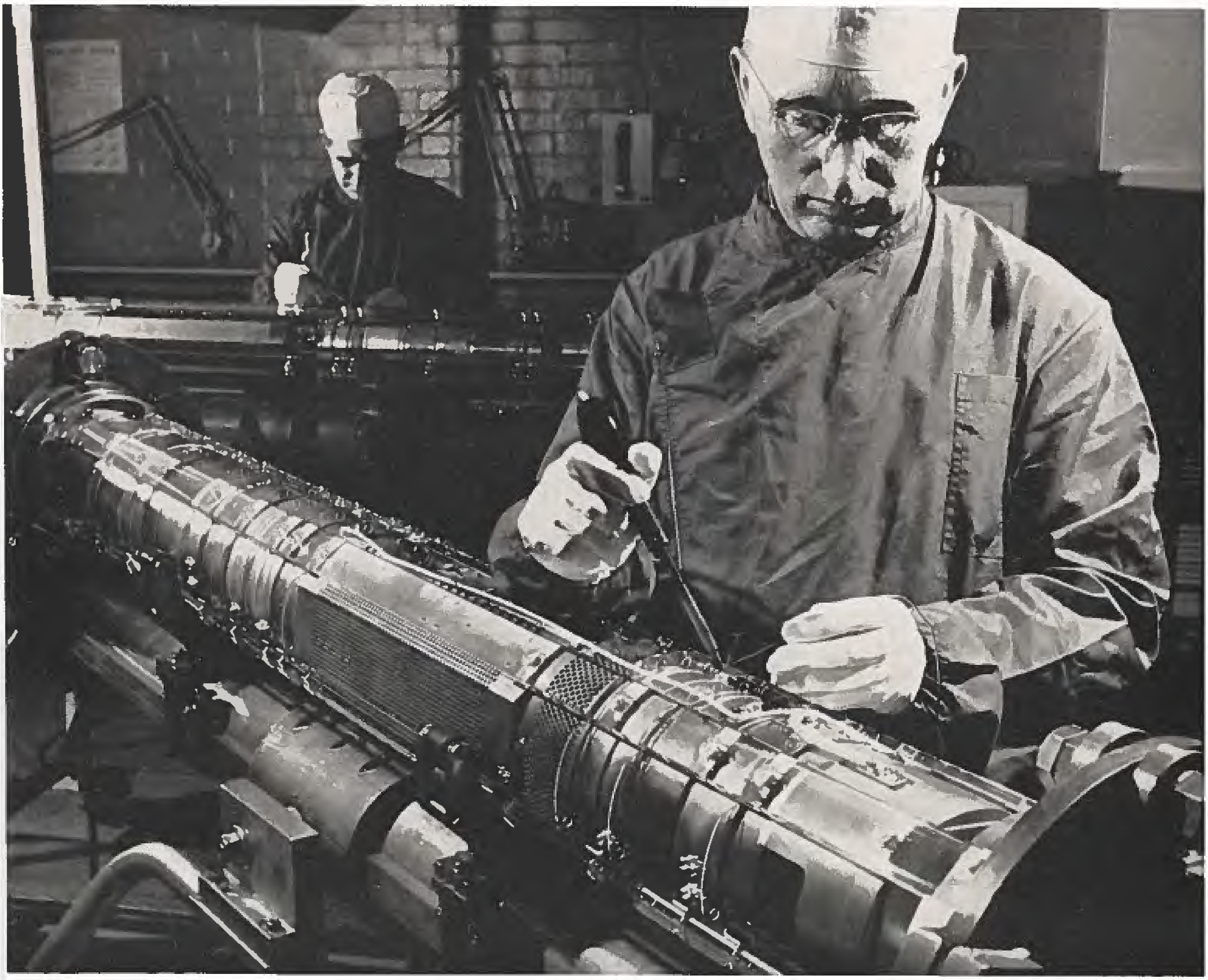
OCTOBER 26. 68

FOREIGN TRADE

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA



IN THIS ISSUE

VOL. 130 NO. 9

When our Commercial Counsellor in Johannesburg, Wm. Jones, toured many Canadian centers last June, he found the interest that many companies showed in doing business in South Africa heartening. This encouraged us, in turn, to proceed with a special feature on the market there. The Cape Town office has also contributed a thoughtful piece on how to reach the South African consumer.

South Africa's electronics industry is still young and depends heavily on foreign technology. This youthfulness means that Canadians can sell electronic equipment there and one of the articles gives details. Our cover serves to introduce it: it shows a deepwater repeater being wired up in the North Woolwich factory of Standard Telephone and Cables, which is an IT & T affiliate.

This issue also features a number of other products that Canadians could sell in a variety of markets. Included are double windows and insulating material to combat the winter chill in Britain, power equipment in the Middle East, and sporting goods in Europe.

The article on selling sports equipment in Sweden added two new words to our vocabulary—"orientering" and "bandy". Both are popular sports with the Swedes and if they are new to you as well, the article on page 33 will explain. It may also suggest sales outlets. The companion piece on sports equipment in Switzerland emphasizes that the under-25's are the prime sales target.

You never know where Canadian products will turn up. One chilly night in September we landed on South Uist in Scotland's Outer Hebrides, eager for dinner and a hot bath. As we wrapped ourself in the ample bath towel provided, our eye caught the label. "Made In Canada" it said —and we smiled with satisfaction.

Another modern touch awaited us next morning. There on the wharf at Lochboisdale stood two large bright red containers, just off the ship. The container revolution is reaching even rather remote spots, and we promise to keep "Foreign Trade" readers abreast of container developments in Canada and elsewhere. Not in the next issue, though; the leading article in our November 9 number will give full details on how the British construction industry is planning meticulously the changeover to the metric system.

