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How to Sell Components to Agricultural OEM Companies

Five U.S. manufacturers in this field buy over $2 billion worth of components and production materials every year. It's an exacting market but one that Canadians could cultivate. This review will help prospective suppliers approach it more confidently.

LEONARD G. LEE, *Consul and Assistant Trade Commissioner, Chicago.*

THE FIVE largest U.S.-controlled "long-line" farm equipment manufacturers—Deere and Company, International Harvester, J.I. Case, Allis-Chalmers, and Oliver—have their head offices in the states of Illinois and Wisconsin. Their combined sales exceeded $5 billion in 1966 and their combined purchases of components and production materials exceeded $2 billion. This figure covered components ranging from simple wooden bearings (still used for combine straw walkers) through fasteners, castings, forgings, and stamped parts to complete sub-assemblies (power steering units) and accessories (combine and tractor cabs).

To date, only a handful of Canadian manufacturers have actively solicited business from these U.S. companies, although thousands of Canadian firms sell to their Canadian subsidiaries. Those few Canadians who have investigated this market in the U.S. have generally found a large and expanding demand for their products.

In speaking to me, the directors of purchasing for the five companies expressed a great deal of interest in Canadian sources of supply. All of them were buying from Canada, but had developed these purchases either as referrals from Canadian contacts or through sourcing programs of their own. Most of them told me that relatively few Canadian firms called on them regularly, and all of them said that they would welcome more Canadian suppliers.

The majority of parts for agricultural and horticultural equipment enter the United States duty free. None the less, firms wishing to sell there should first determine the tariff status of their products—that is, whether they are dutiable or non-dutiable—before setting prices. For information on this, they should write

to the Chief, United States Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa, giving full details about the parts they wish to sell.

How They Purchase

The organization of the purchasing department in each of these agricultural equipment manufacturers is usually determined by the organization of the company as a whole. If it operates on a "profit center" basis (Deere and Company and J. I. Case), the purchasing function is decentralized. The rationale for this is that a man cannot be held accountable for the profitability of a manufacturing unit if he has no control over his raw material and component costs. On the other hand, most purchasing agents agree that central purchasing is more efficient and there is less chance of being outmanœuvred by suppliers through lack of communication among plant purchasing agents.

Generally suppliers work under annual or biennial contracts with specified minima and maxima. In some instances, they sell on the basis of a fixed price but no specified annual quantity. Vendors are provided with production forecasts to help them judge annual requirements. Although the contracts may be made centrally, branch plants issue the purchase orders under the contract.

Occasionally optional purchasing instructions that the central purchasing department issues to branch plants become mandatory if there is a danger that the minimum quantity required for a price break may not be met. This is common for things like greases, oils or paints which are often covered by mandatory instructions (that is, annual contracts) in the first instance.

Under decentralized systems, where it appears desirable to negotiate with a supplier using company-wide purchasing power, the plant using the largest quantity of a product will negotiate the contract.

Individual Purchasing Practices

International Harvester—Regional purchasing undertaken on some items delegated for local action by the Central Purchasing Department. Inquiries for quotations may be instituted on any item at the local operation, but for an over-all view of requirements, a call at the General Office is recommended.

Oliver Corporation—Central purchasing of those items that are used in more than one plant on an annual contract basis is being encouraged. Optional purchasing criteria are also issued to the multiple plants on items where total corporate requirements do not involve criteria agreements.

Allis Chalmers—Central purchasing of items used in more than one plant. Optional purchasing instructions issued for others. Avoids long-term contract purchasing where possible.

J. I. Case—Completely decentralized. Any centralized purchasing undertaken is by decision of a committee of head office and branch plant purchasing personnel.

Deere and Company—Decentralized. Central purchasing (5 per cent of total) is primarily of specialized equipment. Purchase some basic raw materials centrally but most of these are for offshore use.

Making Contact

Because some of the long-line firms purchase almost everything centrally (International Harvester) but others are almost completely decentralized (J. I. Case), whom should you contact first—the plant purchasing agent or the purchasing agent at company headquarters? Although you may have to sell another purchasing agent on your product, as a general rule of thumb it is best to contact the company director of purchasing first. Whether the company purchasing department is centralized or decentralized, the director of purchasing will be able to provide information that individual plant purchasing agents cannot. He will be able to tell you the amount of a given product that is used company-wide, the number of plants using it, when it is best to call on the plant purchasing agents, the quality and service that are required, and so on. However, you should approach the initial interview with as much information as you can obtain. This will help you make the best possible impression.

On farm equipment manufacturers as purchasers . . .

"Drastic model changes in the industry are not as frequent [as in the automotive industry] and many basic farm equipment designs are relatively constant from year to year; therefore no major retooling is required on an annual basis."

—I. S. BOULTON, Director of Inventory Control, Oliver Corporation.

On central purchasing . . .

"Central purchasing is most effective when the items purchased have commonality of use among your branch plants and a low level of engineering complexity."

—C. F. GRUMLEY, Director, Corporate Purchasing, J. I. Case Company.

The First Call

The various directors of purchasing stressed the following four points as important to them when a firm is contacting their companies for the first time.

The person calling on them should:

1. Be directly connected and completely familiar with the company whose product he is attempting to sell. They are not interested in speaking with a manufacturers' representative who represents five or six firms and has just dropped in on the off chance that he may be able to peddle one of the various products that he carries. This does not preclude a capable commission representative from making a successful call on one of these firms. It does indicate, however, the desirability of either dealing directly with the large agricultural equipment manufacturers or having factory personnel go with the commission representative on the first call.

2. Have with him a brochure showing the company's facilities to establish his bona fides at once. The buyer is loath to allocate time to an unknown salesman without an initial assurance that the man is representing a company which could possibly be a supplier.

3. Be able to relate the product he is selling directly to the needs of the company he is calling upon. This is not always possible, but when a salesman is able to do this on his first call, he shows that he has done his homework and is particularly interested in being of service to the company.

4. Make a good product presentation. This implies complete familiarity with pricing, quality, service, delivery, technical specifications and the relationship of a particular product to competitive products. If at all possible, he should be able to point out to the buyer why the latter should consider this product in place of the one that he has already bought.

The Second Hurdle

If the salesman succeeds in interesting the buyer in the product, the latter will take one of two steps:

1. He will refer the product to the engineering department for design, performance, and quality examinations, or

2. He will refer the salesman to the engineering department for consultation to ensure that the prospective supplier understands the product specifications. Following this consultation, the supplier submits samples for evaluation as in (1) above.

If a product passes the engineering department examination and appears suitable, the only further test for the supplier to pass is the quality-capability review.

Quality Capability Review

Because the buyer wishes to have complete confidence in his suppliers, he usually checks any prospective ones very carefully to ensure that he is not badly bitten. This supplier check includes several or all of the points mentioned below:

1. *General credit check*—This particular check may take place immediately after the initial sales call and before product testing by the engineering department. It certainly will take place before any purchasing decision. This check includes a reference to standard sources of credit information, such as Dun and Bradstreet.

2. *Customer references*—The buyer usually contacts one or more of the other customers of the prospective supplier to make sure that the latter's approach to business is in accord with the procedures explained by the salesman. If these references are sufficiently good, any of the following steps may be omitted.

3. *Facilities review*—If the prospective supplier passes the two reviews above and if the item purchased is at all critical (and this usually means any one that actually functions, such as a cigarette lighter, or any being purchased in sizable quantities), a complete review of facilities is undertaken. The review may be made by the buyer alone, or the buyer and a

On purchasing agents . . .

"The purchasing agent of the future who most efficiently discharges his purchasing responsibilities will be the man who best knows how to exploit available computer technology, while maintaining a close personal relationship with key suppliers to tide him over times of short supply."

—D. C. YOUNG, Manager, Purchasing Department, Deere & Company.

On commission representatives . . .

"We prefer to deal directly with the manufacturer, but a commission representative can often be useful as a lobbyist with the supplier to ensure that quality standards and delivery deadlines are met."

—T. A. MORRIS, Manager of Purchasing, International Harvester Co.

representative of the quality control department, or the buyer, a representative of the quality control department, and a representative of the engineering department. This team visits the plant and notes the following: size, number of employees, type of equipment, age of equipment, flow of materials, and quality control procedures.

4. *Assessment of top and middle management*—The team also during its plant visit makes an assessment of the top and middle management of the firm to gain some idea of their general capabilities. It also attempts to judge whether or not the company is forward-looking or regressive.

5. *Corporate structure and history*—To round out the picture of the firm, the implement manufacturer is interested in its fire history, history of bankruptcies, how the firm was built up, and (increasingly important) its relationship with its parent company, if there is one. The latter becomes important if it appears that the company is being spun off from a conglomerate with possible demoralization of personnel, or if it is being bled by a holding company.

6. *Labor relations*—The buyer is interested in the labor climate in the community where the prospective supplier is located, and makes a general assessment of this. In addition, he wants to know which unions are operative in the manufacturer's plant and asks about the strike history. Finally, he notes the expiration dates of all union contracts. This particular point is becoming increasingly important and all of the major implement manufacturers said that they keep extensive files on suppliers and union contract expiration dates so that they can anticipate interruptions in supply.

7. *Political climate*—This does not have specific application to Canada, but it can be important when considering suppliers in other countries.

Three Opportunities

There are three bases on which a prospective supplier can build up sales to one of the large farm equipment manufacturers. Which one you try depends upon the type of product you hope to supply and the competitive products available to the farm equipment manufacturer. The three specific opportunities are:

1. *Technically superior item*—This is actually selling without competition. In this category, you can sell a farm equipment manufacturer on any item technically superior to anything else on the market. In short, it simply works better because it is technically superior and therefore not competitive with any of the other products currently supplied. The purchasing decision then becomes a question of whether or not the technical superiority of the item is sufficient to warrant the price.

2. *Better evaluated cost*—Items falling in this category are those competitive with other products on the market, but with a better evaluated cost. To decide whether or not an item has a better evaluated cost, the buyer looks at the product and considers the price, quality, service, inventory requirements, credit terms, stability of the firm, etc. In short, he considers the entire range of factors that enter into the purchasing decision. In this context, price becomes almost a minor point in arriving at the best evaluated cost.

On second sources of supply . . .

"We weigh our exposure to possible supply interruption problems against the cost of developing a second source."

—F. J. MacDOUGALL, Director of Purchasing, Allis-Chalmers.

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3. *Second source of supply*—If the product you are attempting to sell does not have a better evaluated cost than the one you are hoping to replace or is not technically superior to it, you can always hope that the manufacturer is looking for a second source of supply. All of the directors of purchasing interviewed stated that they consciously attempt to develop second sources of supply of all items that are either critical to the manufacture of the machine or used in large volume. If you have nothing else going for you, you may be considered simply because the firm feels that it must develop a second source of supply of the product you are selling.

T.A. Morris of International Harvester points out that "a second source can cost you money. If you have a free choice and no problems with the assurance of supply or competition, there is an additional cost in ordering and receiving from more than one source, in addition to the time and costs involved in purchasing, engineering, testing, quality capability review and inspection."

These are merely the costs of investigation for a second source of supply. The other area where the second source of supply may cost money is price. In short, it not only costs the buyer money to investigate the second source of supply, but he may end up paying more for the item he buys.

Whot They Buy

The type of components purchased by the agricultural OEM's were listed in the first paragraph of this article. The points covered here relate specifically to these components of the finished product, but one need only think of the numbers of desks and filing cabinets such firms need to realize the potential in other areas.

If you are interested in the agricultural OEM market, contact the Commercial Division, Canadian Consulate General, Suite 2000, 310 S. Michigan Avenue, Chicago, Illinois 60604. We are here to help you penetrate this market effectively. Let us provide you with the information we have, make contacts for you, and help arrange your itinerary. You have to do the actual selling, but a well-planned trip undertaken with complete background information can make even that easier. ●

British Builder Tries

Canadian Methods

A prominent British construction firm recently experimented with timber frame construction, joining the ranks of 60 other companies already using it. This article relates its experience and findings.

C. I. ROOKE, *Commercial Officer (Timber), London.*

AN ALL-TIME RECORD of 400,000 new homes went up in Britain in 1967, or 5 per cent more than in 1966. About half of the housing units were built by the private sector; the share of the public sector rose from 43 per cent in 1966 to almost 50 per cent last year.

The British Government's five-year housing program, as outlined in a White Paper published two years ago, called for a minimum target of 500,000 housing units to be built each year by 1970. Because of the employment position, it is unlikely the work force can be expanded sufficiently to cope with a task of this magnitude. It is now generally recognized that much of the future increase in output can only be achieved by increasing productivity. This means more efficient building techniques such as prefabrication or, to give it the name now used, industrialized building.

Industrialized Building

Statistical returns on housing for 1966 indicate that there are just over 100 industrialized building systems in Britain and they accounted for about 10 per cent of the homes completed that year. Of the 37,500 industrialized housing units built, 15,000 were wholly or partly of timber frame construction, employing a high percentage of Canadian plywood and surfaced-to-size lumber. Returns covering the first six months of 1966 record the construction of 16,500 industrialized dwellings. For the first half of 1967 the figure had risen to 23,000, an increase of almost 50 per cent.

Although it has been widely predicted that by 1970 some 35 to 40 per cent of all homes built in Britain will be the industrialized type, a high proportion of the housing in the private sector will continue to be built mainly along traditional lines. However, more and more government-financed housing will probably swing over to industrialized techniques as time goes on. The British Government has frequently impressed upon local authorities the need for changing to more expeditious building methods to meet the stepped-up housing programs. It has even indicated that

grants would be withheld unless more industrialized housing projects are incorporated in future schemes. Comments to date seem to point to industrialized construction eventually accounting for as much as 70 per cent of all subsidized municipal housing.

Wates Limited, a prominent British construction firm since the turn of the century, began two years ago to experiment with the Canadian method of timber frame platform construction, using one of its own traditional designs. The terrace left, at Merstham, Surrey, is the result of these research projects.

Advantages Studied

About four years ago, the Department of Trade and Commerce through its London office embarked on a concentrated campaign to impress upon British housing specifiers and home builders the advantages that timber frame construction offers. To popularize and gain wider national acceptance for this building system, groups of prominent people at all levels in the construction industry and allied fields were invited to visit Canada in 1963, 1964, and 1967 to evaluate on the spot the technical merits of this form of building. In their reports, all these groups enthusiastically outlined and endorsed the many advantages which the Canadian system could offer to the British home-building industry. Not only could it make possible high quality homes with a new level of comfort, but it could also make a real contribution to increasing productivity in the British home-building industry.

Wates Tries Out Timber

A British company which has recently joined the 60 large and small firms already building timber frame homes in Britain is Wates Limited, one of the more prominent construction firms in the country. It has been active since the turn of the century and accumulated considerable experience in concrete prefabrication techniques during World War II. At that time the firm participated in the construction of precast concrete harbors, floating docks, pontoons and other military contracts.

