rapidly adding it to their favorite pastimes. In the Australian Alps, a vast and generally uninhabited region with 2,500 square miles of snowfields separating New South Wales and Victoria, a National Park has been developed. Some 60 per cent of all Australian skiers flock to it in the winter season from June to September. Many commercial and private lodges have been built there despite the five hours it takes to reach it from Melbourne or Sydney. Tasmania also has good skiing possibilities, but the potential is still undeveloped.

Skiing has become Australia's fastest growing participant sport in recent years. Each winter weekend 100,000 skiers take to the slopes, a number that rises by 25 per cent a year. In Victoria alone the figure is expected to reach 120,000 by 1975 as more snowfields become accessible.

Almost all the equipment used by Australian skiers is imported. There are only two local manufacturers of skis, one producing wooden skis and the other fibreglass types, which are best suited to the wet, sugary snow conditions prevailing.

The main source of ski equipment is Austria, followed by Germany, France and Italy. Japan and the U.S. are also in this market.

In Sydney and Melbourne, the retailing of skiing equipment, accessories and clothing is dominated by several specialists. In addition, the large department stores have skiing sections and advertise extensively during the pre-seasonal and seasonal buying periods. Although some of the ski shops hold exclusive agencies for imported lines, the normal method



The way to the ski slopes in Falls Creek, State of Victoria, is lined with gum trees.

of distribution is through an agent/wholesaler who can offer coverage throughout the country. Each November the ski-shop proprietors hold a convention in New South Wales where new products are displayed and most buying is done.

Because of the Commonwealth tariff preference, Canadian manufacturers of skiing equipment, accessories and spe-

cialty clothing should be able to compete in this rapidly growing market. The trade offices in Sydney and Melbourne welcome inquiries from Canadian suppliers and will provide detailed information about the market for their products in Australia.

—LEON B. STRYKER,
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R. J. L. Berlet, Assistant Commercial Secretary
C. R. D. Kelly, Assistant Commercial Secretary

Cable: CANADIAN *Phone:* 23-32-94

Telex: 75320 (DOMCAN A)

Territory: Albania, Bulgaria, Czechoslovakia, Hungary, Rumania.

BELGIUM

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C. T. Cbarland, Commercial Counsellor
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Cable: CANADIAN *Phone:* 13.38.50

Telex: 221613 (DOMCAN BRU)

Territory: European Economic Community, European Atomic Energy Community, European Coal and Steel Community.
Other countries: Luxembourg.

BRAZIL

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Telex: RIO 175 (DOMINION RIO)

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 W. D. Wallace, Commercial Counsellor
 G. E. Woollam, Commercial Counsellor (Agriculture)
 J. M. Rocbon, Commercial Counsellor (Metals and Minerals)
 J. N. Young, Attaché (Exhibitions)
 O. Hickie, Commercial Secretary (Timber)
 K. D. Taylor, Commercial Secretary
 R. M. Shaw, Attaché (Publicity)
 M. R. Bell, Assistant Commercial Secretary
 F. G. Beaudette, Assistant Commercial Secretary (Agriculture)
 W. D. Wardle, Assistant Commercial Secretary (Timber)
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Telex: 22526/264428 (DOMINION LDN)

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 K. R. Higham, Assistant Trade Commissioner

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Territory: Midlands, North England.

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 D. G. Nelson, Assistant Trade Commissioner

Cable: CANTRACOM *Phone:* DOUGlas 6751
Territory: Scotland.

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Telex: M100 (DOMCAN BOG)
Territory: Ecuador.

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DENMARK

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Prinsesse Mariæ Allé 2
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Cable: CANADIAN *Phone:* 31 33 06
Telex: 5036 (DOMCAN KH)
Territory: Greenland, Poland.

DOMINICAN REPUBLIC

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Territory: Haiti, Puerto Rico.

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- E. Montgomery, Commercial Secretary (Agriculture)
- J. St. Pierre, Assistant Commercial Secretary
- M. Wanklyn, Assistant Commercial Secretary
- E. Labbé, Assistant Commercial Secretary
- G. Tait, Assistant Commercial Secretary

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Territory: Algeria, Andorra, Monaco, Morocco, St. Pierre and Miquelon.

GERMANY

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- R. ParLOUR, Commercial Counsellor
- H. Musgrove, Assistant Commercial Secretary (Agriculture)
- J. Buchan, Assistant Commercial Secretary

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Telex: 886421 (DOMCA D)

Territory: States of Baden-Wuerttemberg, Bavaria, Hesse, Rhineland-Palatinate, Saar; West Berlin.

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Duesseldorf 1, West Germany

- A. Browne, Consul General
- A. Elliott, Consul
- H. Lang, Vice Consul

Cable: CANADIAN *Phone:* 320525
Telex: 8587144 (DMCN D)
Territory: State of North Rhine-Westphalia.

Consul General
Canadian Consulate General
Esplanade 41-47,
2000 Hamburg 36, West Germany

- A. Driedger, Consul General
- S. McCracken, Consul
- H. Clemons, Vice Consul

Cable: CANADIAN *Phone:* 351805
Telex: 215555 (DMCNH D)

Territory: City States of Bremen and Hamburg; States of Lower Saxony and Schleswig-Holstein.

GHANA

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Cable: CANADIAN *Phone:* 77606, 64824, 64825
Telex: 224 (DOMCAN ACC)

Territory: Guinea, Ivory Coast, Liberia, Mali, Mauretania, Togo, Upper Volta.

GREECE

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31 Vassilissis Soppbias Avenue
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- M. B. Bursey, Commercial Counsellor
- E. P. Rigby, Assistant Commercial Secretary

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Telex: 5584 (DOMCAN ATHENS)

Territory: Turkey.

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- R. D. Sirrs, Commercial Counsellor
- D. J. Browne, Assistant Commercial Secretary
- J. S. A. Sotvedt, Assistant Commercial Secretary

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Territory: Costa Rica, El Salvador, Honduras, Nicaragua, Panama, and Canal Zone.

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- C. R. Gallow, Senior Trade Commissioner
- R. G. Hatheway, Trade Commissioner
- R. G. Godson, Trade Commissioner
- D. M. Collacott, Assistant Trade Commissioner
- A. Blum, Assistant Trade Commissioner

Cable: CANADIAN *Phone:* 224087
Telex: HKG 391 (DOMCAN HKG)

Territory: Cambodia, Communist China, Laos, Macao, Vietnam.

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 K. G. DeWolf, Assistant Commercial Secretary

Cable: CANAOIAN *Phone:* 61-8254

Telex: 346 (DOMCAN DLI)

Territory: Bhutan, Nepal, Sikkim.

IRAN

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Tehran, Iran

Cable: CANTRACOM *Phone:* 613560,4-9291

Telex: 2037 (DOMCAN TEHRAN)

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Territory: Cyprus.

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 P. A. Freyseng, Commercial Secretary
 C. D. Miller, Assistant Commercial Secretary
 D. T. Wismer, Assistant Commercial Secretary

Cable: CANADIAN *Phone:* 864-327

Telex: 61056 (DOMCAN ROME)

Territory: Provinces of Toscana, Marche, Umbria, Lazio, Abruzzi-Molise, Puglia, Campania, Basilicata, Calabria, Sicilia, Sardegna. Other countries: Libya, Malta.

(continued)

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 C. E. Rufelds, Consul and Assistant Trade Commissioner
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Cable: CANTRACOM *Phone:* 652-485/652-600

Telex: 31368 (CANTRCOM MILAN)

Territory: Provinces of Emilia-Romagna, Lombardia, Piedimonte Trentino-Alto Adige, Veneto, Liguria, Trieste, Valle D'Aosta Friuli-Venezia.

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Telex: TK 2218 (DOMCAN TK 2218)

Territory: Korea, Okinawa.

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Territory: Malawi, Tanzania, Uganda, Zambia.

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Telex: 652 (DOMCAN BERYT)

Territory: Iraq, Jordan, Kuwait, People's Republic of Southern Yemen (Aden), Persian Gulf area, Saudi Arabia, Syria, Trucial States, Yemen.

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Telex: KL/TX279 (DOMCAN KL)

Territory: Brunei, Burma.

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Telex: 065-3505 (DOMCAN NZ 3505)

Territory: Cook Islands, Fiji, French Oceania, Gilbert and Ellice Islands, Tahiti, Tonga, Western Samoa.

NIGERIA

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Telex: 275 (DOMCAN LAGOS)

Territory: Dahomey, Gambia, Niger, Senegal, Sierra Leone.

NORWAY

Commercial Counsellor
Canadian Embassy
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Telex: Oslo 1880 (DOMCAN OSLO)

Territory: Iceland.

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Cable: DOMCAN RAWALPINDI *Phone:* 64980

Telex: LH 15 (LH 15 LAHORE 15)

Territory: Afghanistan.

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Telex: WLA 5323 (DOMCAN LIMA)

Territory: Bolivia.

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 E. L. Bobinski, Consul and Trade Commissioner
 R. A. Fairweather, Vice Consul and Assistant Trade Commissioner

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Telex: 3252 (DOMCAN MN 3252)
Territory: Republic of China (Taiwan).