FOREIGN TRADE

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OCTOBER 26, 1968

ARTICLES

DEPARTMENTS

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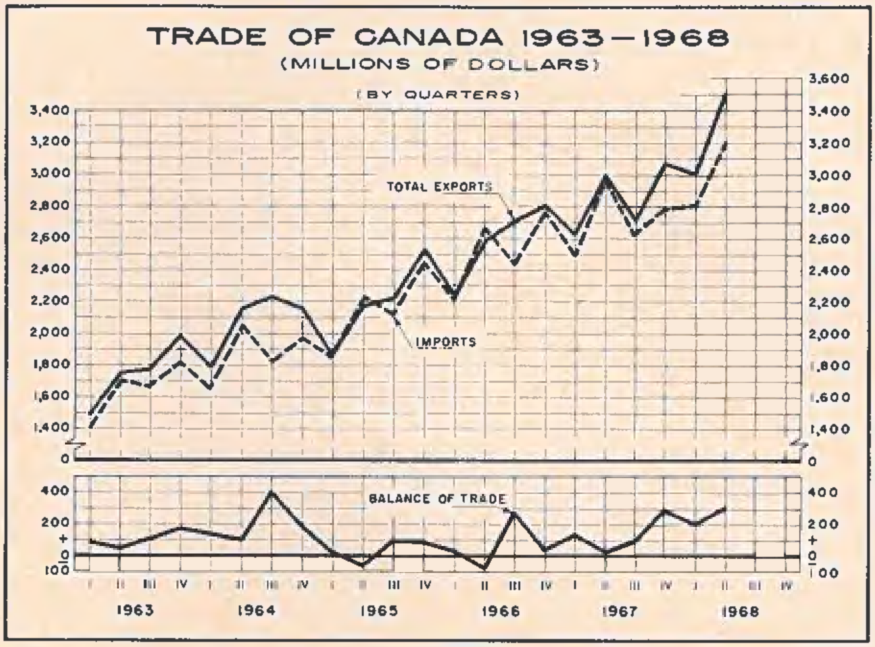
Canada's Trade Is Still Rising



First half of year saw exports reach $6.5 billion, 16 per cent over January - June 1967; imports too continued to increase.

JOHN SKEGGS, *External Trade Division, Dominion Bureau of Statistics*

■ Canada's foreign trade is continuing the rapid progress made in earlier years and the movement shows no signs of running out of steam. Exports advanced strongly over a broad front in the first half of 1968 as sales of many commodities to many countries rose to their highest levels ever. Imports also showed vigorous growth in line with the continued expansion of the domestic economy. The combined effect was yet another record for Canada's international commerce. Total exports (including re-exports) in the first half of the year reached $6,514 million, which was 16 per cent ($891 million) above the level of the same period last year. The extent of this gain is apparent when it is recalled that $900 million was the target set for the growth in Canada's exports by the Minister of Trade and Commerce for the whole of 1968. Already the target has been largely achieved.

Imports rose by almost 10 per cent in the first half compared with January-June 1967 and total trade increased by almost 13 per cent to $12,521 million. The chart on this page shows the growth in Canada's trade over the past six years. The gain in the second quarter of 1968, as in many previous years, is striking. Because once more exports have risen faster than imports, the surplus on the merchandise trade account has widened accordingly to $506 million when re-exports are included, compared with $156 million in the first half of 1967.

This performance augurs well for continuing success in the remainder of 1968. The Minister has warned, however, that some of the favorable forces affecting exports in the first half of the year may not be present in equal degree in the months ahead. Thus a continuing effort is needed to maintain this excellent record and if possible to improve upon it.

Nevertheless, the indications so far are that the second half of the year started well. Preliminary figures for the first eight months show total exports at $8,755 million, 17 per cent above last year. Exports to the United States were up more than 25 per cent at $5,911 million. Imports from all countries were up by 9 per cent, at $7,855 million. As a result, the trade balance widened still further and stood at $900 million for January-August, compared with $271 million in the same period last year.

Table I provides some indication of the countries which have contributed to the expansion in Canada's trade and shows our 15 leading trading partners in the first half of the past three years. The increasing importance of the United States as our best customer and supplier stands out very clearly: that country took 67 per cent of our domestic exports and provided almost three-quarters of our imports in the first half of 1968. Our exports to the United States increased by 26 per cent compared with the first six months of last year or, in dollar terms, by $884 million. The increase in imports was smaller, $434 million or 11 per cent. An important factor in the growing volume of trade with the United States has been the automotive agreement between our two countries: the two-way total of trade in automotive products for the first half of this year amounted to more than $2,700 million. In addition, some improvement in business conditions in North America this year has led to stronger demand for certain of each country's principal exports.

The changes in trade with many of our overseas trading partners have been less dramatic this year. Our exports to our best overseas customer, Britain, continued their steady advance to $606 million and our imports just about held level. Trade with West Germany increased somewhat, particularly for exports. Our exports to Australia again expanded rapidly, but those to India and Pakistan totalled less than half the level attained last year in the January to June period. The major reason for the decline was the fall in wheat shipments to these countries this year because both have enjoyed good harvests. Exports of wheat to the Soviet Union and Mainland China were maintained but did not reach the levels of several years ago. Exports to Latin America rose again this half-year to $257 million, but imports increased more rapidly to $316 million, compared with $244 million in January-June 1967. A large part of this increase was accounted for by a sharp rise in imports from Venezuela to $164 million from $103 million, mainly the result of increased receipts of crude petroleum, but imports from other countries in the region, including Mexico and Brazil, also rose.