After the war it turned to development works, undertaking large-scale redevelopment projects and private estates, mainly in the London area. Over the years, it built up an excellent reputation as a shrewd, competent and forward-looking organization. In view of the national prestige Wates enjoys, its decision to incorporate Canadian timber frame construction into its major housing programs, both for private sale and municipal housing, is significant. It may well influence other construction companies to consider seriously the advantages claimed for the timber frame system.

During the immediate postwar years when the British Government encouraged new methods of house construction, Wates, drawing on its wartime experience, developed and produced a precast concrete two-storey dwelling. This became known throughout the country as the 'Wates House' and proved so successful that between 1945-1956 some 30,000 semi-detached units, as well as two- and three-storey flats, were built. Though the civil engineering side of the company still makes use of precast concrete for high-rise apartment and tall office buildings, the original two-storey Wates concrete home became uneconomic as building costs rose and conditions returned to normal in the mid-fifties. Wates then reverted to traditional building methods.

Approximately two years ago, Wates Limited again became interested in the economic possibilities of an industrialized building system for its speculative housing schemes. Although it had developed traditional techniques to a fine art, the firm believed that industrialization, if it were feasible, could greatly increase productivity. It was decided to investigate Canadian platform frame construction as an alternative to concrete.

Research Project Begun

With suitable timber in plentiful supply and with building societies showing a more favorable attitude towards this type of construction—and they provide about 80 per cent of all home purchase loans—Wates decided to initiate a research and development project. The objective was to carry out exhaustive studies on the merits of timber frame construction, covering costs, site fabrication potential, elimination of wet trades, accuracy and speed of construction. The result was the production of a prototype scheme of eight dwellings arranged in two terraces of four on one of Wates' large speculative development sites at Merstham in Surrey. This pilot project was used to make a detailed analysis of actual costs of erection and the performance of a platform frame house, based on one that was being put up on the same site using traditional methods and materials.

The decision to use an existing type of house rather than one specially designed to take full advantage of timber was made after careful thought. The relative merit of developing a new design was thought to be outweighed by the advantages of testing the new techniques against a house drawn from the company's existing portfolio. The immediate availability of substantial experience and data on the traditional house would make evaluation much more realistic and useful later.

For the Merstham scheme, Wates set up a small prefabricating unit on one of its estates and all components were manufactured and assembled by its own labor. The components were transferred to the site, where they were erected by unskilled men without costly mechanical handling equipment. The project went according to plan and without any serious hitches.

Experiment a Success

After the scheme was completed, both the labor force and the supervisory staff on site were enthusiastic and fully convinced that this new technique had many advantages over the traditional system. The houses went up rapidly and the superstructure of the first four units was put up and closed in five days by a five-man team. It soon became evident that even more rapid construction was possible as the techniques became better understood and the benefits more fully realized. The houses only took six weeks from 'over-site concrete' to final completion. This significantly shorter building cycle made possible by Canadian timber frame methods emerged as a most important factor. Not only would this allow for starting construction after buyers had actually been found for the houses, but it would also mean less capital tied up on each site because of the smaller number of

dwellings actually under construction at any given moment. To a builder, this is an important consideration.

The data gathered from this experimental project at Merstham are still being analyzed, but already it is clear that timber frame construction has many advantages to offer to Wates. In platform frame construction the firm found a system which enabled it to make use of prefabrication techniques previously acquired but, contrary to its experience with precast concrete, the timber frame method proved as economic as the traditional system and at the same time increased productivity.

In addition to the speculative units built at Merstham, the company has now developed a two-storey terraced timber frame house specially adapted to the requirements of local authority housing. The first such scheme of 23 units planned for Sutton, near London, is at present under construction. An official of the company recently indicated that timber frame homes to be built annually, as contractors for government-subsidized housing, may well reach 1,000 units in the near future. On the private estate development side, current plans are for an annual output of a further 300 to 400 platform frame units.

Apart from the obvious benefits to the builder, home buyers will be provided with a standard of comfort not attained by traditional British construction methods. This has been achieved without increasing the cost of the home and at the same time making the system more attractive to the developer. Throughout its projects, Wates Limited has made extensive use of Canadian West Coast lumber, surfaced to Canadian lumber sizes, plus Canadian Douglas fir plywood for sheeting and flooring. In addition, all Wates homes are now fitted with a Canadian-designed warm air heating system manufactured in Britain by General Steel Wares Ltd.

Over the past two years, Wates has received technical guidance and information on timber construction from the Canadian Department of Trade and Commerce through its timber specialists in London, and from the British Columbia Timber Frame Housing Group. ●

Think Again about Curacao

Shipping small lots individually to the Netherlands Antilles is uneconomic. The author suggests two possible solutions: use an export agent or distribute your goods from the free zone in Curacao.

J. E. KEPPER, *Assistant Commercial Secretary, Caracas.*

THE Netherlands Antilles islands of Curacao and Aruba are a small but growing market for Canada and offer good potential for a wide range of our products. The islands' imports in 1966 (excluding crude oil) totalled about $140 million, but Canada supplied only $3 million of this. However, sales are increasing and Canadian exports for the first nine months of 1967 reached $2.7 million, which indicates a 20 per cent increase for the full year.

Proximity to the South American mainland and the fast growing tourist industry in Curacao and Aruba are good reasons why this market should continue to expand. Two of the world's largest oil refineries are located on Curacao and Aruba, but there are relatively few industries producing consumer goods—most consumer products for the local population of over 200,000, the tourists and visiting cruise ships must therefore be imported.

Canada's chief exports to Curacao and Aruba in 1966 were refined sugar ($583,000), chemicals and explosives ($457,057), flour ($343,000), passenger automobiles ($98,088), car tires ($97,668), pharmaceuticals ($95,250), washing machines ($77,669), canned sardines ($74,238), toilet paper ($67,994), and newsprint ($50,430). We also sold smaller quantities of a host of other products in no less than 270 different export classifications.

The Netherlands Antilles is an autonomous member of the Kingdom of the Netherlands, a status achieved in 1954. It is also an associate member of the European Common Market. At the present time, Netherlands Antilles exports, of which there are very few apart from oil, enter the European Common Market free of duty. Imports from the EEC and other countries are subject to an import duty of 4½ per cent for most items.

Consolidation Would Cut Costs

Products sold for the local market should be relatively inexpensive. Brand loyalty has been a large factor in sales but the recent advent of television advertising could change this. Most im-

porters feel that they must deal in a wide range of products; because they serve a small market, they cannot order in large, more economic quantities. The exporter who can supply a wide range of goods helps the Antillian importer to cut down the number of consignments that he has to handle and to buy more economically. Canadian export agents should be able to do this.

Canadian products enjoy a good reputation and are competitive in price in most areas. They are not as well known as those from other countries because they get less exposure. One of the major obstacles Canadian suppliers to Curacao and Aruba have to overcome is the lack of direct shipping services and the high cost of shipping relatively small quantities. The free zone may be an answer.

What the Free Zone Offers

Curacao's free zone has a lot to offer North American manufacturers who want a strategically located distribution center for various markets in Latin America. Its special advantages are:

- Regular and frequent sailings to Western Europe, the United States and Latin America. The harbor can accept all types of ships.

- Curacao has a modern airport with facilities for jet aircraft. There are frequent flights to destinations in the Caribbean, Latin America and the United States.

- There are a number of commercial banks with excellent connections in the Western Hemisphere and Europe.

- The population is internationally-minded and is accustomed to dealing with people from Latin America, Europe and North America. English and Spanish are spoken as well as Dutch and Papiamento, the local language.

- Curacao has a pleasant climate and is cooled by the trade winds. It is outside the path of hurricanes which ravage many other Caribbean islands.

- The Netherlands Antilles has a stable currency and a stable government.

Exporting?

Be sure that you are listed in the Trade and Commerce Department's "Exporters' Directory". This confidential directory of Canadian companies and the products they wish to export is used by the Trade Commissioners in every one of our posts abroad and by every one of the Department's Commodity Officers here in Canada. When a request for Canadian goods comes in, consulting the Directory is the first step in sourcing. That's why your firm's name should be included. Write the Directories Section, Transportation and Trade Services Branch, Dept. of Trade and Commerce for information.

The free zone of Curacao is a separate enclosed area where goods can be stored, packed, assembled, processed, exhibited and released from bond. The regulations there differ from normal legal requirements for import, export, transit and excise duties.

Curacao has long occupied a position of importance as a transit port and an international center of trade and distribution. Imported goods can be distributed from there to external markets with or without processing. The establishment of depots and processing plants gives foreign exporters the advantage of closer contact with clients, enables them to provide rapid service and more efficient distribution. The free zone's purpose is to encourage such enterprises by offering them attractive conditions, such as exemption from import duties, a minimum of administrative regulations, reduced taxation and the provision of storage accommodation by the Government.

The free zone is situated in Curacao's harbor and has a pier which makes it easily accessible to vessels of all kinds. The distance from the free zone to the center of Willemstad is less than three miles and the distance from the free zone to the airport is eight miles.

No Duties, Lower Taxes

Goods imported into the free zone are completely duty-free. No duties are levied on goods exported from the free zone to foreign countries or to another free zone. If the goods are imported from the free zone into the inland market of the Netherlands Antilles, normal excise and import duties apply.

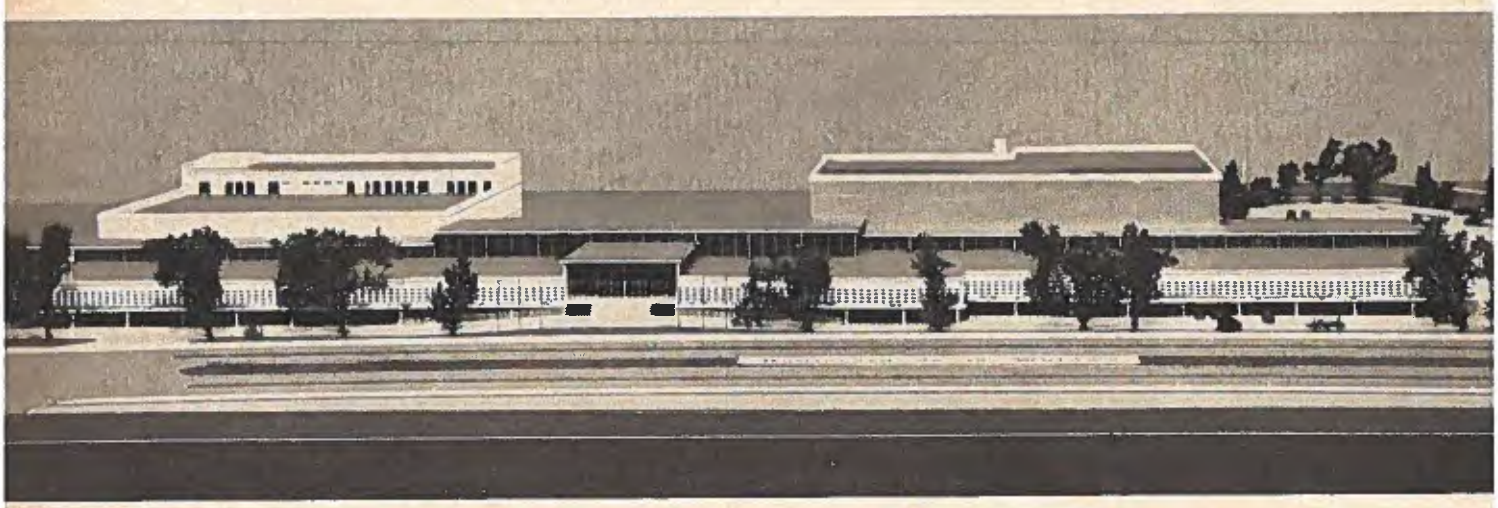
The profits of enterprises operating in the free zone are taxed at one-third of the normal rate, unless they result from sales on the inland market (including visiting vessels and tourist trade). With the prevailing rate of the profit tax of 27.6 per cent on the first U.S.$53,000 of profits, plus 34.5 per cent on the amount of the profits in excess of U.S.$53,000, the taxes levied on the export profits will be only 9.2 per cent and 11.5 per cent.

A recently established private company in the free zone of Curacao offers the following services to foreign companies which do not want to establish a local subsidiary: receiving shipments from principals; clearing them into the free zone; storing merchandise in its own warehouses in the free zone area; unpacking, sorting and controlling stock; if required, processing, remarking and repacking the merchandise, and re-exporting the goods to all parts of the world.

See for Yourself

Salesmen who travel in the Caribbean area should certainly call on the Netherlands Antilles. They should be well equipped with samples, illustrative materials, and c.i.f. price quotations. Besides the Shell oil refinery, other industries there are phosphate mining, drydock repair facilities, a brewery, a paint factory and metal container fabrication. The tourist industry is growing as quickly as hotel rooms can be opened. The number of tourist nights doubled between 1960 and 1966, rising from 130,000 to 258,000. In 1957, there were fewer than 300 tourist rooms in Curacao and tourism accounted for 4 per cent of the islands' GNP. The opening of the 200-room Curacao Hilton in December 1967 brought the number of rooms available for tourists up to 1,000 and tourism will contribute about 12 per cent to the gross national product. ●

A Look at Belgium's Department Stores



Belgian department stores are rapidly expanding into suburban areas and there are some North American-type shopping centers. The one above (architect's model), being built in a Brussels suburb, will include two department stores and two supermarkets.

Fast-growing, competitive, and alert to new opportunities, department stores here offer Canadian suppliers an excellent entrée to an expanding consumer market. Here is a briefing on the principal ones, their size, clientele, and usual buying practices.

BERNARD A. GAGOSZ, *Assistant Commercial Secretary, Brussels.*

THE IMPACT that department stores have on consumer tastes and consumer spending in Belgium cannot be over-estimated. The "Grands Magasins", as they are commonly known, with sales of over Cdn.$440 million a year, are undoubtedly the leaders and trend-setters in retail merchandising in this highly developed market.

Belgian department stores are a peculiar phenomenon in a country which, typical of its continental environment, has a highly fragmented retail merchandising system. In Belgium many shoppers still buy their bread at the family bakery, their meat from the local butcher, their soap at the local *droguerie,* and their paper at the local *papeterie.* With a total population of 9.5 million and a density of 812 persons a square mile, Belgium has some 290,000 individual retail outlets—a ratio of one to every 36 consumers, surely one of the highest in the world.

In spite of this large number of retail outlets (or perhaps because of it) Belgian department stores have become the most important merchandising group in the country. As such, they offer to both new and established Canadian exporters of consumer goods an effective outlet for their products.