PORTUGAL

Commercial Counsellor
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 J. R. Brocklebank, Assistant Commercial Secretary

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Telex: 377 (DOMCAN P)
Territory: Azores, Cape Verde Islands, Madeira, Portuguese Guinea.

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Telex: 277 (DOMCAN SPORE)
Territory: Indonesia, Thailand.

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Wm. Jones, Canadian Government Trade Commissioner
 R. W. Burchill, Assistant Trade Commissioner
 A. C. W. Davis, Assistant Trade Commissioner

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Telex: 7189 (DOMCAN J 7189)
Territory: Provinces of Natal, Orange Free State, Transvaal.
 Other countries: Angola, Botswana, Lesotho, Malagasy, Mauritius, Mozambique, Reunion, Swaziland.

(continued)

SOUTH AFRICA (continued)

Canadian Government Trade Commissioner
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Cape Town, South Africa

H. W. Richardsoo, Trade Commissioner
 D. H. Leavitt, Assistant Trade Commissioner

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Telex: 7060 (5-7060 CT)
Territory: Cape Province. Other countries: St. Helena, South West Africa.

SPAIN

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 F. M. Mulkern, Assistant Commercial Secretary

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Territory: Balearic Islands, Canary Islands, Gibraltar, Rio Muoi, Rio de Oro, Spanish Sahara.

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Territory: Finland.

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 D. T. Johnston, Assistant Commercial Secretary

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Territory: Liechtenstein, Tuoisia.

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Territory: Barbados, French Guiana, Guadeloupe, Guyana, Leeward and Windward Islands, Martinique, Surinam.

UNION OF SOVIET SOCIALIST REPUBLICS

Commercial Counsellor

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Territory: Ethiopia, Somali Republic, Sudan.

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Cable: CANAOIAN *Phone:* DEcatur 2-1011 (Area Code 202)

Telex: 0089664 (DOMCAN WSH)

Territory: District of Columbia.

(continued)

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J. D. Welsh, Consul and Assistant Trade Commissioner

D. Keddie, Vice Consul and Assistant Trade Commissioner

C. K. Marchant, Vice Consul and Assistant Trade Commissioner

Cable: CANTRACOM *Phone:* JUdson 6-2400 (Area Code 212)

Night Line: JUdson 6-2321

Telex: 00126242 (DOMCAN NYK)

Territory: States of Connecticut, New Jersey (eleven northern counties), New York. Other countries: Bermuda.

Consul and Trade Commissioner

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J. N. R. Ferland, Vice Consul and Assistant Trade Commissioner

Phone: 262-3760 (Area Code 617)

Telex: 0094567 (DOMCAN BSN)

Territory: States of Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

Consul and Senior Trade Commissioner

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J. A. Doyle, Consul and Trade Commissioner

P. D. Donohue, Consul and Assistant Trade Commissioner

L. G. Lee, Consul and Assistant Trade Commissioner

Phone: 427-1031 (Area Code 312)

Telex: 00254171 (DOMCAN CGO)

Territory: States of Illinois, Indiana, Iowa, Kentucky, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, Wisconsin.

Consul and Trade Commissioner

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Phone: 861-1660 (Area Code 216)

Telex: 00985364 (DOMCAN CLV)

Territory: State of Ohio.

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J. A. Langley, Vice-Consul and Assistant Trade Commissioner

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Territory: States of Texas, Arkansas, Kansas, New Mexico, Oklahoma.

(continued)

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 R. J. P. Archambault, Vice Consul and Assistant Trade Commissioner

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Territory: State of Michigan.

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 J. H. Suggitt, Consul and Assistant Trade Commissioner
 R. B. Blake, Vice Consul and Assistant Trade Commissioner

Phone: MADison 2-2233 (Area Code 213)
Telex: 00674119 (DOMCAN LSA)
Territory: States of Arizona, California (ten southern counties),
 Clark County in Nevada

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 R. D. P. Lee, Consul and Assistant Trade Commissioner
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(continued)

UNITED STATES (continued)

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 D. S. M. Baker, Consul and Assistant Trade Commissioner

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 Colorado, Hawaii, Nevada (except Clark County), Utah,
 Wyoming.

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Territory: States of Alaska, Idaho, Montana, Oregon, Washington.

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Territory: Falkland Islands.

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 J. E. Kepper, Assistant Commercial Secretary

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Reviewing the Fleet

**A special study by the Transportation Division
of how the demands of today's international trade
have affected the constitution of the world merchant fleet.**

THE continuing growth of international trade in volume as well as value has increased the pressure on ocean shipping to become more efficient and, through greater economies, to assure transportation access to world markets at reasonable rate levels. Recent scientific and technological advances in the shipbuilding industry have resulted in the development of supertankers, large bulk carriers and specialized cargo liners. These changes have far-reaching implications, particularly for Canada, one of the principal trading nations of the world and a major user of ocean transportation services. The following analysis is intended to review changing trends in the size, age, speed and draft of the world merchant fleet over the past few years.

The world merchant fleet, comprising steamships and motorships of 100 gross tons and over, expanded from 140 million gross tons in 1962 to 182 million gross tons in 1967. This represents an increase of 30 per cent over the five-year period and an average annual increase of 5.4 per cent. The number of vessels in the fleet rose 15 per cent from 38,661 to 44,375 during the period 1962-1967. Tables IA (below) and IB (page 26) show the growth of the world merchant fleet as a whole and by type of vessel since 1962.

In the last five years, total oil tanker tonnage has increased faster than total dry cargo tonnage. The world tanker fleet grew from 45 million gross tons in 1962 to 64 million gross tons in 1967, an increase of 41.5 per cent. Over the same period, the world dry cargo fleet increased 24.5 per cent from 95 to 118 million gross tons. The more rapid rate of growth of tanker tonnage compared with dry cargo tonnage can be seen from the fact that tanker tonnage went up from 32 per cent of total world tonnage in 1962 to 35 per cent in 1967, while dry cargo tonnage fell from 67 to 65 per cent of world tonnage.

Relevant data from Lloyd's Statistical Tables divide the world dry cargo fleet into two groups for the years 1964-1967: (1) ore and bulk carriers, and (2) passenger and general cargo vessels. The dry cargo fleet in recent years has expanded at a

—continued on page 30, following the tables.

Table 1 A
Growth of World Merchant Fleet, ¹ 1962-1967

Year	No. of Vessels	Gross Tons (millions)	Percentage Increase over Previous Year
1962	38,661	139.9	—
1963	39,571	145.8	4.2
1964	40,859	152.9	4.9
1965	41,865	160.3	4.8
1966	43,014	171.1	6.7
1967	44,375	182.1	6.4
Percentage increase 1962-1967	—	—	30.2

¹ Steamships and motorships of 100 gross tons and over, including United States and Canadian Great Lakes fleets and United States reserve fleet

Source: Lloyd's Register of Shipping Statistical Tables, 1962-1967

Table I B
Growth of World Merchant Fleet¹ by Type of Vessel, 1962-1967

Year	Oil Tankers				Ore and Bulk Carriers ²				Passenger and General Cargo ²			
	No. of Vessels	Gross Tons (millions)	Percentage Increase Over Previous Year	% of Total Fleet	No. of Vessels	Gross Tons (millions)	Percentage Increase Over Previous Year	% of Total Fleet	No. of Vessels	Gross Tons (millions)	Percentage Increase Over Previous Year	% of Total Fleet
1962	4,922	45.3	—	32.4	—	—	—	—	—	—	—	—
1963	4,984	47.1	4.0	32.3	—	—	—	—	—	—	—	—
1964	5,130	50.6	7.4	33.1	1,304	16.7	—	10.9	34,425	85.8	—	56.0
1965	5,307	55.0	8.7	34.3	1,403	18.8	12.6	11.7	35,155	86.6	0.9	54.0
1966	5,453	60.2	9.5	35.2	1,619	23.2	23.4	13.6	35,942	87.7	1.3	51.2
1967	5,527	64.1	6.5	35.2	1,849	29.1	25.4	16.0	36,999	88.8	1.3	48.8
Percentage increase 1962-1967	—	—	41.5	—	—	—	74.33	—	—	—	3.53	—

¹ Steamships and motorships of 100 gross tons and over, including United States and Canadian Great Lakes fleets and United States reserve fleet