TABLE I

CANADA'S LEADING TRADING PARTNERS

Domestic Exports, January-June 1966 (Cdn.$ million)	1967	1968	Country	Imports, January-June 1966 (Cdn.$ million)	1967	1968
2,851.5	3,402.3	4,286.6	United States	3,563.4	4,061.4	4,495.8
550.3	589.0	606.2	Britain	325.9	342.9	340.3
175.5	291.5	290.1	Japan	116.1	140.6	153.8
81.7	77.1	104.1	West Germany	104.2	116.8	135.3
52.6	78.7	97.0	Australia	19.0	26.9	31.3
68.2	70.8	76.1	Mainland China	10.9	13.4	10.7
63.6	76.9	74.3	Netherlands	26.2	29.4	31.9
48.5	44.6	58.8	Belgium and Luxembourg	25.8	31.1	23.7
160.0	85.2	56.5	Soviet Union	3.9	9.2	12.1
40.1	47.4	54.4	Venezuela	116.4	102.7	164.4
54.9	67.9	52.5	Italy	38.0	51.6	52.3
55.3	45.6	47.4	Norway	18.4	17.0	18.6
30.1	98.5	42.7	India	15.9	17.1	17.2
35.4	39.5	37.9	France	45.2	56.4	54.7
34.3	41.2	36.7	South Africa	8.8	12.8	13.7

TABLE II

CANADA'S TRADE BY SECTIONS

Domestic Exports, January-June 1967 (Cdn.$ million)	1968	Section	Imports, January-June 1967 (Cdn.$ million)	1968
15.2	28.3	Live animals	9.6	8.0
861.5	724.3	Food, feed, beverages and tobacco	394.9	413.5
960.8	1,137.6	Crude materials, inedible	465.0	522.5
2,097.1	2,411.5	Fabricated materials, inedible	1,140.8	1,159.5
1,533.0	2,035.8	End products, inedible	3,323.9	3,782.1
11.4	17.7	Special transactions—trade	140.8	122.0
5,479.0	**6,355.2**			
144.1	158.6	Re-exports		
5,623.1	**6,513.8**	**Total**	**5,475.0**	**6,007.7**

Canadian Sales

Table II gives a breakdown of Canada's domestic exports and imports by statistical sections for January-June 1967 and 1968. Dealing first with exports, it is apparent that most sections are doing better this year than last and that the most striking increase has once again taken place in sales of manufactured goods. Exports of inedible end products rose from $1,533 million to $2,036 million, an increase of almost one-third.

Many of the traditional Canadian exports posted increases in sales this year. Exports of whisky increased 16 per cent to $66 million; lumber increased 19 per cent to $266 million; aluminum rose 11 per cent to $230 million. Copper, nickel, iron ore, and petroleum and natural gas also made gains. Sulphur, which has been one of Canada's fastest growing export products, increased once more to $40 million, a gain of more than 50 per cent. Exports of fabricated iron and steel—items such as castings, forgings, plate and strip—did well, increasing from $106 million in the first half of 1967 to $180 million this year. This was partly the result of stockpiling demand in the United States in anticipation of a possible strike in the industry there, but improved performance on the part of the Canadian industry also played a significant role in this increase. Exports of wheat declined from $435 million to $310 million as total world marketings were reduced by favorable crops in most areas.

The major reason for the large increase in exports of manufactured goods is of course the continued rapid growth of exports of automotive products which, on the basis of Canadian export statistics, rose in the period under review from $846 million to $1,256 million. Even excluding this industry, there was still a healthy and widespread rise in exports of end products from $687 million to $780 million. Machinery and equipment sales rose, as did those of a variety of consumer goods. The aviation industry continued its rapid progress of recent years; exports of aircraft and parts rose from $98 million in 1966 to $149 million in 1967 and to $198 million this year.

Canadian Purchases

The second part of Table II presents similar details of Canada's imports by sections. As in exports, most sections and major commodities have been imported in greater amounts this year than last. The most noteworthy changes are again in inedible end products, where imports have risen by 14 per cent, bringing this section's share of total imports up to 63 per cent compared with 61 per cent in the same period last year. The United States supplied even more of the commodities in this area than over-all —$3,145 million out of $3,728 million, or 83 per cent.

Looking Ahead

The first half of 1968 may reasonably be deemed a satisfactory period of growth for Canada's merchandise trade. Despite a slowdown in performance in our sales of some important products in some major markets, the target set at the beginning of the year is by now well within reach. Prospects are good for continued success in the months remaining. It is important that this success should continue because the first day of the second half of the year, July 1, saw the introduction of great changes in the world trading system.

That date saw the implementation of the International Grains Agreement which, because of Canada's wheat exports, is of considerable importance to the Canadian economy. It also saw the completion by the six member states of the European Economic Community of their program to create both a Common External Tariff and remove internal customs duties. Finally, July 1 was the date on which the first phase of the Kennedy Round Tariff reductions was completed. These events taken together add up to a major change in the international trading environment. The size of the ensuing opportunities and of the challenge cannot be over-emphasized. Altogether, there are many good reasons for watching the months to come with more than usual interest.

They're Switching On in the Middle East

Electrification means generators, power lines and switchgear but it also means a growing market for domestic wiring, fittings and appliances. Perhaps you should push your product too.

N. W. BOYD, *Commercial Counsellor, Beirut.*

■ All over the Middle East, generating capacity and distribution facilities are being expanded to meet modern industry's needs. Here are some examples. Kuwait recently tendered for boilers and turbines for a 500 mw. station. Saudi Arabia's power consumption is growing at the rate of 20 per cent a year. Iraq has spent $180 million since 1963 on power development and will spend another $100 million during the next Five Year Plan. Lebanon hopes to complete the electrification of the entire country by 1970. Some of these developments have been undertaken by governments, some by private enterprise. Virtually all the equipment for both power generation and distribution is imported and purchases by governments or private companies are by public tenders through local agents (see table).

Canadian firms, particularly cable manufacturers, have sold successfully here but they have only captured a relatively small part of the market so far. Active local agents in each country are a must to alert the manufacturer to forthcoming tenders and to help him follow up effectively.