Department stores have a long tradition in Belgium—the Au Bon Marché, Galeries Anspach, Grand Magasin de la Bourse, and Grand Bazar de Liège can trace their beginnings to the late 1800's. L'Innovation and Le Grand Bazar d'Anvers are relatively new arrivals, about 1920.

For over 20 years before 1959 the expansion of department stores in Belgium was virtually prohibited by law. In 1937 a powerful lobby of independent store owners, fearful of competition from department stores, succeeded in having laws enacted that prohibited the expansion of department stores in communes with populations not exceeding 100,000. Because there were only six communes in the entire country with populations of over 100,000, this effectively precluded expansion. These restrictive laws were rescinded in 1959 and department-store merchandising has since expanded vigorously.

North American Style

In spite of their long history, department stores here have been quick to embrace new merchandising techniques. Walking through the Au Bon Marché or the Galeries Anspach, it is easy for a Canadian to imagine he is back in Canada at the corner of Queen and Yonge Streets in Toronto, or on St. Catherine Street in Montreal. These two stores stock a wide variety of merchandise and the displays are tasteful and attractive.

New merchandising techniques, increased promotion, and a competitive attitude have helped department stores to claim an increasing portion of the more than Cdn.$5,483 million (BF.-252,210 million) which Belgian consumers annually spend at retail. Currently it is estimated that the Grand Magasins account for over 8 per cent of Belgian retail sales.

Following the pattern established in North America, Belgian department stores are rapidly expanding into suburban areas, and are renovating and revitalizing their central downtown outlets. There are some, but not many, North American-type shopping centers, obviously the most important merchandising development of this decade. One example is a shopping center being built in a Brussels suburb. It will contain two department stores (Au Bon Marché and Galeries Anspach), two supermarkets, 70 miscellaneous shops and a parking area for 3,000 cars.

Studying the Stores

There are more than nine major department-store companies in Belgium; see list on this page. Let us examine some of the features of each of the main ones.

Au Bon Marché—a prestige department store and the oldest in Belgium. In addition to a large central store in the main shopping area of Brussels, the Au Bon Marché has nine branch outlets in other cities, including Antwerp, Liège, Charleroi, Bruges, and Namur. These stores stock a wide range of quality merchandise and cater to middle- and upper-class customers. Store management is alert to new marketing techniques and buyers are receptive to offers of new lines. Food products represent about 21 per cent of total sales. The centralized Bureau d'Achats has 60 buyers and is located at 14 rue de la Blanchisserie, Brussels 1. McGreevey, Werring & Howell Inc., 225 West 34th Street, is its buying agent in New York.

Galeries Anspach—a fairly typical Belgian department-store company operating one of the larger downtown stores. There are five branch stores—in Louvain, Malines, Mons, Vilvorde, and Namur. The stores stock a wide range of medium- and high-quality goods and have several specialty departments. They sell mostly to middle-class consumers. Food products account for 24 per cent of total sales. Buying is done centrally both at the main Brussels store and through a buying organization called Central-Bazars S.C., 22 Quai aux Briques, Brussels, which the Galeries Anspach operates in conjunction with two other department stores (Le Grand Bazar d'Anvers and Le Grand Bazar de la Place Saint-Lambert a Liège). Altogether, it has 43 buyers. The company has a buying connection in New York: Mutual Buying Syndicate Inc., 11 West 42nd Street, N.Y. 10036, New York.

Grand Bazar d'Anvers—has its head office in Antwerp and operates 11 Grand Bazar stores throughout the country. Food represents about 30 per cent of total sales. The company also operates a chain of 49 supermarkets under the name Supermarchés G.B. The Grand Bazar department stores cater to the lower- and middle-class customer and stock medium-quality goods; although some high-quality specialty goods are included. Buying is done centrally by 31 buyers in Antwerp. Some purchasing is also done through the Central-Bazars in Brussels. Mutual Buying Syndicate Inc., 11 West 42nd Street, N.Y. 10036, New York, acts as the company's buying connection in New York.

Grand Bazar de la Place St. Lambert—operates department stores in four provincial cities—Liège, Verviers, Jemeppe, and Seraing—and also has four in the Netherlands. These stores stock medium- to high-quality merchandise for the upper working-class consumer. Food sales account for about 25 per cent of total revenues. Buying for all stores is done

Belgium's Nine Major Department Stores

Au Bon Marché
123 rue Neuve
Brussels 1
10 branches
annual sales Cdn.$63.6 million

Galeries et Grand Bazar du Boulevard Anspach
36 Boulevard Anspach
Brussels 1
7 branches
annual sales Cdn.$41.6 million

Grand Bazar d'Anvers
2 Beddenstraat
Antwerp
11 branches
annual sales Cdn.$49.5 million

Grand Bazar de la Place St. Lambert
Place St. Lambert
Liège
4 branches
annual sales Cdn.$38.2 million

Grands Magasins "A L'Innovation"
Centre International Rogier
Place Rogier
Brussels 1
16 branches
annual sales Cdn.$75.9 million

Grand Magasin de la Bourse
65 Boulevard Anspach
Brussels 1
5 branches
annual sales Cdn.$13.1 million (estimated)

S. A. Priba
30 rue du Damier
Brussels 1
35 branches
annual sales Cdn.$126.4 million

Super Bazars
240 Boulevard du Souverain
Brussels 16
9 branches
annual sales Cdn.$46.9 million (estimated)

Sarma-Nopri
13-15 rue Neuve
Brussels 1
110 branches
annual sales Cdn.$184.6 million

centrally by 60 buyers in Liège. The company's buying connection in New York is: Mutual Buying Syndicate Inc., 11 West 42nd Street, N.Y. 10036, New York.

Grand Magasins "A L'Innovation"—one of the most popular and best known department stores in Belgium, with sales of over Cdn.$75.9 million a year. It owns and operates 16 stores throughout the country. Last year, L'Innovation suffered a serious setback when the main Brussels store was completely destroyed by fire with a loss of over 300 lives. However, the company is bouncing back and is currently considering several expansion proposals. L'Innovation has traditionally catered to the upper- and middle-class consumer and its stores stock an impressive array of high-quality merchandise. Food products represent about 10 per cent of total sales. Buying is done centrally by 50 buyers in Brussels, who are alert to new products and highly receptive to offers of fine quality and distinctive merchandise. The store has a buying connection in New York: Kirby Block & Co., 393-7th Avenue, N.Y. 10001, New York.

S. A. Priba—a chain of Belgian department stores comparable to the Woolworth and Kresge chains in Canada. Owned jointly by the Au Bon Marché and L'Innovation, this chain caters to the lower- and middle-income groups. The company currently operates 35 outlets which sell under the names Prisunic, Uniprix, and Priba. The stores tend to stock lower-cost merchandise and price is a major factor. Food products account for about 40 per cent of total sales. Buying is done centrally by 40 buyers in Brussels. In addition to buying for its own outlets, S. A. Priba acts as the exclusive buyer for a chain of over 250 independent stores which carry on retailing under the name Unic. The company's New York buying connection is: Henry E. Miller, 157 West 31st Street, N.Y. 1001, New York.

Super Bazars—is a discount department-store company, considered a novelty in Belgian retailing. It operates nine outlets which physically resemble discount department stores in North America. When Super Bazars first introduced the concept of discount retailing several years ago, it had limited success. The Belgian consumer apparently was not quite prepared for revolutionary merchandising techniques. In the last few years, Super Bazars has upgraded its premises and shows evidence of reverting to more traditional pricing policies. However, minimum service, convenience (free parking and late closing hours), and intense price competition are still the mainstay of this chain. The buying is done by 18 buyers in Brussels.

S.A. Sarma-Nopri—this is the largest department store chain in Belgium; its sales exceed Cdn.$184 million a year. The company operates 110 stores throughout the country and merchandises alternately under the names Sarma and Nopri. Sarma-Nopri stores are difficult to classify; most of them compare with the Priba chain and cater mainly to lower- and middle-income groups. But the company also operates a prestige store in the most exclusive shopping area of Brussels. Apart from a few de luxe outlets, Sarma-Nopri tends to emphasize price competition and stocks medium-quality merchandise. Food products represent over 50 per cent of total sales. Sarma-Nopri has a highly developed, centralized Bureau d'Achats in Brussels with 30 buyers. In addition to supplying its own stores, Sarma also buys for over 300 independent stores affiliated with the Sarmo-Nopri chain. Sarma-Nopri recently became the buyer for Grand Magasin de la Bourse which operates five Belgium stores.

Buying Methods

With the exception of Grand Magasin de la Bourse, each of the above stores has its own highly developed buying organization or Bureau d'Achats. Within these Bureau d'Achats, the buyers, as many as 60 in some stores, are divided into product groups and are highly knowledgeable and sophisticated in their fields.

Buying has traditionally been concentrated in Europe. The development of the Common Market and the elimination of tariff barriers among the six EEC partners has tended to reinforce this concentration.

Most Belgian department stores belong to the several Europe-wide department store associations, such as the Groupe Intercontinental de Grands Magasins based in Zurich, and the Association Commerciale Internationale and the Union Internationale de Grands Magasins, both based in Brussels. These are somewhat loose groupings of European department stores which normally include in their membership one large store from each country. Within these associations, Belgian department stores have developed co-operative buying arrangements with correspondent department stores in other European countries. These arrangements vary from store to store and from country to country, but a Belgian department-store buyer can generally rely on his store's correspondent in another European country to arrange appointments with local suppliers and offer advice and buying assistance.

Belgian department-store buyers travel widely in Europe and visit most of the large general and specialized trade fairs held annually on the continent. The timing of many European trade fairs, in fact, tends to determine the buying schedules of Belgian department stores. Generally buying is done six to seven months in advance of each selling season.

Although many Belgian department stores have buying connections in New York, none has a similar arrangement in Canada. Some buyers do visit North America annually; however, they tend to restrict themselves to the United States and it is difficult to persuade them to visit Canada to investigate new sources of supply.

Personal Visit

The best approach for potential Canadian suppliers to the Belgian market is to visit each buyer at his home store with samples and price lists, c.i.f. Antwerp or Brussels. There is no substitute for personal selling.

The Commercial Division of the Canadian Embassy in Brussels has a current list of department-store buyers and will be pleased to arrange appointments for you. If a personal trip to Belgium is not possible, send samples with price lists and literature to this office and we will arrange to have local buyers assess your product. ●

Biscuits and Cookies

United States—Select a good wagon jobber or food broker, offer duty-paid delivered prices in U.S. dollars—and you should be able to compete in this expanding market for biscuits.

R. CAMPANALE,
Commercial Officer, New York.

HOW BIG is the market in the United States for cookies, crackers and biscuits? The short answer is—enormous. One private study* reveals that consumers bought more than $1.2 billion worth in 1966 and more than $1.03 billion represented purchases in U.S. supermarkets.

Another source, the 1967 *Supermarket Sales Manual,* from a random sample of chain stores came up with much smaller estimates, but even these ranged from $602 million in 1962 to $714 million in 1966, or a rise of 15 per cent.

Canada ranks first among foreign suppliers to the U.S. market, and our biscuit and cookie exports to the U.S. have increased from $2.3 million in 1962 to $6 million in 1966, according to U.S. Government statistics. Continued aggressive selling by Canadian exporters suggest that these gains will be maintained or increased.

Getting Distribution

How are biscuits and baked goods distributed in the United States market? In general, there are three methods:

1. *The direct method.* The manufacturer's salesmen solicit the retail trade and deliveries are made from stock using the company's fleet of trucks.

2. *The indirect method*—selling through specialty distributors, sometimes known as wagon jobbers, who buy goods for their own account and undertake sales and delivery.

3. *Through a food broker,* who sells for the manufacturer.

Many of the larger biscuit producers in the United States (such as Nabisco and Sunshine) use the first method and distribute as well as manufacture their products. Large United States producers have a good deal of capital and personnel to use in penetrating the market in this fashion. This system of direct distribution is the most efficient but it is also the most expensive and operating costs can be justified only by appreciable returns in sales and profits. It does not appear to be a method which most Canadian firms could use economically, except perhaps in areas adjacent to the border, such as Buffalo and Detroit.

The specialty distributor or wagon jobber appears to offer a better approach for Canadian biscuit manufacturers seeking to enter the U.S. market. The specialty distributor—who is in effect a wholesaler—buys for his own account, warehouses and distributes the goods to supermarkets and other outlets using his own vehicles. He is in a good position to provide service for Canadian firms, including warehousing, sales and delivery, in a practical and economical way. He can offer the Canadian manufacturer a good means of access to this marketplace.

The third way of approaching the market is by using a food broker. Food brokers are independent business firms which perform sales functions for food processors and grocery manufacturers in a given trading area. They are compensated for these services by a commission paid to them by the principals they represent. Food brokers concentrate on their local markets and maintain constant and frequent contact with buyers in order to serve their clients effectively. The food broker provides his principal

IMPORTS OF BISCUITS INTO THE U.S.

	1962	*1963*	*1964*	*1965*	*1966*
			(U.S.$'000)		
Canada	2,304	2,548	2.610	3,414	6,071
Britain	3,627	2,633	3,446	3,717	4,515
Netherlands	527	532	987	999	1,095
Belgium	443	563	638	474	603
Denmark	353	646	1,175	936	770

Source: *U.S. Imports of Merchandise for Consumption* (FT 125)

CANADIAN EXPORTS OF BISCUITS AND COOKIES TO THE U.S.

	(Cdn.$'000)
1962	2,667
1963	2,386
1964	2,088
1965	3,200
1966	4,391
1967 (11 mos.)	5,404

Source: DBS

*Conover-Mast Publications, Inc., New York, N. Y.

with the advantages of a local sales office without the expense of maintaining one. The broker does not take title to any merchandise, because he is not licensed to buy goods for his own account. In some instances he offers warehousing facilities, but this is the exception rather than the rule. As a consequence, the food broker limits his calls to large-volume buyers, such as multi-unit supermarket chains, and this necessitates drop shipments from the manufacturer's plant to the chain's warehouse. This practice of direct delivery is spreading as a result of advances in packaging, which have increased the shelf life of these products and simplified stocking and inventory control.

Sales Should Rise

What is the outlook for Canadian biscuits in the United States market? Judging from the domestic consumption and import statistics previously given, there is a definite rise in sales, in line with the expanding population. Over the past five years sales to consumers have gone up rapidly. There is thus every reason to believe that our sales to the U.S. will also expand, provided the goods are attractively packaged and competitively priced for this market.

Biscuits and cookies entering the United States must be marked with the country of origin; this is required by the U.S. Customs. In addition, there are state and federal regulations on food products; recent changes in the food labelling regulations were explained in an article in the October 28, 1967, issue of *Foreign Trade*. And the exporter, before approaching any U.S. buyers or food brokers, must calculate his duty-paid delivered prices in U.S. dollars; this is an essential step. The United States Division of the Office of Trade Relations in the Department at Ottawa can help with questions of tariff classifications and rates, and the New York Office of the Trade Commissioner Service will be happy to assist Canadian biscuit manufacturers to make contacts in the U.S. market.