² Data not available for 1962 and 1963

³ Percentage increase, 1964-1967

Source: Lloyd's Register of Shipping Statistical Tables, 1962-1967

Table II
Size Analysis of World Merchant Fleet¹, 1962-1967

Divisions of Size	All Types				Oil Tankers				Ore and Bulk Carriers ²				Passenger and General Cargo ²				
	Year	Gross Tons (millions)	Percentage Change Over Previous Year	% of Total Fleet	Year	Gross Tons (millions)	Percentage Change Over Previous Year	% of Total Fleet	Year	Gross Tons (millions)	Percentage Change Over Previous Year	% of Total Fleet	Year	Gross Tons (millions)	Percentage Change Over Previous Year	% of Total Fleet	
6,000-10,000	1962	51.1	—	7.4	—	—	—	—	—	—	—	—	—	—	—	—	
	1963	50.3	-1.6	6.6	-13.2	—	—	—	—	—	—	—	—	—	—	—	
	1964	49.6	-1.4	6.0	-9.1	3.3	—	—	6.7	43.3	—	—	—	—	—	87.3	
	1965	48.8	-1.6	5.9	-3.3	2.9	-3.0	—	6.6	42.7	-1.4	—	—	—	—	—	87.5
	1966	48.2	-1.2	5.6	-6.9	2.7	9.4	—	7.3	42.0	-1.6	—	—	—	—	—	87.1
	1967	47.3	-1.9	5.3	-7.4	2.5	5.7	—	7.8	41.1	-2.1	—	—	—	—	—	86.9
				-7.43	—	-34.23	—	12.14	—	—	—	-5.14	—	—	—	—	—
10,000-15,000	1962	27.3	—	60.1	—	—	—	—	—	—	—	—	—	—	—	—	
	1963	28.5	4.4	54.7	-4.9	—	—	—	—	—	—	—	—	—	—	—	
	1964	28.7	0.7	51.9	-4.5	6.5	—	—	22.6	7.3	—	—	—	—	—	25.5	
	1965	29.3	2.1	49.8	-2.7	6.8	4.6	—	23.2	7.9	8.2	—	—	—	—	27.0	
	1966	29.8	1.7	47.3	-2.8	7.2	5.9	—	24.2	8.5	7.6	—	—	—	—	28.5	

20,000-25,000	1963	9.3	10.7	5.7	1.8	61.3	—	—	36.3	—	0.9	—	8.8
	1964	10.2	9.7	5.6	-1.8	54.9	3.7	—	38.9	—	0.9	—	8.8
	1965	11.3	10.8	5.8	3.6	52.3	4.4	18.9	43.4	10.0	1.0	10.0	8.9
	1966	12.4	9.3	5.9	1.7	47.7	5.4	22.7	47.8	10.0	1.1	9.1	8.9
	1967	13.4	8.1	5.8	-1.7	43.3	6.4	18.5	—	33.34	1.2	—	—
		—	59.5 ¹	—	3.63	—	—	73.04	—	—	—	—	—
	1962	10.8	—	9.1	—	84.3	—	—	—	—	—	—	—
	1963	11.2	3.7	9.2	1.1	82.1	—	—	—	—	—	—	—
	1964	11.8	5.4	9.3	1.1	78.8	1.5	—	12.7	—	1.0	—	8.5
	1965	12.3	4.2	9.2	-1.1	74.8	2.1	40.0	17.1	-10.0	0.9	—	8.1
	1966	13.3	8.1	9.2	0.0	69.2	3.1	47.6	23.3	0.0	0.9	—	7.5
	1967	13.7	3.0	8.9	-3.3	65.0	3.8	22.6	27.7	0.0	0.9	—	7.3
		—	26.9 ³	—	-2.23	—	—	153.34	—	-10.04	—	—	—
25,000-30,000	1962	4.9	—	4.2	—	85.7	—	—	—	—	—	—	—
	1963	6.0	22.4	5.0	19.0	83.3	—	—	—	—	—	—	—
	1964	6.7	11.7	5.4	8.0	80.6	0.6	—	9.0	—	0.7	—	10.4
	1965	7.6	13.4	6.1	13.0	80.3	0.8	33.3	10.5	0.0	0.7	—	9.2
	1966	8.5	11.8	6.4	4.9	76.5	1.3	62.5	15.3	0.0	0.7	—	8.2
	1967	9.2	8.2	6.5	1.6	71.7	1.9	46.2	20.7	0.0	0.7	—	7.6
		—	87.8 ⁴	—	54.8 ⁵	—	—	216.74	—	0.04	—	—	—
30,000-40,000	1962	—	—	—	—	—	—	—	—	—	—	—	—
	1963	5.2	—	4.3	—	82.7	—	—	—	—	—	—	—
	1964	7.9	51.9	6.7	55.8	83.5	0.9	—	11.4	—	0.4	—	5.1
	1965	10.5	32.9	9.2	37.3	87.4	0.9	0.0	8.7	0.0	0.4	—	3.9
	1966	12.6	20.0	10.4	13.0	82.5	1.8	100.0	14.3	0.0	0.4	—	3.2
	1967	14.6	15.9	11.3	8.7	77.4	2.8	55.6	19.2	25.0	0.5	—	3.4
		—	180.8 ⁵	—	162.8 ⁵	—	—	211.14	—	25.04	—	—	—
40,000-50,000	1962	—	—	—	—	—	—	—	—	—	—	—	—
	1963	—	—	—	—	—	—	—	—	—	—	—	—
	1964	2.1	—	1.7	—	81.0	0.2	—	9.5	—	0.2	—	9.5
	1965	3.4	61.9	2.8	64.7	80.0	0.5	150.0	14.2	0.0	0.2	—	5.8
	1966	6.4	88.2	5.3	89.3	82.8	0.9	80.0	14.1	0.0	0.2	—	3.1
	1967	9.4	46.9	6.8	28.3	73.4	2.3	155.6	24.5	0.0	0.2	—	2.1
		—	347.64	—	300.04	—	—	1,050.04	—	0.04	—	—	—
50,000 and over	1962	—	—	—	—	—	—	—	—	—	—	—	—
	1963	—	—	—	—	—	—	—	—	—	—	—	—
	1964	2.1	—	1.9	—	90.5	—	—	—	—	0.2	—	9.5
	1965	2.7	28.6	2.4	26.3	88.9	—	—	—	50.0	0.3	—	11.1
	1966	4.2	55.6	3.9	62.5	92.9	—	—	—	0.0	0.3	—	7.1
	1967	7.0	66.7	6.2	59.0	88.6	0.5	—	7.1	0.0	0.3	—	4.3
		—	233.34	—	226.34	—	—	—	—	50.04	—	—	—

¹ Steamships and motorships of 100 gross tons and over, including United States and Canadian Great Lakes fleets and United States reserve fleet

² Data not available for 1962 and 1963

³ Percentage change, 1962-1967

⁴ Percentage change, 1964-1967

⁵ Percentage change, 1963-1967

Source: Lloyd's Register of Shipping Statistical Tables, 1962-1967



Table III

Age Analysis of World Merchant Fleet¹, 1962-1967

Divisions of Age	All Types			Oil Tankers			Ore and Bulk Carriers ²			Passenger and General Cargo ²		
	Gross Tons (millions)	Percentage Change Over Previous Year	% of Total Fleet	Gross Tons (millions)	Percentage Change Over Previous Year	% of Total Fleet	Gross Tons (millions)	Percentage Change Over Previous Year	% of Total Fleet	Gross Tons (millions)	Percentage Change Over Previous Year	% of Total Fleet
0-4	1962	40.5	—	18.2	—	44.9	—	—	—	—	—	—
	1963	40.4	-0.2	17.0	-6.4	42.1	—	—	—	—	—	—
	1964	42.0	4.0	17.4	2.4	41.4	8.4	—	20.0	16.2	—	38.6
	1965	43.5	3.6	18.7	7.5	43.0	9.2	9.5	21.1	15.5	-4.3	35.9
	1966	48.8	12.1	21.3	13.9	43.6	12.1	31.5	24.8	15.4	-0.6	31.6
	1967	54.6	11.9	22.9	7.5	41.9	15.8	30.6	28.9	15.9	3.2	29.2
			34.8 ³	—	25.8 ³	—	—	88.1 ⁴	—	—	-1.9 ⁴	—
5-9	1962	29.7	—	13.5	—	45.5	—	—	—	—	—	—
	1963	33.9	14.1	15.2	12.6	44.8	—	—	—	—	—	—
	1964	37.3	10.0	16.9	11.2	45.3	3.5	—	9.4	16.8	—	45.3
	1965	40.9	9.7	18.4	8.9	45.0	4.5	28.6	11.0	18.1	7.7	44.0
	1966	42.9	4.9	19.4	5.4	45.2	5.5	22.2	12.8	18.1	0.0	42.0
	1967	43.5	1.4	19.1	-1.5	43.9	7.0	27.3	16.1	17.4	-3.9	40.0
			46.5 ³	—	41.5 ³	—	—	100.0 ⁴	—	—	3.6 ⁴	—
10-14	1962	16.7	—	6.2	—	37.1	—	—	—	—	—	—
	1963	18.9	13.2	7.9	27.4	41.8	—	—	—	—	—	—
	1964	21.3	12.7	9.6	21.5	45.1	1.3	—	6.1	10.4	—	48.8
	1965	22.9	7.5	10.6	10.4	46.3	1.4	7.7	6.1	10.9	4.8	47.6
	1966	25.7	12.2	11.6	9.4	45.1	1.9	35.7	7.4	12.2	11.9	47.5
	1967	29.4	14.4	13.2	13.8	44.9	2.0	5.3	6.8	14.2	16.4	48.3
			76.0 ³	—	112.9 ³	—	—	53.8 ⁴	—	—	36.5 ⁴	—
15-19	1962	33.3	—	5.3	—	15.9	—	—	—	—	—	—
	1963	24.1	-27.6	3.8	-28.3	15.8	—	—	—	—	—	—
	1964	16.5	-31.5	2.8	-26.3	17.0	0.8	—	4.8	12.9	—	78.2
	1965	12.0	-27.3	2.7	-3.6	22.5	0.5	-37.5	4.2	8.9	-31.0	73.3
	1966	13.4	11.7	3.6	33.3	26.9	0.5	0.0	3.7	9.3	4.5	69.4
	1967	15.5	15.7	4.8	33.3	31.0	0.9	80.0	5.8	9.7	4.3	63.2
			-53.5 ³	—	-9.4 ³	—	—	12.5 ⁴	—	—	-24.8 ⁴	—
20-24	1962	8.4	—	0.9	—	10.7	—	—	—	—	—	—
	1963	17.3	105.9	1.9	111.1	11.0	—	—	—	—	—	—
	1964	24.9	43.9	2.9	52.6	11.6	1.1	—	4.4	20.9	—	84.0
	1965	29.9	20.1	3.7	27.6	12.4	1.6	45.5	5.4	24.6	17.7	82.2
	1966	29.1	-2.7	3.5	-5.4	12.0	1.7	6.3	5.8	23.9	-2.8	82.2
	1967	26.1	-10.3	3.2	-8.6	12.3	1.6	-5.9	6.1	21.3	-10.9	81.6
			210.7 ³	—	255.5 ³	—	—	45.5 ⁴	—	—	1.9 ⁴	—
25 and over	1962	11.4	—	1.1	—	9.6	—	—	—	—	—	—
	1963	11.3	-0.9	1.1	0.0	9.7	—	—	—	—	—	—
	1964	11.0	-2.7	0.9	-18.8	8.2	1.6	—	14.5	8.5	—	77.3
	1965	11.1	0.9	0.9	0.0	8.1	1.5	-6.2	13.5	8.7	1.2	78.4
	1966	11.2	0.9	0.9	0.0	8.0	1.4	-6.7	12.5	8.9	2.3	79.5
	1967	12.9	15.2	0.9	0.0	7.0	1.6	14.3	12.4	10.4	15.7	80.6
			13.2 ³	—	-18.8 ³	—	—	0.0 ⁴	—	—	19.8 ⁴	—