Saudi Arabia—There is no national electric power authority in Saudi Arabia. For the most part, power generation and distribution are carried out by private companies. Rural electrification programs are being implemented by the Ministry of the Interior which makes outright grants to municipalities, and by the Ministry of

IMPORTS OF GENERATING, DISTRIBUTION AND TRANSMISSION EQUIPMENT IN 1966

	Saudi Arabia*	Kuwait	Iraq	Lebanon
		(Cdn. $000)		
Power generating equipment	3,120	1,060	8,990	4,200
Distribution equipment, switchgear, transformers, etc.	3,110	9,520	12,850	2,800
Wire and cable	4,272	6,000	5,740	5,250
Total	**10,502**	**16,580**	**27,580**	**12,250**

For Saudi Arabia, Iraq and Lebanon, power generating equipment includes transformers.
*May 1965-April 1966

Commerce and Industry which provides technical assistance to private enterprise in small towns.

Power facilities in the major cities (these account for about 95 per cent of total power generated) are owned and operated by private enterprise. One consequence of so many independent power systems is the wide variation in voltage and frequency throughout the country. By Royal Decree, however, standardization at 50-cycle 220/380 volts is to be complete by 1975.

Power consumption in Saudi Arabia has been increasing about 20 per cent per year. Diesel generators are the traditional source of power but recently gas turbines have been introduced. Because fresh water is scarce, there have been no thermal generating stations in the past but now a combined desalination/50 mw. thermal station is going to be built in Jeddah. There is little interest in nuclear power because low-cost fossil fuels are plentiful and demand in any one area is not large enough to justify construction of a reactor of economic size. Consuming areas are scattered throughout the country and cities are not close enough together for a grid system, except in the Jeddah-Mecca-Medina-Taif area near the Red Sea.

As part of its over-all town planning responsibility, the Ministry of the Interior has implemented a program of rural electrification. Seven projects in remote areas in the north, west and southern parts of the country are nearing completion at a total cost of about $3 million. These projects, carried out by local contractors, have been financed entirely by the Ministry. Five similar projects are expected to go to tender next year.

The Ministry of Commerce and Industry has been encouraging private capital to develop electricity supply systems in rural areas. Progress has been rather limited to date; of the initial plan to electrify eleven towns, only two projects are under way. Part of the difficulty has been obtaining trained administrators and technicians.

Virtually all purchases of power generation and distribution equipment by Saudi Arabia are by public tenders through local agents. Western European countries have been by far the largest suppliers.

Iraq—The design and construction of power generating stations and transmission facilities in Iraq is the responsibility of the Ministry of Industry. The National Electricity Administration is responsible for operations and maintenance and for distribution in Baghdad, Mosul and Basrah, the three largest cities. The Ministry of Municipalities is responsible for the electrification of small towns, villages and rural areas.

Most of the electric power generation and transmission projects in the current Five Year Plan (1965-69) have either been completed or are already out to tender. About $180 million has been spent in new generation and distribution facilities since 1963.

Consultants have been invited to make a survey of future requirements and submit proposals for the consolidation of the entire country's power system. Some $100 million will be spent on new facilities in the 1970-74 program.

Kuwait—Despite its small population and limited industry, Kuwait is an important consumer of electricity and offers a good market for power generation and distribution equipment. The Ministry of Electricity and Water is responsible for the supply and distribution of power. Its purchases are normally by public tenders through local agents. The Ministry's most recent tender was for boilers and turbines for a 500 mw. power station which was designed by a U.S. consultant. The design allows for the addition of two 125 mw. units should an extension be necessary. The 1968-69 budget provides for a $40 million development program by the Ministry of Electricity and Water.

Lebanon—The Office of Electricity of Lebanon, which is controlled by the State, has been working since 1964 on a seven-year investment plan for the electrification of the entire country by 1970. This will include modern equipment to furnish adequate and dependable power through a comprehensive grid. Progress has been made each year; currently work is under way for the expansion of generating capacity and high, medium, and low-voltage distribution to meet the ever-increasing demand.

Rural electrification should be completed by 1969. Achievement has been impressive. In 1966, for example, 238 villages received electricity for the first time.

Power production in Lebanon has increased by between 11 and 15 per cent since 1963. There are eight thermal plants and four hydroelectric plants in operation now, producing 900 million kwh. a year, 65 per cent of it from hydroelectric plants. Three of these are privately owned and sell power to the Office of Electricity which distributes practically all the country's power.

When the electrification program is completed in 1970, Lebanon will have enough power to meet requirements for the next ten years, taking into account the growth in demand from bulk domestic consumers and municipalities and industry.

Sao Paulo Will Improve Its Water Supply

■ Sao Paulo is the largest industrial center in Latin America and has a population of 6.8 million which has been growing at the rate of between 5.9 and 8.2 per cent in recent years. The water supply at present reaches only 53 per cent of those living in the metropolitan area. The proposed expansion will cost U.S.$82 million and will take water to another two million people, particularly low-income families in the north and east sections of the city. Industry will benefit too, getting about 23 per cent of the additional water.

The Inter-American Development Bank has approved two loans to help finance this project. One loan of U.S.$11.5 million will come from the Bank's ordinary capital resources. The other, which amounts to U.S.$5 million, is from the fund which the Swedish Government has placed under the Bank's administration, and may be used to purchase goods and services in any member country of the IMF and Switzerland.

The project will be carried out by the Companhia Metropolitana de Agua de Sao Paulo, an agency established by the State of Sao Paulo to reorganize and restructure the present water supply service. Canadian firms who are interested may consult the Mechanical Equipment and Engineering Division, Department of Trade and Commerce, Ottawa, for more information.

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Keeping Out the British Winter

Mounting emphasis on comfort and a large demand for homes promise excellent opportunities for Canadian manufacturers of winterizing products. Marketing arrangements are important.

A. D. HOWELL-JONES
Commercial Officer, London

CENTRALLY-HEATED AND INSULATED HOMES IN BRITAIN

Type of Home	*Total*	*With Central Heating*	*With Full Insulation*
		(thousands)	
Detached	2,100	320	200
Semi-detached	5,400	810	400
Terraced	3,600	490	230
Flats and bungalows	6,700	1,050	120
Total	**17,800**	**2,670**	**950**

■ The British people are showing greater interest in more warmth and comfort in their homes and are taking steps to acquire these amenities. In recent years the installation of central heating and insulation has increased significantly and this holds out good prospects for the Canadian company prepared to make the initial effort required to establish its product here.