Food Products

Ohio—Making progress in this market will take time, perseverance, and attention to pricing, packaging and promotion. But the experience of many Canadian companies proves that effort pays off.

G. ROBERT WYNN, *Commercial Officer, Cleveland.*

WHY investigate the Ohio market? What is the potential there? These are logical questions for the Canadian food industry to ask.

The first answer is, of course, the size of it: business done by supermarkets in 1967 in Ohio exceeded $3.5 billion. Second, Ohio lies close to Canada and to the majority of potential Canadian suppliers. Third, the state offers three distinct geographical marketing areas that vary in size. The Canadian company can choose all three or concentrate on the one that best fits in with its production. Here is a brief sketch of each area.

Northeastern Ohio—Cleveland is the focal point for buyers in this area, because most of the corporate chains have their base of operations there. The marketing area covers a radius of nearly 75 miles and includes 25 per cent of the land area and close to 50 per cent of Ohio's 11 million people. Other trading centers within this radius include Akron, Canton, Youngstown and Mansfield. In addition, a section of Western Pennsylvania (Sharon and Erie) is serviced from Northeastern Ohio.

Northwestern Ohio—This is the smallest market in the state, it is predominately rural, and it accounts for only 15 per cent of retail food sales. Toledo is the dominant trading center, but in practice this area is covered by Detroit and southwestern Michigan brokers, wholesalers and several national chain headquarters. (For this reason the Consulate in Detroit services inquiries about Toledo.) Important smaller trading areas include Defiance, Tiffin, Lima and Bowling Green.

Southern Ohio—This might be called the "growthland" area of the state. Cincinnati is the key to most of this region that covers nearly 50 per cent

OHIO FOOD OUTLETS BY GEOGRAPHICAL AREA

	Northeastern	Northwestern	Southern
Chains			
Number	20	12	16
Stores operated	478	145	416
Percentage of market	52	62	52
Voluntary and Co-ops			
Number	28	12	17
Stores operated	815	173	1,043
Percentage of market	30	25	27
Independents			
Number	3,734	952	4,203
Percentage of market	18	13	21
Total retail outlets	5,027	1,272	5,662
Approximate volume (millions of U.S.$)	1,778	421.6	1,445
Wholesale grocers	59	18	42
Institutional wholesalers	13	5	11
Food brokers	94	30	94

of the state and includes 40 per cent of its people. Other centers serviced from Cincinnati are Dayton, Hamilton, Springfield and Columbus, Ohio. Cincinnati is also a major supplier to many communities in Kentucky and southern Indiana. Thus it is as large and important as Cleveland is to Northeastern Ohio, but it is frequently overlooked by many Canadian food exporters.

Each of the three markets has a personality of its own. Certain types of food products may not be easily marketed in one section but sell well in another. Groups of people of European nationality are found in abundance in Northeastern Ohio and this factor tends to influence to a degree the food preferences of the younger generation. The southern part of the state is also more wealthy and this has recently resulted in greater consumer acceptance of new and imported items.

The table shows the number of different types of retail operations in each area. In addition, it gives the types of distribution channels through which to reach the part of the market you are seeking. And there are other outlets, such as meat wholesalers, seafood distributors, gourmet stores and wagon jobbers, to mention a few.

Success Takes Time

A word of warning at this point. Success may not be immediate or even assured, as the collective experience of nearly fifty Canadian food firms who have shown more than a passing interest in the Ohio market during the past two years has proved. Many were successful; a few were not. But those which did break through enjoyed more than just modest success, chalking up almost $10 million in sales in two years.

There were no overnight success stories among this group. All those exporters who found Ohio profitable persevered and invested a good deal of time in developing the market. In one instance, a Toronto firm's export manager worked for six months before he got his first order, but the following twelve months brought $1.25 million in new sales from two areas of Ohio. Another prepared food firm succeeded so well in just one area in Ohio that it had to build a new plant based solely upon the sales volume in that single market. And these are only two of many possible examples.

How can an exporter insure his success in selling to food marketing outlets? One answer is the step-by-step approach used by those Canadian food firms today exporting to Ohio.

Step 1—Arrange a personal visit to Cleveland. Plan to spend several hours with an Officer in the Consulate to discuss local trends in distribution, current opportunities, and local and state regulations that may affect the sale of the product. Then make a survey of the key outlets to determine the size, scope and pricing methods of the competition. This will entail up to ten retail calls. Generally it is not advisable to make any calls on buying headquarters during the first visit.

Step 2—Secure product and packaging approval from the United States Food and Drug Administration as well as a binding tariff ruling from United States Customs. The United States Division of the Department of Trade and Commerce in Ottawa can help you do this.

Step 3—Prepare United States price lists, c.i.f., duty-paid to the customer's warehouse.

Step 4—Visit the territory in Ohio where you have decided to begin selling. Interview and appoint local food brokers and/or potential distributors. The Consulate will be able to provide you with a list of first-rate prospects that have been screened in advance on the basis of interest and compatibility with your line. This can save hours and even days of work.

Step 5—Plan to work at least one day and not more than three consecutive days with the newly appointed broker or distributor to help him in introducing your product line to his key accounts in the territory.

These five steps seem to be simple and straightforward. But some of them have built-in stumbling-blocks that can be minimized or eliminated at Step 1. It is at this point that an exporter must decide whether to be serious about the export market in Ohio or any other part of the United States. When a potential exporter visits stores in Cleveland or any other part of Ohio, he must compare his product with the myriad of domestic and imported ones on the basis of pricing, packaging and local or national promotion efforts. Do not prejudge the market until you have seen it.

Watch Your Pricing

Price alone is not the dominant factor in success or failure, but pricing competitively is extremely important. This does not mean that a low-low

Ohio Is Buying These Canadian Food Products

Meats
Bacon, smoked
Hams, canned, domestic and Polish style
Pork, bellies and rolls
Roast beef, canned
Beef and veal, frozen patties
Sausages, Italian specialties

Fish and Seafood
Pike and sauger fillets, frozen
Yellow perch, fresh and frozen
Smelt, frozen
Crab meat, frozen
Lobster, live
Cod, salted

Dry Groceries
Pastas, all types
Cookies and biscuits
Snack foods

Canned Goods
Pickles
Maple syrup and blends
Fruits

Miscellaneous
Candies, hard and chocolates
Fruits, fresh and frozen
Onion rings, frozen
Wines, table variety

price is the only way that Canadian firms can enter the Ohio market. Many successful exporters compete effectively at equal or even higher prices where quality and/or service is a more important factor. Certain products are unique or indigenous to Canada and can carry a higher price. In pricing, keep in mind the ultimate or suggested retail price. This is especially important where merchandise has to pass through a wholesaler to a retailer before it is presented to the consumer. Many wholesalers work on a cost-plus basis and look for the customary 2 per cent 10/ net 30-day discount as part of their gross profit. This is particularly true of the major ones who service voluntary and co-op groups on anywhere from 1 to 5 per cent markup. The retailer then requires, generally speaking, from 22 to 28 per cent markup on the majority of staple items carried.

All of the elements of marketing affect the total price. One factor that must be taken into account in calculating a delivered cost is transportation. A survey of various modes of transport, of course, will reveal the most efficient service at the lowest cost. Most customers demand prompt delivery upon receipt of an order. Delays by common carriers on less-than-truckload shipments have cost some firms a considerable amount of business. A number of companies are now shipping into Ohio in their own trucks and this lowers the cost of distribution to some extent. Those who wish to follow this practice would be well advised to obtain from the Consulate all information on the operation of commercial vehicles on Ohio highways.

Packaging and Promotion

Packaging is another critical area to be measured against the competition—including size, content, shape and color combinations. It is vitally important at the retail level in order to gain shoppers' attention. A recent development in packaging is the new United States Food and Drug Administration labelling law with which potential Canadian exporters must be familiar.* Package contents, of course, are just as important. A recent interview with a local buyer revealed that packages should be comparable with the sizes already dominant in the market.

Promotion of a product has many aspects. An essential one is the introductory allowance for new products. This may take the form of a "cents off" deal, free goods, or in-store demonstrations. Growing in acceptability is free goods distribution. In this instance, the supplier offers one case of free merchandise per store in order to keep track of consumer acceptance. This offer must be extended to all potential accounts and can become an expensive exercise in futility because it does not guarantee continuing product acceptance.

Introductory promotion deals do not stop at that point. Merchants expect some type of continuing and systematic program, say every three, four or six months. It can be any combination of the above types of promotion. For example, in cookies a three packages for one dollar deal has proved profitable when run four times per year. In-store demonstrations of prepared meat products have moved large quantities of the product two or three times a year. Such well-timed and planned programs are worth their weight in profit.

Co-operative Advertising

Advertising is an essential part of any marketing strategy. Handbills, point-of-purchase material and co-operative allowances are only a few of the devices that have proved effective for a number of Canadian firms doing business in Ohio. In each instance, the company has allocated either a "cents per case" or a percentage of net sales to generate funds for local advertising.

Another method involves direct expenditure on advertising in trade publications aimed at the wholesale buyer and retail operator. This advertising can aid in getting the product on the shelves to assist in generating funds for consumer advertising as mentioned above. National publications such as *Supermarket News* and *Progressive Grocer* could be considered. But for those firms who wish to sell in a regional market, there are specific publications that are less expensive and might be effective. For example, the *Grocers' Beacon* is a bimonthly paper distributed to all retailers, chain buyers and wholesalers throughout Ohio.

Definite merchandising tools, such as promotion programs and advertising, should be tailored to the market as soon as possible after selecting one part of Ohio for product introduction. A good broker or distributor can provide invaluable assistance in mapping the selling strategy. In the past, too many companies have found acceptance of a product delayed because of the lack of any merchandising program.

Last and most important is the process of actually selling the product. Food producers selling through retail outlets are finding that the market in Ohio is dominated by a virtual handful of chain and voluntary groups. Therefore it takes greater concentration of effort for a product to be accepted at the warehouse level.

Weeks and even months may pass from the time of initial presentation until an order is received. Weekly calls to the various buying offices are essential to keep the product and company name prominent. Once the sale has been consummated, constant follow-up is needed to insure satisfaction and guard against out-of-stock conditions. These are a few of the major reasons for engaging the services of a food broker. The proof of their importance is that nearly every succesful Canadian food exporter to Ohio has chosen to work this way. Those who no longer use a broker have their own sales force residing in the area.

Canadian food products sell well in the Ohio markets, as evidenced by the growing list of firms whose products are listed in the accompanying box. Some of their expertise is being passed on in this article.

The Canadian Consulate in Cleveland has played a vital role in introducing firms to this market and giving continued support once the contact has been made. It offers the same in-depth assistance to all potential exporters and suggests they come to Cleveland to explore the potential.

*See article "U.S. Announces Food Labelling Regulations" in the October 28, 1967, issue of *Foreign Trade*.

Assistant Trade Commissioners Posted

Eighteen of the 1967-68 group of Assistant Trade Commissioners who have completed a number of months of training, including tours of Canadian industry, have received their postings. They will leave Canada early in the summer; the other eleven will be posted abroad in the autumn.

Walter O. Boychuk

Born: Drohobych, Ukraine.

Educated: Royal Military College, B. Eng. 1962; University of Toronto, M.B.A. 1967.

Posting: Canberra, Australia, as Assistant Commercial Secretary.

Charles R. Donley

Born: Kitchener, Ontario.

Educated: McMaster University, B.A. 1966.

Posting: Singapore, as Assistant Commercial Secretary.

Bernard Dussault

Born: Montreal, Quebec.

Educated: University of Sherbrooke, B. Comm. 1966, M. Comm. 1967.

Posting: Accra, Ghana, as Assistant Commercial Secretary.

Réjean Frenette

Born: Quebec City, Quebec.

Educated: University of Montreal, B. Sc. 1965, M.A. 1967.

Posting: Bad Godesberg, Germany, as Assistant Commercial Secretary.

J. J. M. Claude Lavoie

Born: Rouyn, Quebec.

Educated: University of Montreal, B.A. 1964.

Posting: Port-of-Spain, Trinidad, as Assistant Commercial Secretary.

Marc C. Lemieux

Born: Quebec City, Quebec.

Educated: Laval University, B.A. 1963, M.A. 1967.

Posting: Hong Kong, as Assistant Trade Commissioner.

Douglas P. Lindores

Born: Hamilton, Ontario.

Educated: University of Western Ontario, B.A. 1965, M.B.A. 1967.

Posting: Kuala Lumpur, Malaysia, as Assistant Commercial Secretary.

Arthur C. Perron

Born: Halifax, Nova Scotia.

Educated: Laval University, B. Comm. 1966, M. Comm. 1967.

Posting: Paris, as Assistant Commercial Secretary.

J. D. Richard Roy

Born: St. Prosper, Quebec.

Educated: Laval University, B. Comm. 1966, M. Comm. 1967.

Posting: San Francisco, as Vice Consul and Assistant Trade Commissioner.

Fred M. G. Sullivan

Born: Vancouver, British Columbia.

Educated: University of British Columbia, B. Comm. 1967.

Posting: Caracas, Venezuela, as Assistant Commercial Secretary.

Jean-Guy Tardif

Born: Jonquière, Quebec.

Educated: Laval University, B. Comm. 1966, M. Comm. 1967.

Posting: Glasgow, Scotland, as Assistant Trade Commissioner.

David M. Lawson

Born: Mont-Joli, Quebec.

Educated: Loyola College, B. Comm. 1967.

Posting: Los Angeles, as Vice Consul and Assistant Trade Commissioner.

Jean-Pierre Lefebvre

Born: Mont-Laurier, Quebec.

Educated: University of Montreal, M. Comm. 1967.

Posting: Kingston, Jamaica, as Assistant Commercial Secretary.

Robert R. M. Logie

Born: Montreal, Quebec.

Educated: University of Toronto, B.A. 1966, M.A. 1967.

Posting: Vienna, Austria, as Assistant Commercial Secretary.

Warren M. Maybee

Born: St. Catharines, Ontario.

Educated: St. Patrick's College, Ottawa, B. Comm. 1967.

Posting: New Orleans, as Vice Consul and Assistant Trade Commissioner.

Michael C. Spencer

Born: Port Hope, Ontario.

Educated: Sophia University, Tokyo, B.A. 1963.

Posting: Tokyo, Japan, as Assistant Commercial Secretary.

Allan J. Stewart

Born: Toronto, Ontario.

Educated: University of Western Ontario, B.A. 1965, M.A. 1967.