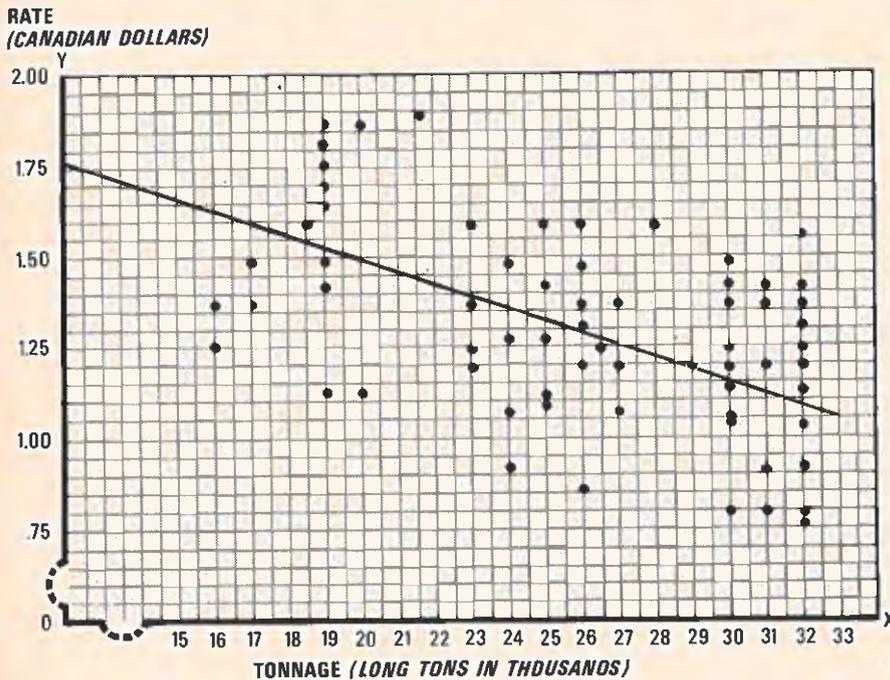
¹ Steamships and motorships of 100 gross tons and over, including United States and Canadian Great Lakes fleets and United States reserve fleet

² Data not available for 1962 and 1963

³ Percentage change, 1962-1967

⁴ Percentage change, 1964-1967

**Correlation between ocean charter freight rates
and tonnages for black oil from the Caribbean to the
northern range, first quarter, 1967.**



The chart shows the degree of correlation between ocean charter freight rates and tonnages for black oil from the Caribbean to the Northern Range of United States Atlantic ports during the first three months of 1967. The tonnage or size of vessel has been plotted on the horizontal or X axis as the independent variable. The rate or cost of transportation per ton of cargo has been plotted on the vertical or Y axis as the dependent variable, i.e., as a function of the size of ship. The negative or downward slope of the line drawn through the various points indicates a significant degree of inverse correlation between the cost of transportation and the size of vessel. In other words, the cost per ton of cargo varies indirectly with the size of the ship employed, the cost tending to decline generally as the ship size increases. (Source: U.K. Publications Ltd., *Daily Freight Register*, Nos. 21, 293-21, 353, January 4-March 31, 1967.)

Table IV
Average Speed¹ and Draft² of World Merchant Fleet³
by Type of Vessel, 1956-1964

Year	All Types		Combination Passenger and Cargo		Freighters		Bulk Carriers		Tankers	
	Speed	Draft	Speed	Draft	Speed	Draft	Speed	Draft	Speed	Draft
1956	12.1	24.6	14.8	23.1	11.7	24.1	10.6	21.7	13.0	27.8
1958	12.4	24.9	15.1	23.1	12.0	24.2	11.2	23.1	13.4	28.5
1960	12.8	25.1	15.3	23.1	12.3	24.2	11.9	24.7	13.8	29.1
1962	13.1	25.2	15.5	22.7	12.6	24.2	12.5	25.7	14.0	29.4
1964	13.3	25.5	15.7	22.4	12.9	24.2	12.8	26.6	14.2	30.1
Percentage change 1956-1964	+ 9.9	+ 3.7	+ 6.1	- 3.0	+10.3	+ 0.4	+20.8	+22.6	+ 9.2	+ 8.3

¹ Expressed in knots or nautical miles (one knot = 6,080.27 feet per hour)

² Full load draft indicated in feet (draft = vertical distance between waterline and keel)

³ Oceangoing vessels of 1,000 gross tons and over

Source: U.S. Department of Commerce, Maritime Administration, *A Statistical Analysis of the World's Merchant Fleets, 1962 and 1964*, Washington, G.P.O., December 1962 and December 1965

slower rate than the tanker fleet or the total world fleet, but it is interesting to note that ore and bulk carrier tonnage increased by more than 74 per cent from 1964 to 1967. However, passenger and general cargo tonnage rose by only 3.5 per cent in the same period. The ore and bulk carrier fleet made up 16 per cent of total world tonnage by 1967 compared with about 11 per cent in 1964; the passenger and general cargo fleet declined from 56 to 49 per cent during this period.

Size Characteristics

Most of the tonnage increase of the world merchant fleet in recent years has been in the large size groups, reflecting the dramatic increase in the size of vessels. Over the period 1964-1967, the tonnage of ships in the 40-50,000 gross tons class increased from 2 million to over 9 million gross tons. Vessels of 50,000 gross tons and over increased from 2 million to 7 million gross tons. Table II (page 26) shows the size distribution of the world merchant fleet from 1962 to 1967.

The continuous increase in the size of oil tankers and ore and bulk carriers is mainly responsible for the tonnage increase in the larger size groups of the world merchant fleet. The greatest increases in oil tanker tonnage during the period 1962-1967 occurred in the size groups over 30,000 gross tons. In these groups, tanker tonnage as a proportion of total world tonnage ranged from 73 to 93 per cent. In the same period, ore and bulk carrier tonnage experienced the greatest increases in the size groups between 20,000 and 50,000 gross tons. Passenger and general cargo tonnage, significant in the smaller groups only, showed relatively minor changes during the years under review.

A primary consideration in the trend towards larger vessels in the world merchant fleet is the concept of "economies of ship size". This concept, also known in a more general economic sense as "economies of scale", refers to the gains in the form of lower costs of transportation per ton of cargo resulting from the use of large size ships. "Diseconomies of ship size", on the other hand, refer to the higher transportation costs per

ton of cargo arising from the employment of smaller vessels.

Economies of ship size have led to increases in the size of tankers and bulk carriers, bringing about substantial reductions in the transportation costs of major bulk commodities. (See chart on page 29.) The increase in the size of ships, however, has been more pronounced for tankers than for bulk carriers. Where draft limitations prevent the use of large vessels, the entry and departure conditions of ports directly affect the costs of water transportation. The problem of access for large size vessels to principal terminals is being overcome by locating new terminals in natural deep waters, by dredging approaches to existing terminals or by discharging offshore and, in the case of tankers, by loading and discharging offshore through pipelines.