Britain has nearly 18 million homes but only 15 per cent have central heating. Of these, little more than a third are fully insulated and double-glazed (see table). Estimates of the market potential run as high as 5.5 million homes—about 300,000 detached, 1.75 million semi-detached, 1.25 million terraced, and 2.25 million apartments and bungalows.

New home construction totalled 400,000 units in 1967 and is expected to rise to 500,000 by 1970. Of particular importance to Canadians is the timber frame construction method introduced into Britain in 1965. In 1968 some 25,000 to 30,000 Canadian-built timber frame homes will be completed and by 1970 the yearly volume should reach a minimum of 50,000 units. And this building technique makes widespread use of winterizing products such as insulating materials and double windows.

The main problem is that, despite much higher fuel prices than in North America, the British have not been convinced that it pays to cut down heat loss. They seem to prefer to spend an extra 10 shillings a week on fuel.

Double Windows Pose Problems

Double-hung sash windows are probably the most common type of window frame, particularly in older property, and estimates reach 60 million. The second most popular type of window is the vertical-opening type framed in either steel or wood and usually with a horizontal-opening fanlight. This type is still fitted to new buildings although double-hung center-pivot horizontal- or vertical-opening types have gained increasing favor in high-rise buildings because they are easily cleaned from inside.

Both of these types can be opened for ventilation and both present problems when double windows are considered. Most people like to have fresh air and only a minority are prepared to seal off a window completely with an unopenable second window. Another consideration is cost. One of the most common types of double window is the sliding one with the channeling fitted to the interior architrave. Normally, 16- or 24-ounce glass is used and installation costs between 20 and 30 shillings per square foot ($2.60 to $3.90).

Double-glass systems, usually evacuated and fitted to a single frame, have achieved a limited success but because of weight their use has been mainly confined to picture windows. Once again cost—about 40 shillings per square foot ($5.20)—is the big drawback.

A substantial proportion of new housing will replace slums and old houses which lack the essential amenities. Where this takes place in crowded urban areas, the tendency is toward high apartment blocks. In this type of construction, aluminum window-framing is gaining acceptance because of its structural flexibility and low maintenance costs.

Condensation can be a problem in double-window systems and the type with a water catchment area at the base of the window would be welcomed, particularly if it were incorporated in an inexpensive system.

The use of weather stripping around doors and windows is common. A self-adhesive plastic foam strip of ½ or ⅛ of an inch in width around the mating surfaces is quick and inexpensive to apply. Phosphor bronze and plastic stripping are also popular but are often not very successful when fitted by the home handyman. The market for weather stripping is very competitive; price is usually the main consideration and most weather stripping is fitted by the home owner himself.

Insulating Walls and Roofs

Insulating materials are widely used in Britain. Mica and expanded polystyrene pellets, mineral wool, glass fiber and aluminum foil are cheap and easily applied. Expanded polystyrene sheeting and tiles, both in good supply from local manufacturers, have additional advantages such as sound absorption and decorative qualities. Mica pellets and mineral wool (with or without aluminum foil backing) are generally used for insulation of the loft and are laid between the joists to a depth of two inches. This type of insulation costs about 15 shillings ($2) per square foot and is now a requirement on all council-built homes. It has also become the practice to place mats of felting under the roof tiles, usually after sale of a house.

The 11-inch cavity wall common in Britain since the 1920's is not a very good insulator even when the inner portion is made of insulating brick. Two methods have been developed to improve insulation. One is to paste a two mm. sheet of expanded polystyrene to the inside wall before decorating. The other more effective means is to fill the wall cavity with non-porous plastic foam or mineral wool. These are injected under pressure from the outside and cost up to £100 ($260) for a four-bedroom house.

An important development is the growing emphasis on comfort. Whereas the proportion of construction tenders approved which specified individual room heating was 42.1 per cent in 1964, it had fallen to under 20 per cent by 1967. With central heating on the increase, more and better insulation will be necessary.

How to Sell

In general the possibilities are good for Canadian companies selling double windows and insulating materials. It is common knowledge in Britain that Canadian winters are severe. This gives Canadian companies an initial advantage because they are considered more experienced than British firms. However, the method of marketing should be closely studied before attempting to sell.

Some Canadian companies have successfully entered the market for double windows by appointing an agent and supplying the frames in knocked down form for local assembly and glazing. With bulkier products such as insulating materials, a local manufacturing agreement or a joint venture or licensing agreement may have to be considered in order to make a profit.

Selling through an agent is by far the best method for a small- to medium-sized Canadian company. The experienced agent has established outlets and contacts which are invaluable in providing a reasonable share of the market. Where competition is severe, the agent will expect financial help with advertising and sales promotion. Some capital investment in the market might therefore be necessary at the beginning and large profits in the first years should not be expected. In choosing an agent, the main considerations are his ability to cover the area assigned to him effectively and his access to established outlets. The term "outlet" in this context means architects, building contractors, builders' merchants, do-it-yourself and hardware shops, depending on the product. Contacts with architects are particularly important for double windows as it is general practice for them to specify the make and type of window to be fitted.

Initially, a degree of market education may be necessary. Advertising, while expensive, can be effective if it is aimed at the proper market. The large number of direct mail campaigns have dulled the medium's effectiveness. However, a campaign in selected products and market areas remains worthwhile. Effective demonstration of products is one field that has yet to be fully exploited. Many people like to sample the finished job before committing themselves to purchase and this technique should be seriously considered. So should distribution because freight costs on small consignments are high. In this context two or three agents to cover Britain might be necessary: it depends on the degree of concentration of established and potential outlets and what is an acceptable delivery time.