Posting: Sydney, Australia, as Assistant Commercial Secretary.

John M. Vincent

Born: Gananoque, Ontario.

Educated: York University, B.A. 1967.

Posting: Buenos Aires, Argentina, as Assistant Commercial Secretary.

They Fly for the Farmer

More and more Australian farmers are using the services of companies that will seed, fertilize and spray their land from the air. De Havilland Canada's Beaver aircraft (as seen at work above) are the backbone of these agricultural air fleets.

AUSTRALIAN agriculturalists are regularly seeking ways to offset rising costs and at the same time increase productivity. To accomplish this, in recent years they have turned to using light aircraft throughout the country for fertilizing and seeding, extermination or control of weeds, pests and vermin, and other agricultural purposes. Subsidiary uses include transportation between farms, taking a census of stock, and supplying fodder to isolated livestock.

Fertilization from the air is most useful where the terrain makes spreading by surface difficult or where it is necessary to treat large areas rapidly. On terrain suitable for surface machinery, the use of aircraft may be more expensive initially, but the speed of aerial distribution and the saving in capital outlay may eventually make it a financially attractive alternative for the producer.

Most of the fertilizer spread by aircraft is superphosphate but some quantities of gypsum, lime, sulphate and urea are also applied aerially. In 1964-65 over 9¼ million acres were treated with superphosphate dropped from aircraft and seed was sown with this fertilizer on 245,000 acres.

It is generally acknowledged here that New Zealand was the pioneer in aerial crop spraying and fertilizer spreading but the postwar growth of this industry in Australia has also been substantial. The impetus came from Australian fertilizer manufacturers who were expanding their facilities to meet rising consumption and were suddenly faced with a levelling-off in demand. The manufacturers quickly realized that this was the result of limited farm labor and the fact that fertilizer had to be spread within a confined period of time.

The advantages of rapid aerial spreading over wide areas were at once obvious. Out of this grew the 'Group Plan', which gives the man on the land a complete contract service involving all aspects of aerial and, where necessary, ground spreading. In the first year of the Group Plan's operation, the amount of fertilizer spread by aircraft quadrupled.

Aerial spraying and crop dusting with insecticides and herbicides is now common; 3.2 million acres were treated in 1965, a threefold increase over 1960. Frequently aerial spreading is more economical because of savings in crop damage, inevitable with surface treatment. In addition, aircraft are able to work irrespective of ground conditions, and control materials may be applied at the most suitable time, often after rain when surface treatment would not be practicable. And chemicals can be distributed more evenly by air than by surface spreading.

The effectiveness of aerial spraying and dusting has increased as new and more powerful chemicals have been developed. Many crops have been treated from the air, among them linseed, cotton, tobacco, potatoes, lucerne, pasture and vegetables. But the major emphasis is on cereals, particularly wheat, which is treated frequently to control insects, disease and weeds growing with the crop.

The size and use of the fleet of aircraft engaged in aerial agricultural work illustrate how this has expanded. In 1957, 120 aircraft flew over 38,000 hours on agricultural work; by 1965, 254 fixed-wing aircraft and two helicopters flew 110,000 hours and carried substantially heavier loads. In 1965 some 16.3 million acres were treated for all purposes, compared with only 5.0 million in 1960 and 1.9 million in 1957. The greatest use is in New South Wales, where in 1965 over 60 per cent of Australia's agricultural flying time was recorded. It is fair to assume that future growth rates in other parts of the country will soon alter this ratio.

De Havilland Canada's *Beaver*, with a capacity of nearly one ton, together with aircraft from Cessna, *Pawnees* and *Ceres* (an Australian-built aircraft) comprise the bulk of the fleet. Special loaders have been designed to cut down the turn-around time on the ground, and it is not unknown for an aircraft to spread one hundred tons of fertilizer in a single day.

The investment in Australia's aerial agricultural industry today totals over Cdn.$10 million and the net growth for agricultural aircraft in this country is estimated at between 40 and 50 units a year. Most of the aircraft can easily be converted from fertilizer dropping to crop spraying and dusting.

Australians generally agree that the aerial agriculture industry is on the verge of another boom. At present fifty million acres are under pasture improvement and this figure should treble within twenty years. Canadian suppliers who might participate in this growth are urged to contact the offices of the Canadian Trade Commissioners in Australia.

—J. E. G. GIBSON,
Assistant Commercial Secretary, Canberra.

Britain Revises Food Regulations

The five-year review of British regulations governing the labelling and composition of foods is nearing completion. Far-reaching changes and stricter requirements are expected. Now is the time to re-examine your products and labels to make sure they conform.

B. M. FILLMORE, *Commercial Officer (Agriculture), London.*

IN EXPLORING a new market in Britain, the Canadian food processor's first step should be to find out whether his labels meet British regulations and if the ingredients he uses are allowed. Labels and ingredients which are satisfactory for the Canadian market may not be suitable for Britain. The scope of the British regulations is now broad; the few gaps remaining are still being considered by the committee of scientists, doctors and legislators appointed for the purpose. The Minister of Agriculture, Fisheries and Food draws up the regulations in conjunction with the Minister of Health; they are implemented by the Medical Officers of Health and Public Health Inspectors of some 300 local authorities throughout the country. The Ministers have no jurisdiction over the interpretation of the rules by the local officers who are autonomous in their own boroughs or districts.

British regulations can generally be divided into those concerned with labels and those concerned with the composition of foods. Despite the formidable aspect of the regulations, Canadian exporters who observe simple basic rules will overcome most problems.

Labelling of Food Regulations

The main labelling law has recently been re-enacted as the *Labelling of Food Regulations 1967* (Statutory Instrument No. 1864). The requirements concerning foods (other than soft drinks) containing cyclamate came into effect on January 1, 1968. For all other foods, the new order takes effect from January 4, 1971. It describes the manner in which a food must be labelled and several aspects of the 1953 order have been tightened up or changed.

The following information must be shown on the label:

1. the name of the food
2. the declaration of ingredients
3. the declaration of weight or measure
4. the name and address of the packer or distributor, and the country of origin.

Name of the food—new requirements—An acceptable common name or appropriate designation must be indicated, regardless of whether the food has previously been sold solely under a trade name. If, for instance, a chocolate filled bar had been sold previously under the trade name "Bonzo", the new requirement is that an appropriate designation such as "artificial cream-filled wafer, covered with toffee and chocolate" must be shown.

This is to indicate more clearly to the purchaser the true nature of the food. However, if a product which has no common name has been sold continuously for thirty years under a coined name or a name common in the trade, that name will be accepted as the appropriate designation.

If a standard of composition has been laid down for food, the names prescribed in it will be regarded as the appropriate designation. (These food standards orders are listed later in this report.)

Schedule I of the *Labelling of Food Regulations* lists the permitted names for sea fish, salmon and freshwater fish, and shellfish. No other names may be used; the names of various species of salmon conform with Canadian practice and there should be no difficulties about this. Potential exporters of lakefish should study the permitted names closely, however.

Common name, size of letters—Schedule 4 of Regulation 17 sets out the requirements for the size of letters in the common name of the food and ingredients. Letters must be at least a quarter of the height of the largest letter on the whole area of the label (excluding prepositions, conjunctions, participles and initial letters). Their minimum size depends on the size of the container:

Container (greatest dimension) cm.	*Minimum Letter Size*	
	Common Name mm.	*Ingredients mm.*
up to 12	2	1
13 to 25	3	1.5
26 to 45	6	3
over 45	8	4

The largest letter in the common name only must not be more than twice the height of the smallest letter (excluding prepositions, etc.). In common names which also embody an ingredient, for example, Beans with pork, the words describing the minor ingredients must not be unduly prominent.

As a result of pressure from the British food processing industry, the Minister recently promised in Parliament to consider further the requirements relating to the size of letters, and some modification might be made later this year.

Ingredients, position and size—new requirements—As previously, foods containing two or more ingredients must list them in descending order by weight; alternatively, the amount of each ingredient may be shown. The list must be headed: "Ingredients" or "Ingredients in Order of Quantity". For dehydrated products the ingredients may be listed in the precedence they would have after reconstitution and the declaration should state: "when reconstituted".

In products containing mixed fruits or vegetables such as fruit salad, fruit cocktail, macedoine, where no particular ingredient is prominent, they may be listed alphabetically with the declaration: "Ingredients in Alphabetical Order".

The list of ingredients must appear in immediate proximity to, or be simultaneously visible with, the common name of the food. Alternatively, it may appear elsewhere within a surrounding line, or within a panel of contrasting color.

Certain foods are completely exempt from the need to list ingredients. Among those of particular interest to Canada are:

any drink or wholly liquid product
biscuits
cheese (other than processed)
chocolate and sugar confectionery
flour and flour confectionery (including frozen fruit pies).

For other foods, which may only contain the permitted preservatives, colors, antioxidants, emulsifiers, stabilizers, solvents, artificial sweeteners, bleachers, improvers, etc., it will be sufficient to list the generic terms for the above ingredients.

If a preservative or antioxidant is present in an ingredient at a level less than 5 per cent of the amount permitted, it need not be declared. Otherwise it should be declared, for example: "Shortening with Antioxidant".

Declaration of weight or measure—This part of the basic format of labelling is not included in the *Labelling of Food Regulations 1967*, but is subject to the *Weights and Measures Act 1963* and the various orders thereunder. Details are given later in this report.

Name and address of packer—The label must show either the name of the packer or the labeller of the food and his address, including the country. Where the food is packed and labelled for another person who carries on business in Britain, the latter's name and address may appear instead on the label, but the product's country of origin must be indicated.

Exemption for small containers—On small containers, the greatest dimension of which is not more than 5 cm., only the common name of the food need be specified but, if there is room, all the ingredients should be listed. The name of the packer should be shown.

Alcoholic beverages—There are no significant changes in the new *Labelling of Food Regulations* as they apply to alcoholic beverages. Several recent judgments, however, show that attention should be paid in particular to the naming of wines. Port has been judicially protected for some years; champagne has similarly been granted exclusivity for wines originating from the Champagne district of France. Sherry has acquired a degree of protection by a British court judgment; the country of origin must be shown in the name, for example: "Canadian Sherry".

Principal Regulations Concerning Food Additives in Britain

The Antioxidant in Food Regulations 1966 (SI 1500)—limits their use in certain foods to propyl, octyl, and dodecyl gallates, butylated hydroxyanisole, butylated hydroxytoluene and ethoxyquin within specified limits. Ingredients for use in baby foods may not contain an antioxidant.

The Arsenic in Food Regulations 1960 (SI 2261)—lays down limitations for arsenic content in food and drink.

The Artificial Sweeteners in Food Regulations 1967 (SI 1119)—permits the use of cyclamic acid, calcium cyclamate, sodium cyclamate and saccharin in food.

Coloring Matter in Food Regulations 1966 (SI 1203)—a list of permitted food colors is specified and no other colors may be used. When these regulations became effective on June 26, 1967, six coal tar colors which had been permitted since 1957 were removed from the list.

Emulsifiers and Stabilizers in Food Regulations 1951 (SI 720)—ten permitted emulsifiers and stabilizers are listed; no others may be used. Their use is prohibited in flour and in dairy cream.

Fluorine in Food Regulations 1959 (SI 2106)—limits for the fluorine content of acidic phosphates used for food are laid down. The use of phosphates generally is at present under review by the Food Additives and Contaminants Committee.

Lead in Food Regulations 1961 (SI 1931)—limits lead content in food and drink.

Mineral Hydrocarbon in Food Regulations 1966 (SI 1073)—prohibits the use of mineral waxes in composition or preparation of food (with certain limited exceptions).

Preservative in Food Regulations 1962 (SI 1532)—lists the foods which may contain the preservatives, specifies the preservative permitted and the tolerance. These regulations are at present under review by the Food Additives and Contaminants Committee.

Solvent in Food Regulations 1967 (SI 1582)—with effect from November 3, 1969, only nine specified solvents may be used. The Committee has also reviewed the use of flavors and recommends that sixteen varieties including coumarin, tonka bean, sassafras oil, and agaric acid be prohibited. If the Ministers agree, regulations may follow.

There are other important and more general aspects of the *Labelling of Food Regulations 1967*. More and more detailed definitions are given for a wider range of foods and ingredients. Special requirements for the labelling of processed peas are given in Regulation 13, and for the labelling of tenderized meat in Regulation 15.

Other Legislation and Regulations

Weights and Measures Act 1963—This and the various orders made under it have changed some parts of the requirements for declaring weights and measures on a label. The following foods may only be prepacked in fixed quantities of 1, 2, 4, 8, and 12 ounces, 1 or 1½ pounds, or multiples of a pound:

breakfast cereals
tea, cocoa, coffee
honey
jam, marmalade, jelly preserves (not including diabetic preserves)
molasses, syrup, treacle
dried vegetables
flour and flour products, including pasta products.

Foods other than the above can be sold in any quantity. Any goods of less than half an ounce are exempt from the requirements.

Marking of weight, manner of declaration—*The Weights and Measures (Marking) Regulations 1964* (SI 1140) prescribes that no quantity in excess of one pound can be expressed wholly in terms of ounces and no quantity over one quart can be described wholly in fluid ounces. This, in particular, varies from Canadian practice. Juice packers, for instance, should be careful to declare fluid content as 1 quart 6 fluid ounces and not as 46 fluid ounces. For canned fruits, vegetables, pie fillings and other solid products, avoirdupois should preferably be used. Another order made under this Act prescribes the permitted forms of abbreviation in weight declarations. Head space tolerances under Canadian regulations are not valid in Britain and no discrepancy in the declared content is permitted.

Merchandise Marks Act 1962, declaration of origin—This requires a declaration of origin to be shown on the following fresh foods when offered for retail sale:

apples
dried fruits (currants, raisins and sultanas)
eggs
oat products
tomatoes
bacon and ham
dead poultry
carcass meat (fresh frozen and chilled)
margarine
malt products
salmon (frozen and chilled)
butter
honey.

Specific methods of application to these foods are given in Notice 33c, issued under Section 2 of the Act. The declaration should state: "Canadian Produce" or "Product of Canada". Canned or processed products are not officially included in this requirement, but it is common practice to show such a declaration on the label in addition to the word "Canada" which should appear in the address of the packer.

The *Consumer Protection Bill* which was laid before Parliament late in 1967 will eventually replace the numerous *Merchandise Marks Acts 1887 to 1953*. Aspects of trading practices not previously covered will be brought within its scope, especially where ambiguity, misleading statements and deceptive pricing are concerned.

Misleading claims and descriptions of composition and additives—In this field the main instrument is the *Food and Drugs Act 1955*. This deals broadly with prohibition of the use of any injurious additives and the sale of unsound food, and gives local inspectors powers to prosecute sellers or packers of food "which is not of the nature, substance or quality demanded". Cases of this kind mostly involve complaints about impurities or foreign bodies in food. It also prohibits the use of labels giving false or misleading descriptions and the use of the word cream for non-dairy products.