A study* has been made of the effect on total transportation costs of a variation in the size of the ship employed. According to this analysis, the most important saving associated with an increase in ship size is in the costs of the ship operating at sea. Both fixed and variable costs rise much less than proportionally with the size of the vessel. On the assumption that any ship operates at an "optimum speed" which rises with her size, the higher speed of a larger vessel produces better utilization at sea. Fuel consumption increases slightly less than proportionally with the size of the ship. These two factors strengthen the "economies of scale" of the ship at sea. The major cost element that rises with ship size is the cost of the ship's time while in port. In planning to achieve cost reductions in sea transportation, the improvement of port facilities and conditions to reduce the turn-around time of vessels must be emphasized.

Age Characteristics

Some indication of the improved quality of the world merchant fleet may be obtained from its age distribution. This is shown in Table III

*E. S. Engelstad and K. Knudsen, "Effect of Port Improvements on Transportation Economics", *Fairplay International Shipping Journal*, Vol. 222, No. 4351, January 12, 1967, pp. 140-3.

(page 28) for the period 1962-1967. Throughout this period, total world tonnage in absolute terms has been highest in the 0-4 years group, declining generally as the age of vessels rises. The average age of ships in operation has decreased in recent years. Since 1962, the proportion of total tonnage accounted for by vessels 0-4 years old and 5-9 years old has been increasing, while that represented by vessels 10 years old and more has been decreasing. An examination of the proportion of total world tonnage accounted for by the different types of vessels in each group indicates that the newest type of vessel is the ore or bulk carrier and the oldest is the passenger or general cargo ship.

The decreasing average age of the world merchant fleet is mainly a reflection of its rapid growth and does not necessarily mean a reduction in the working life of vessels. There is still considerably more tonnage in the older age groups than there was five years ago: 26 million gross tons in the age group 20-24 years and 13 million gross tons over 25 years old in 1967, compared with over 8 million gross tons and over 11 million gross tons respectively in 1962. The newer tonnage, however, is superior to the older in terms of speed, cargo-handling equipment and layout or design.

Speed and Draft

At the end of 1956, the world merchant fleet had an average speed of 12 knots and an average draft of 24.6 feet. By the end of 1964, the average fleet speed had increased 10 per cent to over 13 knots. The average draft increased to 25.5 feet. Table IV (page 29) contains data on the average speed and draft of the various types of vessels in the world merchant fleet for alternate years between 1956 and 1964.

Over the period 1956-1964 as a whole, bulk carriers recorded a 21 per cent increase in speed and a 23 per cent rise in draft. Freighters showed the second highest increase in speed, tankers the second highest increase in draft. Combination passenger and cargo vessels had the smallest percentage increase in speed during this period and also a decrease in draft. ●

What's current in commodities?

Men's Wear

Britain—Canadian manufacturers who can offer distinctive products at the right price could find customers. Both the opportunities and the competition are outlined in this practical piece.

J. C. MERCER, *Commercial Officer, London.*

THE MEN'S WEAR market in Britain began to recover in 1962 from some years of relative neglect and rose steadily until 1966 at an average rate of £25 million a year. In 1966, the increase slackened to about £14 million, with sales for that year worth £573 million. Detailed statistics on the share of these sales going to various age groups are hard to come by, but the group from 18 years on probably accounted for £350 million.

Beginning about 1962, it was the "young moderns"—the wage-earners born in 1947—who forced manufacturers and retailers alike to think again about providing the right "gear" for the half-million males born in that year. They have been the main reason, many observers feel, for the substantial expansion in the market for men's wear. With an unaccustomed amount of money to spend, they went looking for something different.

The figures for 1966 show that retailers of men's wear did not share in the expansion achieved by stores selling other commodities. From January to October in that year, sales of men's wear expanded only 2 per cent over 1965 and lagged behind retailing generally. None the less, this is still a substantial business with many opportunities; some are discussed in the following paragraphs.

Ready-to-Wear Suits

The £40 to £60 ready-to-wear suit does not yet enjoy a ready sale here. Over the last year or two, how-

ever, these more expensive suits have been selling, but it will be some time before the habit of generations is broken and ready-to-wear suits in this range will sell in large quantities. The man intending to pay £35 to £45 for a suit also usually goes to his local tailor and has it made to measure. Even in the cheaper price range of £16 to £35, 65 per cent of the suits sold are made to measure. Montague Burton Multiple Chain (590 shops) produces 3½ million suits a year. Only 15 per cent of these are ready-to-wear. United Drapery Stores (900 shops) produce something over two million suits a year. Total domestic sales of suits approximate 12 million, 30 per cent of which are supplied through Montague Burton.

Although new styling and high fashion have invaded the men's clothing field, the main volume of the trade is in suits and jackets of traditional cut. Canadian manufacturers sold formal and leisure suits worth \$204,000 in Britain in 1966. Competition is rather stiff; one Irish manufacturer of men's suits spent some £10,000 on producing a suit designed specifically for British customers and a Swedish manufacturer spent £70,000 on advertising in Britain for one week last year.

Lightweight Suits

The information collected at the recent Men's Wear Association of Britain Exhibition held at Brighton (September 18 to 22) showed that the lightweight ready-to-wear suit

market in Britain is ripe for development, but it may be difficult to convince the Englishman that he should have at least one or two suits of lightweights of between 10 and 13 ounces, as well as of the heavyweight 18 ounces. The increase in overseas travel, however, plus a revolution in home heating and higher standards in office heating, are helping to bring about this change in cloth weights.

The most popular cloths from British Mills (up to 13 ounces) are mixtures of manmade fibre and wools and at the 1967 Men's Fashion Council Show in London, the only cloths used were terylene blends with wools of super 80's and some super 90's. Up to now, Bespoke Tailors have shown the greatest interest but the ready-to-wear manufacturers are now aware of the good performance record of this cloth and realize its potential.

Canadian suit manufacturers in the £35 to £50 retail price range would do well to look closely at the British market as a long-range investment. Current consumption is estimated at 250,000 suits a year but the potential must be about two million. Calculations using the figure of 12 million suits sold last year indicate that the average man up to now has bought a new suit only once in 2 to 2½ years. This speaks for itself.

Casual and Leisure Wear

This is probably the area of the men's wear market with the greatest potential. A few years ago, the only casual clothes worn in Britain were heavy sports jackets, grey flannels, and a white shirt with a necktie. These are still popular but fashions are changing, and lightweight knitted T-shirts and sweaters in nylon and other manmade fibres are bought by young and old alike. Slacks in gay colours, with neater lines and made of lighter weight, stay-press materials

are being sold in quantity. So are new designs in jackets to complete the changeover to casual leisure wear.

This really is a new concept in Britain and the European countries have been quick to take advantage of their close proximity to Britain. Sweden in particular has had considerable success in the market here. One British manufacturer has produced for leisure wear a range of casual jackets with a practical feature—they are showerproof.

Co-ordinates in more flamboyant colors are being shown in London, mainly in the cruise-wear sections of the more exclusive stores like Simpsons of Piccadilly, Lillywhites of Piccadilly, and Harrods of Knightsbridge. Altogether, this is a section of the men's wear market in which Canadian manufacturers have had considerable experience and provided they can offer at realistic prices, there are opportunities for them in Britain.

Canadian anoraks and après ski jackets have been well received and there is every indication that, provided the price is right—£12 to £15 at retail—these too can be sold. Opportunities for selling swimwear are extremely limited because of the high duty on garments containing man-made fibres.

Shirts

There has been a definite swing away from nylon-Acrlan as shirting materials; the most popular combination in the better quality lines now is cotton mixed with Celon and Dacron. In the more popular price range, 28/- to 45/-, terylene/cotton mixtures and 100 per cent cotton "Drip Dry" shirts sell well. Exports of shirts from Canada in 1966 totalled \$2,883 but have risen considerably (to \$27,000) in 1967. Judging from samples and prices, however, Canadian manufacturers have some difficulty competing in this market.

Most medium-priced shirts (up to 50/-) are sold under brand names, and advertising is of the utmost importance. This is shown by advertising expenditures on shirts up to 50/- by British manufacturers in 1966. These expenditures ranged from £66,000 to £130,000.

Marks & Spencers (St. Michael) and Rael-Brook are still the two main

Do You Want to Sell Men's Wear in Britain?

First ask yourself the following questions:

1. Am I offering my goods for sale at the right time? Men's wear is to some extent a seasonal commodity and buying is carried out in Britain approximately four to six months before the season for which the goods are required:

Trade Buying Time

Spring: July-September

Shirts, pyjamas, suits, knitwear, casual leisure wear.

Summer: October-January

Shirts, pyjamas, casual leisure wear, swimwear (latest January).

Autumn: February-April

Shirts, pyjamas, suits, knitwear, casual leisure wear.

Winter: April-June

Shirts, pyjamas, topcoats, rainwear.