If you want to explore this market further, write to the Office of Commodities and Industries, Department of Trade and Commerce, Ottawa, or to the Minister (Commercial), Office of the High Commissioner for Canada, One Grosvenor Square, London WIX OAB, England.

Britain Is Switching to Private Labels

■ The squeeze on the housewife's purse, intensified by higher prices for manufacturers' brands, is forcing British retailers to find means of holding the line. One of these is more emphasis on private labels.

A recent survey of a product group with 1967 sales of $4 billion revealed that private labels accounted for 20 per cent of the sales and offered the consumer an average saving of 24 per cent over manufacturers' brands. Private label business thus offers the Canadian manufacturer a way of not only maintaining but of expanding his market in Britain.

The terms "private label" and "own brand" are synonymous and refer to goods produced by or for distributors and sold under the distributor's own name or trademark.

Private labels no longer mean inferior quality. An official of a major chain store stated recently: "Our aim is to produce a product equal in quality to the brand leader, if not better." The chains are determined not to lose a hard-won reputation with a sub-standard product. Consumers now demand and expect the highest quality from products packed under private labels.

The trend towards concentration of outlets and purchasing power is a significant factor in the swing to private labels. High financing costs place a premium on storage and shelf space and "own brand" has offered the retailer another opportunity to rationalize stock levels. With direct control over supply, retailers can clearly regulate stocks according to sales and thereby ensure intensive and profitable use of shelf space. Any gains made by private labels will thus be at the expense of minor brands.

Chain stores now account for over half of the total grocery sales in Britain. Fifty per cent of these stores carry one private label for every two nationally advertised brands. However, the major chains claim that they are not switching to private labels indiscriminately but are offering the consumer an alternative to the major manufacturers' brands.

Manufacturers in Britain can no longer ignore the threat of private labels. In fact, to assure themselves of a continuing place in the market, many are now producing private label products as well as their own nationally branded items.

Canadian producers who, because of recent events, are finding it difficult to market their products in Britain should investigate the private label business.

Southern Africa Prepares for Expansion

Much is happening in Southern Africa and Canadian exporters can still get in on the ground floor. Here's how it looks from Johannesburg.

Wm. JONES, *Trade Commissioner, Johannesburg*

■ Many Canadian manufacturers looking at export possibilities for the first time and even those already exporting tend to overlook the opportunities which the countries in the southern part of Africa now present and promise for the future. This attitude is not justified because the countries of Southern Africa are in the midst of remarkable economic development.

Local production will obviously dominate certain sections of the market and will limit the field for Canadian exporters, but those who get a good foothold now will find their exports expanding with the area's economic growth.

South Africa

South Africa is the pace-maker in the development of the southern part of the continent. The past year has seen the emergence of some remarkable plans, projects and developments there. According to the Annual Economic Report of the Reserve Bank just released, the country's gold and foreign exchange reserves have risen to an unprecedented level. This has resulted largely from increased foreign investment, despite the maintenance of foreign exchange controls. It is a measure of foreign confidence in the stability and the future of the area. Net foreign investment during the year ended June 30, 1968, was approximately half a billion dollars, compared with an annual average in the previous three years of a quarter of a billion dollars.

The confidence of foreign investors is partly due to the stability of the country. However, one should not discount the effect of the far-reaching development plans on investors. One of these is the Orange River Project, a vast scheme to harness the country's only sizeable river for power and irrigation. Not only is it helping to develop South African engineering skills, but it is also encouraging foreign contractors to establish offices and facilities in South Africa so that they may be in a better position to quote on it and on future projects.

Although transportation of practically all products is in some way under the control of the Department of Transport, private firms are finding it worthwhile to develop some local facilities. A good example is the 533-mile pipeline linking the port of Durban, the synthetic oil plant at Sasolburg in the Orange Free State and Ogies, a terminal a few miles from Johannesburg. This is the second pipeline connecting Durban and Johannesburg; present and anticipated requirements far outrun the capacity of the first one. Eventually the new pipeline will bring oil from Richards Bay, some 110 miles to the north of Durban.

Richards Bay is a vast port complex which will be developed in the next few years. It will be able to berth the largest ocean-going ships on the drawing-board. Besides handling imports of oil, it will have facilities for handling bulk and general cargo and also containerized cargo. Exports will include minerals such as iron ore and fluorspar from the interior. Among the plants which will be established in the immediately surrounding area is an aluminum smelter (the first in Southern Africa) with a capacity of 50,000 tons. There may also be an iron and steel complex based on nearby iron and coal deposits.

The expansion of the South African power generating and distribution system is indicative of the country's present and expected growth. Thermal stations on the coalfields, principally in the Transvaal area, provide most of the power. The increasing cost of transporting coal is making thermal stations elsewhere less economic. To meet future expansion, a high-voltage countrywide transmission grid is being developed. Land near Cape Town has been purchased for the establishment of South Africa's first atomic energy plant. The average annual increase in electricity sales over the past 10 years was 7.6 per cent; last year it was 8.6 per cent.

Mozambique (Portuguese East Africa)

In July 1968, the Portuguese Government decided to go ahead with

Two youthful visitors (right) learn at first hand about gold production at the Witwatersrand mine.

development of a massive power project at Cabora Bassa on the Zambesi. Initial contracts valued at about $300 million were awarded to a consortium of South African, French, German, Italian and Swedish firms. The organizer and principal partner in the consortium is the giant Johannesburg-based Anglo-American Corporation and its associate and subsidiary companies. The project will produce 18 million kwh. a year by 1974, change the economy of Northern Mozambique, and export inexpensive power by two parallel 865-mile transmission lines to South Africa. Some of the power may be fed into a grid supplying the projected aluminum plant planned at Richards Bay.

If present plans are carried through, a plant will be built to produce low-cost aluminum from bauxite deposits on the Mozambique/Malawi border. Because for some years there will be relatively small demand for the abundant low-cost power from Cabora Bassa, the aluminum plant should be very competitive.