Specific additives—recent additions—A series of regulations controls the use of certain additives, prescribes tolerances, and limits use to certain types and in certain foods. Considerable research has been done by the Food Additives and Contaminants Committee in the past two years. Existing rules have been made more stringent, and areas not previously covered have now been brought under legislation (see box feature).

Food standards, composition and labelling—Other regulations not only lay down standards of composition for certain food products but also prescribe the manner of labelling each product. The principal commodities affected are:

butter
canned meat products (effective May 31, 1969)
cheese
coffee
condensed and dried skimmed milk
ice cream (effective January 4, 1971)
margarine (effective January 4, 1971)
meat pies and sausage rolls (effective May 31, 1968)
salad cream
sausages and other meat products (effective May 31, 1969)
soft drinks.

Guidance on the British regulations can be obtained from the Department of Trade and Commerce, Ottawa or from the Agricultural Counsellor, Office of the High Commissioner for Canada, 1 Grosvenor Square, London W.I., England.

Libyan Pound Not Devalued

Readers interested in the Libyan market may not be aware that the Libyan pound has not been devalued although the country continues to be a member of the sterling area. Since 1963 the Libyan pound has had a gold value of 2.48828 grams of fine gold.

The Ocean Freight Market

DRY-CARGO tramp freight rates showed a pronounced tendency to ease in the first quarter of this year. Average charter rates in almost all Canadian trades were substantially lower than those recorded in the previous quarter. Average rates in these trades, however, were higher than those in the same quarter last year.

On the Pacific coast, the rate of $9.00 per ton for grain shipments to Japan, which has been unchanged for several months, dropped to $8.75 per ton in the middle of the first quarter and remained at that level for the rest of the quarter. In the same sector of the freight market, rates for the carriage of famine-relief grain cargoes to India generally declined from 97s.6d. to 92s.6d. per ton during the first half of the quarter under review. Continuing emphasis was placed on the use of large bulk carriers, particularly in the coal trade from Hampton Roads to Japan, where rates fluctuated between $6.30 and $9.00 per ton according to the size of the vessel employed.

The Caribbean and Persian Gulf sectors of the tanker market remained extremely slack in the month of January, with no fixtures reported for Northern Range discharge. In the following two months, however, chartering activity reached a high level in both areas of the market. The tanker rate for black oil from the Caribbean to United States North Atlantic ports was Intascale minus 40 per cent at the end of January, rose to Intascale plus 11 per cent in the following two weeks, then fell rapidly to a level of Intascale minus 30 per cent at the end of the quarter.

CHARTER RATES—FIRST QUARTER 1968

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £ = $2.61 and U.S. $ = $1.09. For comparison the rates a year ago are shown in column C with the Canadian dollar equivalent in column D calculated at £ = $3.02 and U.S. $ = $1.08. The rate schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

TIME CHARTERS

The classes of ships indicated have been selected as representative for the purpose of illustrating time charter rates. Average rates per deadweight ton per month for the first quarter of the year were as follows:

	First Quarter 1968		First Quarter 1967	
	A	B	C	D
	£ or U.S.$	Cdn.$	£ or U.S.$	Cdn.$
General Trading (approximately 6 months)				
Motorships 11,000-12,999 dwt. 13-14.9 knots	4.08	4.45	3.46	3.74
Motorships 13,000-14,999 dwt. 13-14.9 knots	4.04	4.40	3.25	3.51
Steamships 9,000-10,999 dwt. 9-10.9 knots	21s.0d.*	2.75	17s.2d.	2.59

*One fixture reported only.

TRIP CHARTERS

Average rates for the first quarter of the year were as follows:

	First Quarter 1968		First Quarter 1967	
	A £ or U.S.$	B Cdn.$	C £ or U.S.$	D Cdn.$
Heavy Grain (per long ton)				
St. Lawrence to Britain	42s.2d.	5.52	3.10*	3.35
St. Lawrence to Belgium/Holland	3.98	4.34	.....	.....
St. Lawrence to Morocco	6.30	6.87	.....	.....
Saint John/Halifax to Britain	41s.3d.*	5.40	25s.2d.	3.80
Saint John/Halifax to Belgium/Holland	3.61	3.93	.....	.....
Saint John/Halifax to Albania	70s.0d.*	9.17	.....	.....
Saint John/Halifax to Tunisia	8.75*	9.54	.....	.....
Great Lakes to Algeria	9.60	10.46	.....	.....
Completing St. Lawrence	5.60*	6.10	.....	.....
Great Lakes to Britain	74s.5d.	9.75	62s.6d.	9.44
Completing St. Lawrence	37s.6d.*	4.91	30s.0d.*	4.53
Great Lakes to Belgium/Holland	7.21	7.86	7.46	8.06
Completing St. Lawrence	3.19	3.48	3.08	3.33
Great Lakes to Italy	9.75*	10.63	.....	.....
Completing St. Lawrence	5.75*	6.27	.....	.....
British Columbia/North Pacific to Japan	8.84	9.64	7.20	7.76
British Columbia/North Pacific to Philippines	9.42	10.27	7.75*	8.37
British Columbia to Venezuela	7.88*	8.59	6.85	7.40
British Columbia to Belgium/Holland	5.25*	5.72	5.25*	5.67
British Columbia/North Pacific to South Korea	8.25*	8.08	.....	.....
British Columbia to Britain	7.41	8.08	.....	.....
British Columbia/North Pacific to East Coast of India	94s.2d.	12.34	.....	.....
British Columbia/North Pacific to West Coast of India	100s.0d.*	13.10	.....	.....
British Columbia to China	73s.1d.	9.57	39s.0d.	5.89
British Columbia to Taiwan	9.00*	9.81	.....	.....
Coal (per long ton)				
Hampton Roads to Japan	7.20	7.85	6.08	6.57
British Columbia to Japan	6.25*	6.81	3.46	3.74
Oilseeds (per long ton)				
British Columbia to Japan	8.37	9.12	.....	.....
Scrap Iron and Steel (per long ton)				
U.S. Atlantic to Japan	8.25*	8.99	10.46	11.30
U.S. North Pacific to Japan	8.15*	8.88	.....	.....
Sulphur (per long ton)				
British Columbia to Western Australia	77s.0d.*	10.09	.....	.....
British Columbia to Australia (New South Wales)	71s.0d.*	9.30	.....	.....
British Columbia to Brazil	10.00*	10.90	.....	.....
Ammonium Sulphate (per long ton)				
British Columbia to East Coast of India	12.50	13.63	.....	.....
British Columbia to West Coast of India	12.85	14.01	.....	.....
Oil Black (per long ton)				
Venezuela to Portland, Maine	1.89	2.06	1.26	1.36
Persian Gulf to Portland, Maine	6.94	7.56	3.64	3.93

*One fixture reported only.

The Containerization Movement: Antwerp

Antwerp is already gearing itself for the container era, with special equipment installed and more on order.

B. A. GAGOSZ, *Assistant Commercial Secretary, Brussels.*

ANTWERP today is one of the world's largest ports, with a yearly traffic volume of over 18,000 vessels representing a net tonnage of over 45 million tons. Three hundred regular shipping lines provide more than 13,000 sailings every year. In 1966, total maritime goods traffic in the port amounted to 59 million tons.

But the port has not been resting on its laurels and is actively meeting the challenge of modern transportation methods and techniques. In recent years, public authorities and private enterprise have poured an estimated $850 million into developments in the port region. Bulk carriers have become commonplace and great strides have been and continue to be made to meet the challenge of containerization.

How fast and to what extent the use of containers in Europe will increase is difficult to estimate at this stage. Europe has undoubtedly lagged behind North America in adapting to the use of this new transportation technique. However, many European shippers believe that containerization will revolutionize general cargo shipping even more than the transition from sailing vessels to motor ships. Some experts are forecasting that within five years, 80 to 90 per cent of the general cargo traffic between North America and Western Europe will be carried in containers. These developments present a great challenge to the port of Antwerp.

Antwerp's traffic by sea includes almost 19 million tons of general cargo, a large part of which lends itself to containerization. It also exports over 13 million tons of general cargo a year.

ANTWERP'S CONTAINER TRAFFIC

	1966				1967			
	Discharged		*Loaded*		*Discharged*		*Loaded*	
	Number	*Metric tons*	*Number*	*Metric tons*	*Number*	*Metric tons*	*Number*	*Metric tons*
January	2,335	14,450	1,145	7,070	3,042	22,376	1,400	11,964
February	2,285	14,419	1,049	6,409	2,027	15,059	1,114	10,147
March	2,644	15,031	1,251	7,645	2,669	20,863	1,366	10,616
April	2,280	12,685	961	6,603	2,731	22,447	1,951	15,401
May	2,406	15,715	1,304	7,583	2,609	22,944	1,889	16,637
June	2,063	14,416	1,157	7,142	2,486	21,973	1,997	17,536
July	2,199	16,914	1,373	8,439	2,403	21,207	1,758	15,539
August	2,031	12,969	723	4,249	2,477	21,793	1,796	15,387
September	2,528	19,404	1,361	9,637	2,896	21,746	2,508	24,931
October	2,778	20,583	1,404	10,786	3,384	25,853	2,964	27,334
November	2,612	18,203	1,466	11,452	3,280	25,724	2,724	26,113
December	2,959	22,732	1,506	11,419	3,204	25,922	2,345	21,611
Year	29,120	197,521	14,700	98,434	33,208	267,907	23,812	213,216

Figures for January 1966 and for May through December 1967 include road traffic.

Container Traffic Increasing

Container traffic through Antwerp has increased dramatically in recent years, as the table shows. During 1966, the port handled approximately 44,000 containers on a turn-round basis, representing over 290,000 metric tons of containerized goods. In 1967, the number of containers rose to 57,000 (33,000 discharged and 24,000 loaded) and the tonnage rose to 481,000. The average weight of contents discharged was 6.8 tons in 1966 and 8.0 tons in 1967. The average weight of contents loaded was 6.7 tons in 1966 and 9.0 tons in 1967.

Considerable planning and investment went into the facilities needed to provide for this growth in container handling. In addition to extensive roll-on/roll-off facilities, the port has two 35-ton container gantries in operation. On order and expected to be in operation before the end of 1968 are one 35-ton, two 38-ton and two 45-ton container gantries, which will bring the total up to seven.

One of the conditions for successful and economic container use at any port is regular shipping services. It is largely on this that Antwerp pins its hopes for the future. No less than 80 per cent of the shipping calling at Antwerp consists of liner traffic. Three hundred regular lines serve Antwerp—and 245 guarantee at least one call every 30 days in ocean trade, or every 15 days in the coastal trade.

Strategically Situated

Antwerp's geographic location offers many advantages. Although it is readily accessible to the Atlantic sea routes, most of the harbor is located more than 54 miles inland from the mouth of the Schelde. Within a radius of 200 miles lie the great industrial areas of the Continent. The hinterland encompasses about 100 million people and accounts for a large part of Western Europe's total shipping trade, estimated at over 300

Steamship Lines Operating between Canada and Antwerp

Sailings from Canadian Pacific Coast Ports

CONFERENCE LINES AND LOCAL AGENTS

Blue Star Line
Canadian Blue Star Line (1940) Ltd.
1223 Marine Building
Vancouver, British Columbia

East Asiatic Line
Johnson, Walton Steamships Limited
1201 West Pender Street
Vancouver, British Columbia

French Line
Empire Shipping Co. Ltd.
505 Burrard Street, Suite 1780
Vancouver, British Columbia

Fred Olsen Interocean Line
Anglo Canadian Shipping (Westship) Ltd.
837 West Hastings Street
Vancouver, British Columbia

Hanseatic-Vaasa Line
Vanport Shipping Agency Ltd.
355 Burrard Street
Vancouver, British Columbia

Interocean Steamship Corp.
Furness Withy & Co. Ltd.
355 Burrard Street
Vancouver, British Columbia

Johnson Line
C. Gardner Johnson Limited
One Bentall Centre
355 Burrard Street
Vancouver, British Columbia

North German Lloyd
Hamburg American Line
Balfour Guthrie (Canada) Ltd.
740 Nicola Street
Vancouver, British Columbia

North Pacific Coast Line
Furness Withy & Co. Ltd.
Marine Building
355 Burrard Street
Vancouver, British Columbia

Sailings from Eastern Canadian Ports

CONFERENCE LINES AND LOCAL AGENTS

Arctic Steamship Line
March Shipping Agency
400 Craig Street West
Montreal, Quebec

83 King Street East
Toronto, Ontario

Marine Terminal 8
Wellington Street North
Hamilton, Ontario

Belistar Line
Shipping Limited
410 St. Nicholas Street
Montreal, Quebec

170 Bay Street
Toronto, Ontario

Canadian Pacific Steamships Ltd.
Canadian Pacific Railway Company
Board of Trade Building
300 St. Sacrament Street
Montreal, Quebec

Foreign Freight Department
King and George Streets
Toronto, Ontario

Erickson Reefer Line
Munro Jorgenssen Shipping Ltd.
407 McGill Street, Suite 611
Montreal, Quebec

Transrose Services Co.
175 Queen's Quay East
Toronto, Ontario

Eurolakes Tanker Line
Federal Commerce and Navigation Company Limited
38th Floor, Stock Exchange Tower
Victoria Square
Montreal, Quebec

Shipping Limited
170 Bay Street
Toronto, Ontario

Federal Atlantic Lakes Line
Federal Commerce and Navigation Company Limited
38th Floor, Stock Exchange Tower
Victoria Square
Montreal, Quebec

Shipping Limited
170 Bay Street
Toronto, Ontario

Hamburg American Line
North German Lloyd
Ernst Russ
(joint services)
Montreal Shipping Company Limited
410 St. Nicholas Street
Montreal, Quebec

67 Yonge Street
Toronto, Ontario

167 Prince William Street
Saint John, New Brunswick

Foot of Duke Street
Halifax, Nova Scotia

Hamilton Shipping Co. Ltd.
605 James Street North
Hamilton, Ontario

Poseidon Line
B & K Shipping Agency Ltd.
211 St. Sacrament Street
Montreal, Quebec

160 Bay Street
Toronto, Ontario

Salvesen Lines
The Robert Redford Co. Ltd.
221 St. Sacrament Street
Montreal, Quebec

220 Bay Street, Suite 601,
Toronto, Ontario

Scanlake Line
Scanlake Line
465 St. John Street
Montreal, Quebec

Canadian Overseas Shipping Limited
170 Bay Street
Toronto, Ontario

Hamburg Chicago Line
Kerr Steamships Limited
468 St. John Street
Montreal, Quebec

Marine Terminal 27
Foot of Yonge Street
Toronto, Ontario

133 Prince William Street
Saint John, New Brunswick

1709 Hollis Street
Halifax, Nova Scotia

Hamilton Shipping Co. Ltd.
605 James Street North
Hamilton, Ontario

NON-CONFERENCE LINES AND CANADIAN AGENTS

Hycar Line
Hurum Shipping and Trading Company Ltd.
300 St. Sacrament Street
Montreal, Quebec

67 Yonge Street
Toronto, Ontario

Saguenay Shipping Limited
Saguenay Shipping Limited
1060 University Street
Terminal Centre Building
Montreal, Quebec

1860 Upper Water Street
Halifax, Nova Scotia

A. O. Minshall Co. Ltd.
200 Bay Street, Suite 302
Toronto, Ontario

605 James Street North
Hamilton, Ontario

Trans-Atlantic Lakes Line
Canadian Overseas Shipping Limited
410 St. Nicholas Street
Montreal, Quebec

159 Bay Street
Toronto, Ontario

32 James Street South
Hamilton, Ontario

million tons a year. Therefore, in addition to being the shipping hub for the industries of Belgium and Luxembourg, Antwerp has become a natural seaport for areas of Western Germany, France and Switzerland.