2. Have I sufficient capacity to meet export orders, even if the domestic market were to make extra demands on production capacity?
3. Have I adequate and suitably phrased sales literature?
4. How much money can I earmark for sampling, publicity/advertising, hotels and travel?
(If you intend appointing an agent, it will be necessary to visit the territory at least once.)
5. Are you as a company prepared to make alterations in cut and sizing (this would apply to suits and slacks mainly) to comply with British requirements?
6. Do you know exactly what import duty and purchase tax are payable on your goods?
7. Can you submit manufacturing breakdown costs to the British Board of Trade to substantiate certificate of origin details?
8. Do you have detailed shipping information, so that you can calculate accurate c.i.f. and f.o.b. prices?
9. Have you considered the possibility of reducing the duty rate on your product by altering the composition of the material when only a small percentage of manmade fibre is used?

If the answer to any of the above is no, your chances of success are limited but not necessarily ruled out. The questions have not been arranged in order of priority because each has a bearing on the operation as a whole.

manufacturers and between them they hold approximately 30 per cent of the shirt market in Britain, covering a price range of 27/11 to 37/6. Of the smaller manufacturers, the Wakefield Shirt Co. Ltd. (under the Double Two Brand) and Van Heusen together account for a further 12 per cent of the market.

Sales of higher-priced shirts, on the other hand, are not so dependent on advertising and one Canadian manufacturer is courting the British market with a measure of success. The price range is 55/- to 105/-. The prerequisite for selling these is a well-connected and active agent.

Rainwear

Manufacturers of rainwear have been aware for some time now of the possibility of making lightweight materials showerproof, (but not waterproof). It has only been in the last eight to ten years at most that new fabrics and treatments have created a new look in men's rainwear. More significant, the rainwear market has been split into two segments.

The familiar full-length raincoat is no longer displayed for sale but can be obtained on special order. The shorter, lightweight trenchcoat made of a proofed terylene/cotton mixture has emerged as a new trend in

showerproof wear, with all the distinctive features in demand by the younger set. Trade estimates show that 60 per cent of the market is for "fashion" rainwear and only 40 per cent for the more traditional type. The shorties and three-quarter coats are now firmly established in the British market.

Recent developments in the treatment of fabrics have moved the raincoat/car coat out of the drab functional range into the world of colour and style. The use of proofed-silk reversibles, terylene/cotton and Koratron means that garments keep their shape under the most rigorous conditions. Acceptance of these changes has resulted from the spending of a great deal of money on advertising: in 1965 two manufacturers of popular-priced rainwear spent £104,016 in this way.

In the rainwear trade, the type of media and the frequency of advertising have changed considerably over the last three years. In 1960, total television advertising expenditure by raincoat manufacturers was approximately £52,500 but by 1964 this figure had dropped to approximately £9,500 and in the first quarter of 1966, there was no TV advertising at all. What has happened is that the total budget has been spread over the whole year, using newspaper, trade and consumer magazines, instead of having two big campaigns in March-May and September-October. Annual advertising expenditure by men's and women's rainwear manufacturers amounts to £500,000.

British rainwear manufacturers have made it known through their trade press that they are disturbed by the large rainwear imports from Hong Kong. During 1966, three million garments (including women's rainwear) were imported from all sources, but 1½ million of these came from Hong Kong, or about 10 per cent of the total rainwear market. It is not surprising therefore that Burberry's, the leading men's rainwear manufacturer in Britain, announced that it would spend £30,111 (\$90,000) on its first television advertising campaign, commencing October 1967.

Distribution and Promotion

The retail trade in general is going through a difficult period, not just

How Much Duty?

GENERALLY speaking, men's textile garments imported into Britain are charged various rates of customs duty, depending on the amount of silk or manmade fibre present in the article. Assuming a given garment does not contain silk (the rate of duty is considerably higher when silk is present) but does contain manmade fibre the value of which exceeds 20 per cent of the value of all materials in the garment, the present Commonwealth preference rate of duty is 6 shillings 9 pence per pound or 22½ per cent, whichever is the greater. The Kennedy Round will reduce this rate to 4 shillings 6 pence per pound or 18 per cent, whichever is the greater. Where the value of the manmade fibre content in a garment is less than 20 per cent of the value of all materials but is greater than 5 per cent, the preferential rate of duty is currently 2 shillings 3 pence per pound or 20 per cent, whichever is greater. This rate will be reduced by the Kennedy Round to a straight 18 per cent. For garments where the synthetic fibre content is 5 per cent or less, the preference rate is free and will remain unaffected by the Kennedy Round. There is a substantial advantage of 20 per cent, which will not be lowered by the Kennedy Round, for garments in the 5 per cent or less manmade fibre category, but this is only marginal when the garment contains more than the 5 per cent tolerance.

To qualify for the preferential rates mentioned above, the garments must be manufactured in Canada, be consigned direct to Britain from Canada, and normally have a Commonwealth content of at least 25 per cent of the factory or works cost. If, however, the article contains any natural rubber whatsoever—such as elastic, etc.—a 50 per cent Commonwealth content is required to qualify for preference. ●

because of the prices and income freeze, but because many of the bigger department store groups are experimenting with bulk buying methods. Because this type of trading is in its infancy, we hesitate to draw any conclusions about whether this will help or hinder Canadian exporters. But prices will certainly tend to be keener.

If bulk buying becomes a generally accepted method of trading, manu-

facturers' agents could well find themselves looking harder towards foreign manufacturers for their bread and butter.

As a rough guide to determine whether or not distribution and freight costs will enable your product to be sold in Britain at a competitive price, f.o.b. costs in Canada are approximately one third of the eventual retail price in Britain. Included in this will be a 7½-10 per cent commission for the agent and between 50 and 65 per cent markup for the retailer. This calculation also takes into account duty up to 20 per cent and purchase tax at 11 per cent. Should you prefer to use a wholesaler to import and sell on his own behalf, then he will require a 15 per cent markup to the retailer as against 7½ per cent agency commission. On the face of it, this may seem to be an uneconomical method, but the benefit of using a wholesaler is that he can order in larger quantities, giving an over-all saving on freight costs and a larger turnover.

If you decide to operate through an agent, we would suggest putting on a trade show in our display room, once the agent has been appointed. (See article on the Macdonald House Showroom in the December 9, 1967, issue of *Foreign Trade* for details about the use of this space.) Importers have also suggested setting up an import agent to handle the import, sale and distribution of the products from a consortium of Canadian manufacturers of similar or complementary items. This has been done successfully by ten French companies in the men's wear field. We would be pleased to supply further details to Canadian companies interested in investigating this line of approach.

Another method of entering the British market is through two important trade fairs in this field, the International Men's and Boys' Wear Exhibition and the Men's Wear Association of Britain Exhibition.

Imbex is the larger of the two, catering to manufacturers, agents and wholesalers on an international scale. Because of the high costs involved, individual overseas companies exhibiting are in the minority and government-sponsored stands incorporating as many as twenty companies have been in evidence over the years. In

1966, in fact, the Canadian stand included exhibits of a wide range of apparel, made by 14 companies.

The MAB exhibition has been held in Harrogate, but this year there was a change of venue and Brighton was the town chosen.

This exhibition was originally restricted to British manufacturers but the policy has now changed and the organizers are encouraging foreign manufacturers—up to 10 per cent of the total number of exhibitors—to participate.

MAB is a prestige show for the trade only and is sponsored by the Association. The cost of hiring a stand

at this exhibition is within the reach of smaller manufacturers, and it could well be a useful vehicle for selected Canadian manufacturers. It is not a selling show and manufacturers are discouraged from taking orders on the stands. Most participants, however, have displays also in their hotel rooms and orders can be written there. For details of the cost of space and applications for reservations, write to the Commercial Counsellor, Office of the High Commissioner for Canada, 1 Grosvenor Square, London W.1.

Another method of selling that might be investigated is mail order;

of recent years, men's wear has been included in the catalogues of the main mail-order firms, which account for the greater part of the £490 million estimated mail order sales in 1967.

Outlook

The proportion of consumer spending on clothing and footwear has dropped from 10 per cent in 1957 to 8.8 per cent in 1965 and the figure for 1966, when released, may be still lower. None the less, Canadian men's wear manufacturers who feel they are competitive and who have something distinctive to offer might well investigate this market. ●

foreign tariffs and trade regulations



Ireland

IMPORT OF RAW ONIONS—To meet the demand until the 1968 home crop of onions becomes available, the Irish Minister for Agriculture and Fisheries has decided to grant licences to registered local importers to import raw onions during the period February 27 to May 15, 1968. Because of the recent foot and mouth epidemic in Britain, the import of onions grown there, which pass in transit through Britain, or which are unloaded in Britain for transshipment to the Republic of Ireland, is for the time being prohibited under the Foot and Mouth Disease (Importation of Plants) Orders. Applications for licences should be addressed to the Secretary, Department of Agriculture and Fisheries (Section 4), Dublin 2, Ireland, and should indicate the quantity it is desired to import and the country of origin.

The Minister makes it quite plain that all shipments of these onions must be accompanied by the proper licences under the Colorado Beetle Order, 1945, and the Foot and Mouth Disease (Importation of Plants) Order, 1952. Canadian exporters contemplating shipping to this market must pay particular attention to this requirement. Further details can be obtained from the Department of Trade and Commerce, Ottawa.