The long-term plans for the Zambesi include flood control, development of the rich agricultural lands down river, and the construction of a harbor at its mouth. With the development of transportation services, there may be a case for establishing a large economic steel complex the output of which would be principally for export. It has been reported that abundant supplies of coal and iron ore are available fairly close to each other in the Cabora Bassa area and visionaries talk of further hydro projects and canals—in fact, a virtual Ruhr Valley in Africa.

To the south and along the coast the principal international oil companies are drilling likely areas. Meanwhile, the Portuguese Government is building highways and developing internal communications to provide the infrastructure for Mozambique's future development.

Angola (Portuguese West Africa)

To the east, the Portuguese province of Angola is booming. Gulf Oil has discovered large quantities of oil off the coast of Cabinda, an enclave separated from the rest of Angola by a narrow strip of land belonging to the Congo and the Congo River. Oilfields have also been discovered and are being developed not far from Luanda, the capital.

Diamond production in the north is developing apace. Copper deposits discovered near the Zambian border are being evaluated for future exploitation. In the south, Japanese and German interests are developing iron ore deposits. The South Africans are endeavoring to reach an agreement on the development of the hydroelectric potential of the Cunene River which forms part of the border between Angola and South West Africa.

Botswana

This country gained its independence in 1966 and is showing promise. It includes the Kalahari Desert and the Okavango Swamps and in the past has been principally concerned with the production of beef cattle. Now in the northern part, close to the Rhodesian border, an intensive effort is being made to demarcate copper and copper-nickel deposits. So far, about 36 million tons of ore have been found, shafts have been sunk and a pilot concentrator plant has been erected. As part of the planning for exploitation of these deposits, a survey of the entire northern area is to be done in preparation for developing the infrastructure to support the mining complex. Interest in the area has also been stimulated by the discovery of some promising diamond pipes. There is interest too in exploiting the Great Makarikari Saltpans—estimates put the possible yield at 80,000 tons of soda ash and 100,000 tons of salt a year. The Tati gold and silver field, famous during the late 19th century, which lies within the Republic, is being re-examined to determine whether modern methods would make it economic to work it.

Lesotha

The former British Protectorate of Basutoland, which is completely surrounded by South Africa, gained its independence in 1967. It has few natural resources except diamonds, but it is hoped to develop this mountainous country as one of South Africa's principal inland recreation areas. Plans are being made to provide an excellent year-round supply of water at Oxbow in the headwaters of the Orange River. It is hoped that the Oxbow scheme will be able to supply sufficient hydroelectric power to meet Lesotho's requirements and possibly provide some power for export to South Africa. However, the principal objective of the scheme would be to supply water to bolster the Vaal River system in South Africa. The project will entail several large dams, a lengthy tunnel and a pipeline to the system which supplies the Johannesburg/Witwatersrand industrial complex. The sale of surplus water to South Africa should provide a substantial boost to Lesotho's income.

Swaziland

This kingdom became independent only a few weeks ago, on September 6, 1968. The Government has not had time to work out development plans in detail, but it is probably the richest and the most viable of the former British protectorates. It has excellent rail connections to the sea and produces iron ore, pulp, sugar, asbestos, meat, citrus and a variety of other agricultural products for export. Before independence, there was some discussion of extending the railway which connects it with Lourenco Marques to join up with the South African Railways, giving the country easier access to the South African market.

Mauritius, Reunian, Malagasy

These three islands off the southeast coast of Africa are respectively a British Dominion, an Overseas Department of France, and an independent republic. Ties with South Africa are not yet close but they seem to be becoming closer. There are signs of quickening economic activity in each of the islands but this cannot yet be described as a surge of development.

Mauritius only became independent in March 1968. It presents a small but interesting potential market since it accords British preference to Canadian goods and looks favorably upon Canada as its second largest export market. We understand that it is in the process of reassessing its over-all trade policy.

Reunion and Malagasy are French-speaking and therefore present opportunities for Canadian firms which can take advantage of our bilingualism. Descriptive literature and correspondence should be in French. These are small markets but sales should grow as economic development progresses.

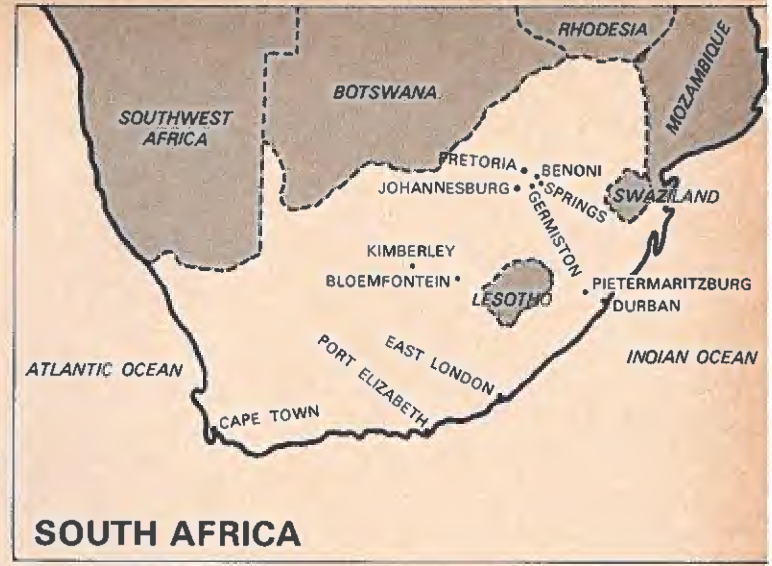
Watch Developments

In the monetary and customs unit which comprises South Africa, Lesotho, Botswana, Swaziland and South West Africa live approximately 20 million people with the highest average standard of living in Africa—it is claimed that this is true even if the segment of the population of European origin (about 20 per cent) is removed.