Antwerp is easily accessible to its hinterland through an excellent network of waterways, railways and highways. The network of superhighways in Western Europe is developing rapidly and Antwerp is becoming a crossroads. The E3, under construction between Lisbon and Copenhagen, will constitute a direct road link with the Ruhr area and Northern France. At Antwerp, the E3 will join the E39, which connects with the German autobahns at Aachen and reduces the travelling time between Antwerp and Cologne to two hours. The E10 between Amsterdam and Paris will also be linked to Antwerp.

Antwerp is a major railway terminal, handling about 10 million tons of rail cargo per year. Before the end of 1967 it became the northern terminal for the TERRE (Trans European Railroad Express) establishing a direct link with northern Italy. The Belgian Railways are constructing a large marshalling yard surrounded by a storing and stacking area for containers. The yard will be equipped with a 30-ton travelling overhead crane to facilitate container handling. This railway container terminal will connect with the TEEM (Trans European Express Merchandise) trains, thus linking Antwerp with the great railway centers of Europe.

Service from Canada

Limited quantities of Canadian containerized cargo are already being carried on existing shipping lines plying between Canadian ports and Antwerp. Federal Containers Ltd. of Montreal can provide container service from inland Canadian to inland European points, through Montreal and Antwerp. Next year the line will have two new 33,000-ton containerized bulk carriers, each carrying 25,000 tons of bulk cargo plus 400 20-ton containers.

The growing use of containerization offers many challenges to Canadians. In the light of savings and efficiency offered by this transportation technique, current and potential exporters should re-examine the marketability of their products in Europe. In this new era, Antwerp may well become a "Gateway to the Common Market".

Bacon and Ham for Britons

FRESH opportunites for Canadian participation in supplying meats to Britain are currently centered on the market for pork and pork products, because quantitative import restrictions were recently lifted on fresh, frozen and processed pork from the dollar area, except uncanned whole bams. Tbis liberalization has opened up a large potential market and offers the best opportunity of expanding Canadian exports to Britain in this field. Canadian suppliers sbould re-establish tbemselves in the British bacon trade, in wbicb, before the Second World War, Canada was a leading supplier of Wiltshire cured sides. Although the Wiltsbire cure is still the most popular in Britain, alternative cures are coming into increasing favor. Canadian suppliers could take immediate advantage of this tendency by offering gammons, backs and cuts.

Canadian suppliers should also take a close look at the market for canned hams and shoulders. Here, of course, they must be fully aware of the high quality/low cost competition of traditional suppliers and consider seriously the proper introduction of new brands into Britain, including the merits of promotion campaigns and advertising.

The table gives some details on imports of meat, not canned and canned, into Britain in three recent years.

Meat prices generally have recently risen as a combined result of the recent foot-and-mouth epidemic and devaluation. Home-killed meat is now feeling the effects of consumer resistance. A temporary ban on imports of carcass meat from South America and other countries where foot-and-mouth disease is endemic restricts supplies but meat consumption is unlikely to change significantly and prices will probably remain high. This should work to the advantage of the potential Canadian supplier.

IMPORTS OF MEAT INTO BRITAIN

	1964	*1965*	*1966*
	(long tons '000)		
Beef and veal	345.0	290.1	285.3
Mutton and lamb	339.0	345.0	315.7
Pork	9.7	20.6	t0.3
Offal	100.1	106.4	102.7
Total	793.8	762.1	714.0
Bacon and ham	390.7	397.2	397.0
Total all meat (crude weight)	1,184.5	1,159.3	1,111.0
Canned			
Corned beef	40.1	26.6	32.5
Beef tongues	3.8	3.7	3.5
Other beef	19.5	18.5	18.8
Veal	4.0	3.3	3.2
Mutton and lamb	3.6	3.3	2.6
Bacon and hams	36.0	36.1	33.5
Pig meat	58.8	57.9	60.5
Poultry meat	5.3	5.9	6.0
Meat n.e.s.	4.9	3.9	3.4
Total	176.0	159.1	t64.1

Source: Commonwealth Secretariat

Distribution of meat products in Britain is complex and the wholesale market is the key feature of the system. Smithfield Market, London, the largest carcass meat, poultry and provision market in the world, typifies this traditional marketing pattern. In addition to facing this wholesale marketing complex, imported carcass meats must also contend with involved handling procedures from ship to wholesale market.

In imported canned meat, although a limited amount is sold through the wholesale market, most passes from importer to wholesale distributor or direct to chain stores or catering organizations through their grocery distribution systems. It is therefore essential for the Canadian exporter to have a reliable representative in Britain.

In addition to the existing channels of distribution, the exporter should be ready to accommodate a growing demand by chain stores for direct supplies.

Price is the critical factor in the British market and Canadian suppliers must be prepared for hard bargaining if they are genuinely interested.

The Commercial Division of the Canadian Higb Commission in London can provide every assistance to help potential Canadian exporters to sell in Britain.

—G. D. COOPER,
Commercial Officer (Agriculture), London.

Enterprising

Exporters

It's Potatoes for Profits

WHAT'S the best way to sell frozen vegetables, especially the ubiquitous potato, in export markets? Offer quality products, price them competitively, promote them personally and aggressively, and change sales techniques as the market changes. Add hard work—and there's a formula for success.

It was devised by Harrison and Wallace McCain, two of the four McCain brothers who have built up a thriving business based on the products of New Brunswick's fertile St. John River valley. Harrison and Wallace together founded McCain Foods Limited in 1957, sister company to McCain Produce Limited, to market frozen and dehydrated potatoes and frozen vegetables both at home and abroad. Brussels sprouts, peas, green beans, corn and other vegetables today move to foreign markets, but it's the frozen french fries that make up the bulk of the business and boost the profits.

Sitting in an office at the McCain plant in Florenceville (population 300) won't sell too many potatoes, especially outside Canada, so Wallace and Harrison have developed into inveterate travellers. One of the two is nearly always taking a plane to England, the Continent, or Australia to study the trading climate, spur agents on, or adjust sales strategy as circumstances dictate.

Barely two years after McCain Foods was born, Britain lifted most of the import restrictions on consumer products that had been imposed in wartime. Hard on the heels of that announcement, Harrison McCain landed in Britain, ready to market frozen peas, (aided, of course, by the duty-free entry for vegetables from Commonwealth countries). Initially, he decided to try selling to brokers (who would in turn offer to retailers) and direct to packers for resale to institutions or catering firms or to food firms buying in bulk to repackage under their own labels. McCain's was able to supply frozen vegetables in various size packs, from 5½ ounce packages to two pound poly bags—or indeed, in any other size that the customer specified.

By 1965, with five years of experience in Britain behind them, the McCains were ready to revise their sales strategy. Step one was to purchase a British firm, Caterpac Limited, which already had a good setup for distributing to institutions and catering companies. Two salesmen were dispatched from Canada to work hand in hand with the Caterpac people, calling on hospitals, schools, catering establishments, and other potential bulk customers. Detail men also covered the restaurants—a rather unusual practice in England. The McCain policy was to help the distributor in every possible way—by training his salesmen, by helping to get accounts for him, and by placing full-page ads each month in the two trade journals covering the food field. ("You must see the man from McCain!!!" is the slogan that appears on these ads.) The company also provides sales literature on the McCain line.

By 1967, McCain's had nine salesmen working in Britain, covering England completely and a good part of Scotland. The result: about 95 per cent of the company's export business was centered in Britain and 85 to 90 per cent of the shipments consisted of frozen french fries. Several types of frozen vegetables made up the remainder.

Shipping plans were simple. Every two to four weeks a ship with reefer space, chartered by McCain's, sailed from Saint John for Britain. A typical cargo consisted of anywhere from 700 to 1,000 tons of french fries, packed in 30-pound cases lined with polyethylene film and with four 7½-pound bags to a case. For additional protection, the cases were sleeved. When the ship reached Britain, the cargo was unloaded into refrigerated trucks and stored in a public warehouse at Grimsby until distributed.

Grimsby was the ultimate destination of shipments because once they had acquired Caterpac, the McCains moved its head office from London to Grimsby, the center of the British frozen food industry. For two years, the

British sales operation went forward smoothly. Then in November 1967 came the devaluation of the pound sterling and all the attendant problems. The new year was still young when the McCains decided to adopt an entirely new marketing policy by building a plant at Scarborough in Yorkshire to turn out frozen french fries on the spot. Construction was slated to begin in mid-March and the plant is to be finished and in operation by November.

"We will be picking up this export business in other areas," says Wallace McCain, "and presently are organizing a drive in Australia, Italy, and Sweden." Not that these markets have lain uncultivated until now. Harrison McCain started prospecting for customers in Australia four years ago, selected a broker, and decided to go after both the institutional and retail trade. Today french fries, peas and Brussels sprouts from Florenceville are selling well in Australia, with about 70 per cent of the trade institutional and the rest retail. The chief problems in expanding this market are the high shipping costs and the difficulty of getting enough reefer space. Italy has been buying mainly dehydrated potatoes, and there have been some sales made in Sweden, where efforts are to be intensified.

Altogether, McCain frozen vegetables move to a dozen countries on five continents and McCain's has become the third largest frozen vegetable firm in the world. One observer who has watched its progress in the British market has his own explanation of its success: "Perseverance and aggressiveness from the outset, with meticulous attention to the details of customers' requirements. Frequent visits to overseas customers have developed friendly relationships."

What has worked so well in Britain should bring equal success in the latest McCain search for expanding markets.

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

Canadian Consultants for Guyana's Power Program

A SURVEY of Guyana's power needs and how to meet them is being carried out by Shawinigan Engineering Company Ltd., a Montreal consulting firm. This study, which will be the basis for planning of power development throughout the country, is expected to take 18 months to complete.

The consultants are making a preliminary investigation of two potential hydroelectric power sites, one at Tiger Hill on the Demerara River and one at Tiboku Falls on the Mazaruni River. The engineers will also investigate the possibility of diverting the waters of the Essequibo River, draining most of the country, into the Demerara River. They will take into account the effects of the diversion on navigation in the Demerara and of salinity intrusion in the Essequibo.

The report on the two key sites, with preliminary plans, pre-investment surveys and cost estimates, will enable the Government of Guyana, in collaboration with United Nations agencies, to select the site best adapted to initial power development. This investigation, with the results of a power market study being conducted by the United Nations, will also permit Montreal Engineering to make an economic analysis and recommend a co-ordinated program of developing hydro and thermal power for this South American country. ●

Workmen are constructing a floating platform on the banks of the Mazaruni River near Tiboku Falls, one of two potential hydroelectric power sites in Guyana being investigated by a Canadian company. The platform is used for test drilling of the river bed.

trade lines

European airlines collaborate

SAS and Swissair will soon sign a ten-year agreement for technical collaboration and final negotiations are under way with KLM to join them. Pilots from all three airlines will train jointly for the 400-passenger Boeing 727 using a $4 million simulator at Amsterdam. Practical flight training will take place at Stockholm's Arlanda airport. SAS and Swissair will excbange planes and pilots, take over flights on each other's routes, starting with Swissair's Nairobi-Jobanneshurg service. Swissair will be responsible for inspection of SAS's DC-9 and SAS will inspect Swissair's DC-8 aircraft at Arlanda—Stockholm.

Singapore to mint own coins

Singapore will start minting its own coins in Jurong in March; four coining presses have already arrived from Britain, three counting machines from Germany and three inspection machines from Australia (total cost Cdn.$177,304). Four other halance or weigbing macbines are expected to arrive from Holland, Australia and Britain in the next few weeks. The Chartered Industries of Singapore Limited, a new government-owned company formed last year to mint Singapore coins, with an authorized capital of Cdn.$7.09 million, has a plant nearing completion—Singapore.

Togo uses new port at Lomé

Lomé's new deepwater port, hegun in 1964, is heing completed by West German firms in co-operation with local contractors. It has been in use since last Octoher, but will be opened officially on the eighth anniversary of Togo's independence next April. The new port, served by 14 shipping lines, was financed hy loans from West Germany and the European Development Fund —Accra.

West Pakistan strikes oil

Pakistani and Soviet experts working together have struck oil at Kot Sarang, about 70 miles from Rawalpindi. The responsible Pakistani agency, Oil and Gas Development Corporation, claims that the flow of oil from the new discovery is 500 to 1,000 harrels per day and that exploitation is commercially feasible—Rawalpindi.

B.C. buys ships from Sweden

The M.S. *Columbialand* was recently delivered in Vancouver from a Swedish shipyard. First of five sister ships specially designed to carry B.C. forest products (pulp, semi-manufactured wood and sawn timber) to newly developed European markets, it rationalizes transport to help tbe industry compete with Scandinavian suppliers. The ships will be managed by Scanscot Freighters made up of three Swedish, one Norwegian and a Scottish company. Westbound from Europe, they will normally proceed to Florida to load phosphate either for Japan or Vancouver—Oslo.

Dutch livestock sold to Peru

Following an agreement between the Dutch Government and the Banco Inter-Americano de Desarollo, approximately three million guilders will be granted to Peru to finance a livestock purchase. The first shipment of 750 Dutch hreeding cattle, 100 sheep and 100 goats left Amsterdam in mid-Decemher; the rest of the 1,800 animals were expected to be shipped early in 1968—The Hague.

South Africa to produce more steel

The South African Iron & Steel Corporation (ISCOR) will spend $840 million to raise production to over 5 million ingot tons of steel a year by 1970; 3.6 million tons will come from the major plant at Vanderhijlpark and the remainder from the one at Pretoria. ISCOR provides 80 per cent of the steel used in South Africa, other local producers 14 per cent, and the remainder is imported—Johanneshurg.