Jamaica

CUSTOMS PROCEDURE SIMPLIFIED—A new form of Invoice and Declaration (Form C-23A) has been introduced. Jamaican Customs authorities have advised that the introduction of this new form is primarily to simplify documentation, and is not intended to replace the form C-23. Either form may be used for shipment of goods from Canada to Jamaica. In addition to simplifying documentation, the new form abolishes the former practice of witnessing signatures, as required by Form C-23.

Copies of the new form as published in the *Jamaica Gazette* have been sent to commercial stationers and it is expected that the forms will be available from them shortly.

Nigeria

PAYMENTS ARRANGEMENTS—The Nigerian Central Bank has established priorities to be followed by commercial banks regarding remittances of foreign exchange. The priorities are as follows:

- (1) Personal remittances such as funds to students and dependents abroad

- (2) Fuel including petrol, petroleum products and coal
- (3) Essential imports such as machinery or spare parts, essential raw materials for industry and medical supplies
- (4) Freight and charter fees for vessels carrying products from Nigeria to overseas centers
- (5) Heavy duty trucks and lorries.

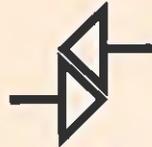
It is anticipated that for the above items a two-week delay in payment will be normal. Remittances to cover all other products are not expected to take longer than four weeks.

Switzerland

MONOPOLY TAX ON ALCOHOLIC BEVERAGES

—By decree dated October 2, 1967, the Swiss Federal Council established a new monopoly tax rate on imports of certain spirits. The new rate structure is to take effect on April 1, 1968, and is based on the alcoholic content of the beverages concerned. The tax is levied on spirits imported bottled in consignments of at least 50 kg. gross weight. The rates, per liter of 100 per cent alcohol, are as follows: whisky 22 Swiss francs, gin and aquavit 17 Swiss francs, and liqueurs 12 Swiss francs.

trade lines



Italy develops prefab housing industry

A new plant has been opened in Genoa for production of prefabricated villas, housing units and motels. This development may offer opportunities for Canadian firms to enter into production and marketing arrangements with Italian businesses—Milan.

Norway exports more cheese

Norway's exports of cheese during the first eight months of 1967 were 17 per cent higher than during the same period of 1966. Japan has now become Norway's main cheese market, taking 5,200 tons in 1966, and the figure should be larger this year. Exports to Britain, formerly Norway's largest cheese market, and also to Canada and the United States have increased appreciably. Other buyers include West Germany, Ireland, Switzerland, Spain, Belgium, Libya and the West Indies—Oslo.

Peru signs contract for steel plate rolling mill

The contract for a steel plate rolling mill in Chimbote was signed by the Corporacion Peruana del Santa and its operating entity, SOGESA, with the Italian and French consortium CONSIDER-ENSID and Financiera Peruana S.A. Although the specified cost of the plant is U.S.\$44.8 million, the over-all cost, including interest and financing charges, will be U.S.\$67.2 million.

The new rolling mill will produce 150,000 metric tons of steel plates per year, of which approximately 70,000 tons will be heavy plates for naval construction

and heavy industrial equipment. Some 25,000 will be galvanized for use in roofing and construction and 55,000 for use in the manufacture of metal furniture, motor vehicles and domestic appliances. With the new rolling mill, the capacity of the Chimbote plant will be 300,000 metric tons a year—Lima.

Colombia plans telephone development program

The Empresa Nacional de Telecomunicaciones and undertakings affiliated with the Asociación Nacional de Empresas de Teléfonos are to co-operate in a four-year (1967-1971) telephone development program involving investments of U.S.\$100 million and 800 million pesos—Bogota.

British order Norwegian cranes

Sverre Munck A/S has obtained an order worth over \$1.5 million for the supply of 40 stacking cranes, with equipment, for a new freight terminal being built at London Airport by British European Airways and British Overseas Airways Corporation. Deliveries are to commence in the spring of 1968 and be completed during the first half of 1969. This is the biggest export order Sverre Munck A/S has yet received, ships' cranes excepted—Oslo.

Iran builds aluminum plant

The Aluminium Company of Iran, which became a registered firm in December 1967, is a joint venture

project between the Regional Co-operation for Development (RCD) and Reynolds Aluminum Company of America. The company's registered capital is \$47 million, of which 75 per cent has been subscribed by Iran, 20 per cent by Reynolds and 5 per cent by Pakistan.

The plant will be erected in Khuzistan, South Iran, and is scheduled to start production in 1969. It will use one million kilowatts of electricity generated by the Mohamad Reza Pahlavi dam at Dez in the production of aluminum ingots and, in partnership with a sister plant, electrodes. Britain, Germany, Hungary, France and Japan are said to be competing for the contract to supply equipment—Tehran.

Czechoslovakia is using more computers

More than 100 small and medium-size computers are in use in Czechoslovakia. The principal unit is the Soviet-made *Minsk 22*; the remainder came from various foreign sources, mainly Britain. Czechoslovak economic development plans call for the increased use of computers and systems as part of the new managerial and economic reforms gradually being introduced. In addition to two types of computers now being produced in Czechoslovakia, a recent licensing agreement between the Czechoslovaks and Bull General Electric of France foresees the manufacture of a more advanced model. The British ICT Group is also exploring a joint manufacturing agreement—Vienna.

Switzerland joins Asian Development Bank

Switzerland has become the twenty-second member of the Asian Development Bank as of December 31, 1967. Its subscription amounts to U.S.\$5 million, one-half as paid-in capital, the other as callable shares. Switzerland has paid the first of the five instalments of the "paid-in" portion, \$500,000 in U.S. dollars, although local currency may constitute one-half of the instalment. With its strong international financial position, the new member is a positive addition to this multilateral institution.

Brazil will process pyritiferous rejects

Siderurgica de Santa Catarina S/A (SIDESC) is planning to develop a large chemical combination near the coal region in Santa Catarina to make systematic use of the pyritiferous rejects from coal. Two plants will be constructed, with other installations, for the concentration of the pyritiferous rejects. One will handle the rejects accumulated by Companhia Siderurgica Nacional et Bahado da Estiva. The second will be constructed on the River Maina. These plants will have a production capacity estimated at 240,000 tons a year with 44 per cent sulphur. Based on these two basic projects, SIDESC will build a factory for sul-

phuric acid and/or crude sulphur which will consume 230,000 tons a year of concentrated pyrites. The plan is to obtain the largest production possible economically in the form of raw sulphur—Sao Paulo.

Television comes to British supermarkets

A number of British supermarkets are trying out closed circuit television as a point-of-purchase promotion technique. The supermarket operators receive a fee for shelf space from the operators of the TV sets, who in turn sell time to manufacturers of the products the stores sell. Each advertisement runs 60 seconds and is repeated three or four times an hour. When this form of advertising becomes more popular, most of the transmissions may be in color—Liverpool.

French capital invested in Canadian newsprint mill

La Papeterie de la Seine, an offshoot of the Saint-Gobain group, will invest close to \$2 million in Donohue Brothers Limited. This represents a 10 per cent interest in the Canadian company, which has a 130,000-ton newsprint plant at Clermont, Quebec, and is planning to double capacity through its subsidiary Charlevoix Paper Company Limited. The new plant is expected to be in operation by mid-1969. An important feature of the arrangement is that the French firm will purchase 5,000 tons of newsprint in 1968 for its European market and will increase this to 10,000 tons in following years. Canada's newsprint exports to France in 1966 totalled only 3,000 tons—Paris.

Central America wants more tourists

The Central American republics are taking steps to promote the tourist industry. In El Salvador, Decree No. 367, effective August 1, 1967, encourages the development of tourist facilities by authorizing special concessions. These include duty-free import privileges for construction materials, machinery, equipment and furniture as well as exemptions from national and municipal taxes on invested capital and income received over five to ten years. Guatemala has enacted similar legislation—Guatemala City.

Venezuela plans large petrochemical complex

The Venezuelan Petrochemical Institute and the Commonwealth Oil Refining Company of Puerto Rico will co-operate in developing a large petrochemical complex at the mouth of Lake Maracaibo. The project has received government approval and is expected to cost eventually U.S.\$400 million. The first stage, to be begun in the middle of 1968, will consist of a U.S.\$80 million plant to produce ammonia and other nitrogen-based products for export. The second stage, now being planned, would see the installation of a large aromatics

plant to turn out benzene, toluene, xylenes, and their derivatives. The two enterprises will share equally in the ownership and financing of the projects but will also consider the participation of third parties—Caracas.

Chile imports Herefords from the U.S.

Chile has imported 5,150 head of polled Hereford cattle, valued at U.S.\$2 million, from the United States. The Government has also made public an agreement to buy 1,000 tons of frozen beef, 15,000 tons of chilled beef, and 61,500 cattle on the hoof during 1968—Santiago.

Ports in Brazil to be improved

A work group has been set up by the federal Transport Ministry to study port additions and improvements at Santos. The Macuco docks will be extended, port equipment replaced and modernized, and railroad terminals improved.

Contracts have been signed with the National Port and River Department to improve port conditions at Paranagua, providing for a new 500-meter dock with warehouses and equipment for general merchandise, a 128-meter dock for inflammables, and the dredging to 10 meters of the main access channel to the port. Upon completion of works, Paranagua could double its port traffic. In addition, it has been declared a "free port" for neighboring Paraguay—Sao Paulo.