Soviet Union produces 100 million tons of steel

The Soviet Union produced 102.2 million tons of steel in 1967, exceeding the 100-million mark for the first time. It claims to manufacture one-fifth of the world's steel; plans to produce 124 to 129 million tons a year by 1970—Moscow.

GIRO comes to Britain

This fall will see a new money transfer system hrought into operation hy Britain's Post Office Department (GPO). The National GIRO, a separate self-supporting

commercial enterprise within the GPO, will provide a range of cheap credit transfer facilities to settle bills and receive payments. It will operate through one clearing center using the most modern computer and data processing equipment. To use the GIRO for collection of debts, a company first opens an account by depositing £5 in the system, then prints its account number on bills and stationery and invites customers to pay through GIRO—London.

Northern Ireland to expand power station

Stage two of the new oil-fired power station at Ballylumford will help the Electricity Board for Northern Ireland meet the increased demand for service, up 6 per cent in 1967. Associated Electrical Industries will build three 200,000 kw. turbo-alternators at a cost of £7 million and Babcock & Wilcox Ltd. three oil-fired boilers for £6.4 million; some of the work will be undertaken in Northern Ireland plants—Belfast.

East Pakistan to have telephone factory

A second Pakistani telephone factory at Tongi, East Pakistan, will shortly begin assembling telephones from parts imported from Germany and from the existing factory at Haripur near Islamabad. When completed in 1969, the $4.5 million plant will be able to manufacture 30,000 telephones per year—Rawalpindi.

Singapore builds more ships

An engineering firm in Singapore has over S$9 million (Cdn.$3.5 million) worth of contracts on hand from six different countries. Police and customs patrol boats, and other vessels for naval and harbor duties up to 150 feet in length, will be built in its new $1.5 million (Cdn.$500,000) boatyards—Singapore.

Discount store to open in Australia

K Mart (Australia) Ltd., a joint venture by G. J. Coles and Company Ltd. of Australia and S. S. Kresge Company of the United States, will open a discount department store in Australia. Kresge has announced that it is financing its portion of this venture (51 per cent) through temporary borrowings outside the U.S.; the Australian Reserve Bank and holders of Coles' unsecured notes must still approve the remaining 49 per cent. In addition to this new venture, Coles will continue to operate and expand its variety stores and supermarkets in Australia—Sydney.

Scottish banks merge

The Royal Bank of Scotland and the National Commercial Bank of Scotland are to merge into Scotland's largest bank with $2,355 million deposits, ranking fifth in Britain's banks. The merger will leave Scotland with four banks. Of these, only the Bank of Scotland will remain without an English link. Though priding themselves on being the first banks in the country and still issuing their own banknotes, Scottish banks are finding it necessary to promote growth and international connections through mergers—Glasgow.

Mexico reorganizes forest industry

The Government of Mexico has created an agency, Productos Forestales Mexicanos, to manage forest and lumber operations in the northwestern State of Durango. Until now the Government maintained severe restrictions on forest exploitation to prevent forest razing which has resulted in illegal timber operations, high wood prices, and low production. Reorganization of the lumber industry is based on a UN assisted forest inventory. It indicates that Mexico could increase wood production tenfold and improve and increase forest resources at the same time—Mexico City.

Singapore promotes shipping facilities

The Singapore Government is studying the report of a Japanese combine on the possibility of building Freedom ships on a production-line basis. A British consulting firm has been aked to undertake a survey of a scheme to convert the British naval dockyards north of Singapore to civilian use. If the conversion is feasible, the British Government is virtually committed to providing financial aid. At Jurong, in collaboration with the Japanese, work has started on a drydock capable of servicing super-tankers of up to 250,000 deadweight tons. All this activity and Singapore's ambitions to become a service, repair, and building center for international shipping are justified by the logic of its location and harbor. It is moreover well situated in a region that will continue to depend, despite the increasing sophistication of sea transport, on coastal traffic and river transport—Singapore.

Office Hours in the Philippines

Visitors to the Philippines should note that effective April 1 the office hours for the Consulate General on Monday, Wednesday, and Friday will be 7.30 a.m. to 2.00 p.m. and on Tuesday and Thursday, from 7.30 a.m. to 5.00 p.m. These hours are observed by local offices in the Philippines throughout the hot season.

foreign tariffs and trade regulations

Mexico

NEW IMPORT REGULATION—The regulation which requires commercial shipments to Mexico to be accompanied by a customs export declaration from the country of origin providing a detailed description and the value, including insurance, of the shipment (see April 13 issue of *Foreign Trade*) does not affect shipments by air or by parcel post or those valued at less than 1,000 Mexican pesos (about Cdn.$86).

New Zealand

LIBERALIZATION OF IMPORT RESTRICTIONS—On March 29 the New Zealand Government announced the Import Licensing Schedule for the period from July 1, 1968, to June 30, 1969. A wide range of industrial raw materials, plant, machinery and spare parts will be freed from restriction and a shorter list of items may be freed from restriction July 1 provided that no local manufacturers request a change in the existing tariff before April 30, 1968, or if such applications have been made, the Government has dealt with the matter by June 30, 1968. Quotas will be set generally at 115 per cent of last year's levels. This increase in quotas is expected to compensate for the effects of devaluation but may permit some expansion of imports of the goods remaining under restriction.

Delicensed items of interest to Canada include stainless steel bars and rods; machinery for making pulp, paper and paperboard; chain saws; submersible pumps; office machinery; some types of earthmoving machinery; electrical apparatus for medical purposes; specified chemicals; newsprint and pulp; nickel.

Not all items were liberalized. Import quotas for some piecegoods were reduced, as were those for galvanized and corrugated steel and iron. The licensing of tractors has been tightened to ensure that only agricultural tractors are free of restriction.

With the move towards less import restriction, the New Zealand Government has set up an Emergency Protection Authority under the Tariff and Development Board Amendment Act. The Authority accepts requests for protective tariffs and must respond within 30 days. The Tariff and Development Board has 90 days to review decisions made by the Emergency Protection Authority.

With this liberalization, delicensed items now total about 50 per cent of the value of all imported goods. The New Zealand authorities state that it is the intention to maintain all exemptions for licensing on a permanent basis and to continue the policy of the gradual removal of import licensing after adequate protective duties are in force.

Further information on specific items is available from the Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa.

Spain

LABELLING AND MARKETING OF PRESERVED FOODSTUFFS—An Order of March 14 by the Spanish Ministry of Commerce requires that labelling or marking of imported preserved foodstuffs (e.g., canned goods for sale to the public or for further processing such as fish, meat including for processing, soups, juices, purees, extracts and the like) must be in Spanish.

Trade Commissioners on Tour

In Territory

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

Finland—E. C. H. Shelly, Assistant Commercial Secretary in Stockholm, Sweden, will visit Helsinki April 28-May 4.

Taiwan—R. A. Fairweather, Vice Consul and Assistant Trade Commissioner in Manila, Philippines, will visit Taiwan April 25-May 10.

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 banks before making any firm commitments. When more than one rate is shown, the one to be used depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the Office of Trade Relations, Department of Trade and Commerce, Ottawa.

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

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

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

Country and Currency	Value of Foreign currency nnit in Canadian dollars	Value of Canadian dollar in foreign currency units
	at April 10	
Aigeria		
Dinar	.2196	4.53
Argentina		
Peso (free)	.0031	322.58
Australia		
Dollar	1.211	.8257
Austria		
Schilling	.0418	23.98
Bahamas		
Dollar	1.059	.9364
Belgium and Luxembourg		
Franc	.0217	46.25
Bermuda		
Pound	2.600	.36
Bolivia		
Peso	.0907	10.97
Brazil		
Cruzeiro (official free)	.3872	2.96
Britain		
Pound	2.600	.36
British Honduras		
Dollar	.6501	1.53
Burma		
Kyat	.2269	4.20
Ceylon		
Rupee	.1815	5.47
Chile		
Escudo (bank rate)	.1677	5.96
(free)	.1425	7.01
China, Republic of		
New Taiwan Dollar (official)	.027	37.04
Colombia		
Peso (fixed)	.066	14.95
Congo, Republic of[1]		
Franc	.0072	139.50
Costa Rica		
Colon	.1631	6.10
Cuba[2]		
Peso	.....	.....
Czechoslovakia		
Koruna	.1501	6.64
Denmark		
Krone	.1450	6.81
Dominican Republic		
Peso	1.080	.92
Ecuador		
Sucre (official)	.0600	16.50
(free)	.0538	18.45
El Salvador		
Colon	.4323	2.30
Fiji		
Pound	2.481	.40
Finland		
Markka	.2573	3.88
France, Monaco, etc.[3]		
Franc	.2196	4.53
Franco-African Republics[4]		
Franc	.0044	227.79
Frencb Pacific[5]		
Franc	.0121	82.64
Germany		
D Mark	.2713	3.68
Ghana		
New Cedi	1.059	.94
Greece		
Drachma	.0360	27.86
Guatemala		
Quetzal	1.080	.92
Guyana		
Dollar	.5403	1.85
Haiti		
Gourde	.2161	4.60
Honduras		
Lempira	.5403	1.85
Hong Kong		
Dollar	.1783	5.56
Hungary		
Forint (official)	.0921	10.86
Iceland		
Krona (official)	.0190	52.91
India		
Rupee	.1443	6.90

Country and Currency	Value of Foreign currency unit in Canadian dollars at April 10	Value of Canadian dollar in foreign currency units at April 10
Indonesia[6]		
Rupiah	.....	.....
Iran		
Rial	.0143	70.42
Iraq		
Dinar	3.025	.33
Ireland		
Pound	2.600	.36
Israel		
Pound	.3087	3.23
Italy		
Lira	.0017	581.86
Japan		
Yen	.0030	333.33
Kenya		
Shilling	.1526	6.55
Lebanon		
Pound (free)	.3350	2.98
Malaysia		
Dollar	.3530	2.82
Mexico		
Peso	.0865	11.47
Morocco		
Dirham	.2135	4.65
Netherlands		
Florin	.2985	3.34
Netherlands Antilles		
Florin	.5730	1.74
New Zealand		
Dollar	1.215	.82
Nicaragua		
Cordoba	.1544	6.42
Nigeria		
Pound	3.051	.33
Norway		
Krone	.1513	6.57
Pakistan		
Rupee	.2269	4.38
Panama		
Balboa	1.080	.93
Paraguay		
Guarani (free)	.0086	116.28
Peru		
Sol (free)	.0262	38.02
Philippines		
Peso (free)	.2761	3.61
Poland		
Zloty (fixed basic rate)	.2700	3.68
Portugal & Colonies[7]		
Escudo	.0376	26.33
Saudi Arabia		
Riyal	.2066	4.84
Sierra Leone		
Leone	1.513	.66
South Africa		
Rand	1.513	.66
Spain & Dependencies		
Peseta	.0155	64.25
Sweden		
Krona	.2090	4.77
Switzerland		
Franc	.2492	4.01
Syria		
Pound (free)	.2847	3.51
Thailand		
Baht (free)	.0524	18.90
Tunisia		
Dinar	2.058	.48
Turkey		
Lira	.1201	8.28
United Arab Republic		
Pound (official)	2.485	.40
United States		
Dollar	1.080	.92
Uruguay		
Peso (free)	.0054	185.18
Venezuela		
Bolivar (official free)	.2409	4.12
West Indies		
Dollar[8]	.5403	1.85
Pound[9]	2.595	.36
Yugoslavia		
Dinar (official)	.0865	11.47

1. Additional rates are in effect.
2. There is no trading in Cuban pesos in U.S. or Canadian banks at present.
3. Franc is also used in French Guiana, Guadeloupe and Martinique.
4. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, 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, Frencb Polynesia.
6. Because of the complexity of the Indonesian exchange rate system, it is impractical to quote a single representative rate for the rupiab.
7. Approximately same rate for Portuguese territories in Africa.
8. Barbados, Trinidad and Tobago, Leeward and Windward Islands.
9. Jamaica.

Marketing Data Sheet

ECUADOR

Areo

106,508 square miles.

Climote

At Quito, mean temperature is 55°F and annual rainfall is 5g inches, occurring in two rainy seasons (February-May and October-November). Temperature falls sharply when it is raining. At Guayaquil it is dry except during the rainy season (December-April); climate best from May to December when there is little rain and nights are cool; the heat is oppressive in the rainy season.

Populotion

Total population in 1966 was 5.32 million.

Households

In 1964 there were an estimated 3.1 million family groups. There were 877,300 private residential dwellings and 4,533 multiple dwellings with an average of eight units each. The trend is to larger apartment blocks with up to 50 units.

Income

Estimated GNP in 1964 was U.S.$950 million, U.S.$190 per capita. The average hourly wage is about 25 cents U.S.

Mator Vehicles

Approximately 26,750 passenger cars and 14,000 commercial vehicles are registered but there may be others not registered. There are several thousand motorcycles.

Telephanes

9.5 per thousand persons.

Rodio ond Television

Unofficially, it is estimated that there are 750,000 radio receivers, mainly transistor sets. There are 152 transmitting stations, mostly very small. It is estimated that there are 35,000 television receiving sets. There are television transmitting stations using 525 lines per picture in Quito (2), Guayaquil (3) and Cuenca (1). Both radio (except National State Radio) and television stations are privately owned.

Water Supply

Usually safe in urban areas.

Electric Power

Sixty-cycle a.c. 110/220 volts, one, two and three-phase. Frequency stability is good but sometimes voltage stability is poor at periods of peak demand. The standard domestic supply is 110 volts and a grounding conductor is only required in 220-volt appliances. In Quito there are 58,100 residential and commercial customers and 890 industrial customers. The cost of electricity in Ecuador as a whole averages two U.S. cents a unit. Installed capacity was about 180 mw. in 1967 and there are plans to increase hydroelectric output.

Cool

Fairly good quality lignite is available; it is mainly used by industry.

Gos

Bottled liquid propane-butane only. Consumption in 1966 was 2 million kilograms, in 1967 2.4 million, and is still increasing. It is mainly used for domestic purposes and costs 30 U.S. cents a kilogram.

Petroleum Products

Gasoline (63 and 80 octane), diesel fuel, kerosene and all grades of lubricating oil available. Ecuador produced 2.7 million barrels of crude in 1966. New reserves have been discovered but will not produce for some years.

Weights ond Meosures

The metric system is official but pounds, gallons and yards are commonly used, and the barra, an old Spanish measure, is used as well as meters and yards for dry goods. The metric system is used exclusively for distances and land measure.

Screw Threod

North American SAE is predominant but European metric is also used.

Standords

There are no official standards for gas, electrical or other appliances. An effort is being made to recommend and to follow the U.S. National Electric Code.

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