Germany sponsors technical training in Venezuela

West Germany will provide tools, training equipment and five German instructors (to be replaced later by locally-trained teachers) for a technical training center in Maracay which is being sponsored by the German and Venezuelan Governments. Technicians will be trained in metallurgy, automotive mechanics, electronics and printing trades—Caracas.

Motorcycle plant planned for Venezuela

Japanese and Venezuelan interests are to set up a motorcycle plant in the new industrial zone of Barquisimeto. The initial investment will be Bs.10 million—Caracas.

Italy imports more meat

In the first half of 1967, Italian meat imports increased by 16 per cent to \$372 million. Per capita consumption of meat has doubled in the last ten years to 70 pounds a year, resulting in an increase of over 200 per cent during this period. Chicken consumption trebled, and that of beef and veal nearly doubled. Pork and lamb showed hardly any increase.

Import of Canadian meat is prohibited at present because of Italian veterinary regulations which bar meat from animals fed with estrogen hormone supplements. Should this law be rescinded in the future, prospects for sales of Canadian meats would improve—Milan.

Colombia will increase beef and milk production

With the aid of a U.S.\$10.7 million loan made to the Banco Ganadero of Colombia by the IADB, Colombia plans to raise production of beef and milk—Bogota.

Brazil plans to produce sulphur from schist

Federal authorities in Brazil are reported to be studying domestic sulphur production from bituminous shale (schist). Brazil is increasing its consumption of sulphur and spends each year almost \$9 million to import 180,000 long tons or more. A pilot plant to process bituminous shale is being built at Sao Mateus do Sul, Parana State, making use of the large natural deposits in the Irati Basin estimated at 200,000 metric tons. The plant is scheduled to produce 1,000 barrels of oil, 36,500 cubic meters of gas, and 17 tons of sulphur per day. The latter will be increased to 23 tons through modifications in the processing units—Sao Paulo.



Trade Commissioners on Tour

In Territory

Britain—A. Lloyd, Commercial Officer in Liverpool, will visit Manchester March 27-28.

K. R. Higham, Assistant Trade Commissioner in Liverpool, will visit Hull March 20-21.

Canary Islands—F. M. Mutkern, Assistant Commercial Secretary in Madrid, Spain, will visit the Canary Islands March 17-22.

Central America—J. S. A. Sotvedt, Assistant Commercial Secretary in Guatemala City, will visit Costa Rica, El Salvador, Honduras, Nicaragua and Panama March 18-29.

Ceylon—K. G. DeWolf, Assistant Commercial Secretary in New Delhi, India, will visit Ceylon March 18-21.

Pakistan—W. J. Jenkins, Commercial Counsellor in Rawalpindi, will visit Karachi, West Pakistan, March 18-22.

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).

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

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 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		Country and Currency	Value of	
	Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units at March 1		Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units at March 1
Algeria Dinar	.2212	4.53	Denmark Krone	.1460	6.81
Argentina Peso (free)	.0031	322.58	Dominican Republic Peso	1.088	.92
Australia Dollar	1.220	.8196	Ecuador Sucre (official) (free)	.0604 .0541	16.50 18.45
Austria Schilling	.0420	23.98	El Salvador Colon	.4350	2.30
Bahamas Dollar	1.066	.9364	Fiji Pound	2.498	.40
Belgium and Luxembourg Franc	.0219	46.25	Finland Markka	.2589	3.86
Bermuda Pound	2.611	.38	France, Monaco, etc. ³ Franc	.2212	4.53
Bolivia Peso	.0914	10.92	Franco-African Republics ⁴ Franc	.0044	227.79
Brazil Cruzeiro (official free)	.3393	2.95	French Pacific ⁵ Franc	.0122	82.64
Britain Pound	2.611	.38	Germany D Mark	.2718	3.68
British Honduras Dollar	.6555	1.53	Ghana New Cedi	1.066	.94
Burma Kyat	.2284	4.20	Greece Drachma	.0363	27.86
Ceylon Rupee	.1827	5.47	Guatemala Quetzal	1.088	.92
Chile Escudo (bank rate) (free)	.1803 .1508	5.55 6.64	Guyana Dollar	.5438	1.83
China, Republic of New Taiwan Dollar (official)	.027	37.04	Haiti Gourde	.2175	4.60
Colombia Peso (fixed)	.067	14.95	Honduras Lempira	.5438	1.83
Congo, Republic of ¹ Franc	.0072	139.50	Hong Kong Dollar	.1794	5.56
Costa Rica Colon	.1642	6.09	Hungary Forint (official)	.0921	10.86
Cuba ² Peso	.....	.....	Iceland Krona (official)	.0191	52.91
Czechoslovakia Koruna	.1510	6.62	India Rupee	.1452	6.89

Country and Currency	Value of		Country and Currency	Value of	
	Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units		Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
	at March 1			at March 1	
Indonesia ⁶ Rupiah	.....	.....	Peru Sol (free)	.0250	40.00
Iran Rial	.0143	70.42	Philippines Peso (free)	.2779	3.60
Iraq Dinar	3.045	.33	Poland Zloty (fixed basic rate)	.2718	3.68
Ireland Pound	2.611	.38	Portugal & Colonies ⁷ Escudo	.0378	26.33
Israel Pound	.3107	3.22	Saudi Arabia Riyal	.2066	4.84
Italy Lira	.0017	581.86	Sierra Leone Leone	1.523	.66
Japan Yen	.0030	333.33	South Africa Rand	1.523	.66
Kenya Shilling	.1526	6.55	Spain & Dependences Peseta	.0156	64.25
Lebanon Pound (free)	.3371	2.97	Sweden Krona	.2106	4.75
Malaysia Dollar	.3553	2.81	Switzerland Franc	.2503	4.00
Mexico Peso	.0870	11.47	Syria Pound (free)	.2847	3.51
Morocco Dirham	.2149	4.65	Thailand Baht (free)	.0527	18.90
Netherlands Florin	.3015	3.32	Tunisia Dinar	2.072	.48
Netherlands Antilles Florin	.5767	1.73	Turkey Lira	.1208	8.28
New Zealand Dollar	1.222	.82	United Arab Republic Pound (official)	2.501	.40
Nicaragua Cordoba	.1554	6.42	United States Dollar	1.088	.92
Nigeria Pound	3.051	.33	Uruguay Peso (free)	.0055	185.18
Norway Krone	.1523	6.57	Venezuela Bolivar (official free)	.2423	4.12
Pakistan Rupee	.2284	4.38	West Indies Dollar ⁸ Pound ⁹	.5438 2.611	1.84 .38
Panama Balboa	1.088	.93	Yugoslavia Dinar (official)	.0870	11.47
Paraguay Guarani (free)	.0087	116.28			

1. Additional rates are in effect.
2. There is no trading in Cuban pesos in U.S. or Canadian banks at present.
3. Franc is also used in French Guiana, Guadeloupe and Martinique.
4. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Cameroons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
5. New Caledonia, New Hebrides, French Polynesia.
6. Because of the complexity of the Indonesian exchange rate system, it is impractical to quote a single representative rate for the rupiah.
7. Approximately same rate for Portuguese territories in Africa.
8. Barbados, Trinidad and Tobago, Leeward and Windward Islands.
9. Jamaica.

Marketing Data Sheet

WEST MALAYSIA

Area

50,840 square miles.

Climote

Temperature ranges between 70°F and 90°F with average humidity 86 per cent. Fahrenheit scale is used.

Population

The total population of West Malaysia is 8.4 million, of which 4.3 million are males and 4.1 million females.

Households

There are approximately 1.4 million households.

Income

The gross national product in 1966 was M.\$8.1 billion, M.\$952 per capita. The average hourly wage is M.\$1.00.

Motor Vehicles

There are 169,000 passenger cars, 68,000 commercial vehicles and 215,000 motorcycles and scooters.

Telephones

Nine per thousand persons.

Radio and Television

There are 395,500 licensed radio and 94,900 licensed television sets. Television (625 lines per picture) and radio broadcasting are publicly owned.

Water Supply

Safe to drink. Pressure averages 21.6 psi.

Electric Power

Fifty-cycle a.c. 240 and 415 volts, single and three-phase. Voltage stability is plus 5 per cent and minus 10 per cent. A grounding conductor is required in the electrical cord attached to the appliance. There are 432,000 customers. Residential rates are 25 Malaysian cents per unit; commercial rates 7 Malaysian cents per unit. National capacity is 211.4 mw. The distribution system has a ground wire.

Cool

All commercial types of coal are imported.

Gas

LPG is available in cylinders. "Shellane" from refineries at Port Dickson and Pulau Bukom is essentially butane; "Essogas" is a mixture of approximately 30 per cent propane and 70 per cent butane. A 28-pound cylinder costs M\$8.20; in 112- or 122-pound cylinders the price is 21.5 Malaysian cents per pound.

Weights and Measures

Imperial.

Screw Thread

Metric and Whitworth right hand.

Standards

Approval is needed for electrical appliances. The address of the approvals organization is: National Electricity Board, Jalan Bungsar, Kuala Lumpur, West Malaysia.



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