The growth of industry in South Africa has resulted in a drive for dependable and economic sources of supply of raw materials and has stimulated a search for export markets for manufactured products. In the next five years we expect to see a fairly steady growth in South African demand for imports and a faster increase in South African exports.

This is the marketplace in Mbanane, the capital and administrative center of Swaziland, which gained its independence in September of this year. In addition to mining iron ore and asbestos, it exports a number of agricultural products such as citrus.

SOUTH AFRICA



Area: 472,685 square miles.

Population: total 18,296,000; White 3,481,000; Colored 1,805,000; African 12,463,000; Asiatic 547,000.

Climate: varies from temperate to sub-tropical; some areas are semi-arid.

Language: English and Afrikaans.

Currency: rand; 1 rand equals Cdn.$1.502 (September 1968).

Foreign exchange and import controls: the Customs Union includes South West Africa, Botswana, Lesotho, Swaziland and South Africa. South Africa is responsible for implementing the regulations which apply equally to all these territories. Imports are controlled by permits with products ranging from a free list to a restricted list where R2 of import allocation must be given for every R1 imported.

Weights and measures: imperial system. (Metric system also used and plans are to convert to it in the next 10 years.)

Capital: administrative, Pretoria; legislative, Cape Town; judicial, Bloemfontein.

Chief ports: Durban, Cape Town, Port Elizabeth, East London. Lourenco Marques in the Portuguese Province of Mozambique (Portuguese East Africa) acts as a port of entry and exit for much of the heavy traffic to and from the industrial area and the northern section of the Transvaal province.

Marketing centers: Johannesburg (metropolitan population) 1,364,000, Cape Town 930,000, Durban 850,000, Pretoria 550,000, Port Elizabeth 425,000, Germiston 240,000, Bloemfontein 180,000, Benoni 160,000, Springs 150,000, East London 148,000, Pietermaritzburg 130,000, Kimberley 105,000.

Economy: GNP is made up mainly by manufacturing (29 per cent), services (26), mining (12) and agriculture (10). The major primary products are sugar, fruit, wool, wheat, peanuts, wattle, maize, hides and skins, timber and fish. Major mining output includes gold, diamonds, platinum and uranium.

Total South African imports: 1967—R1,968 million; 1966—R1,678 million.

Chief imports: (millions of rands) 1967—machinery and transport equipment 804; manufactured goods 406; chemicals 158; miscellaneous manufactured goods 142; crude materials, inedible, except fuels 132; mineral fuels, lubricants and related materials 111; food and live animals 89; beverages and tobacco 16.

Chief suppliers: (per cent) 1967—Britain 26, United States 17, West Germany 12, Japan 6, Italy 4, Canada 3, France 3, Netherlands 3, (EEC 23, EFTA 31).

Value of imports from Canada: 1967—Cdn.$77.7 million; 1966—Cdn.$74.4 million.

Chief imports from Canada: (Cdn.$ million) 1967—wheat 15.6; passenger automobiles, chassis and parts 13.2; aluminum 12.2; lumber (all types) 4.2; trucks and chassis 3.7; sulphur 2.3; steel 2.1; writing and reproduction paper 2.0; wood pulp 1.9; zinc 1.3; aircraft engines and parts 1.2; newsprint 1.1.

Total South African exports: (excluding gold) 1967—R1,356 million; 1966—R1,205 million. Gold production: 1967—R754 million; 1966—R776 million.

Chief exports: (millions of rands) 1967—manufactured goods classified by material 423 (semi-precious stones, copper, lead, iron, alloys); crude materials, inedible 334 (wool, iron ore, hides and skins); food, fruit, sugar and cereals 316; machinery and transport equipment 76; mineral fuels, lubricants (including re-export of oil) 61; chemicals 46.

Chief markets: (per cent) 1967—Britain 30, other African countries including Rhodesia 16.6, Japan 13, United States 8, West Germany 6, Belgium 4.2, Italy 3.6, France 2.1, Canada 1.4, Australia 1, (EEC 18, EFTA 31).

Value of Canadian purchases: 1967—Cdn.$37.1 million; 1966 Cdn.$27.6 million.

Chief Canadian purchases: (Cdn.$ million) 1967—raw sugar 15, ferrochrome 3, ferromanganese 1.9, oranges 1.8, grapes 1.3, canned pineapple 1.3, wood pulp, dissolving 1.2, asbestos, unmanufactured 1.1, brandy .6, wine .5.

Usual terms of payment: sight to 120 days.

Samples: enter free when of no commercial value; deposit required when of commercial value. Deposit is refunded on re-export within 12 months.

Visas: not required. **Inoculations:** smallpox, yellow fever (if you stop in yellow fever zone).

Trade agreements: Canada-South Africa Preferential Agreement 1932 provides for preferences on a few items entering South Africa from Canada. Canada receives most-favored-nation treatment on all other items. South Africa is a contracting party to GATT.

Documentation, customs tariffs, marking and labelling: consult the Office of Trade Relations, Department of Trade and Commerce.

Correspondence: use airmail for all correspondence; letters 25 cents per half ounce.

For detailed information on this market write to:

Commonwealth Division
Office of Trade Relations
Department of Trade and Commerce, Ottawa

or

Canadian Government Trade Commissioner
P.O. Box 715, Johannesburg

or

Canadian Government Trade Commissioner
P.O. Box 683, Cape Town

Reaching the South African Buyer

means adapting techniques used in Canada or trying new ones. First steps—identifying the market for the product, finding the right approach.

DONALD H. LEAVITT, *Assistant Trade Commissioner, Cape Town.*

■ Many people ask "What can Canadians sell in South Africa?" The answer is simple . . . almost anything, as long as the quality is good and the price rigbt. Last year Canadian golf putters, seed potatoes, potato flakes, electronic laboratories for education, valves, pumps, auto burglar alarms, marine hardware and even equipment for decorative fountains were sold here for the first time. Of course, the bulk of our trade is still concentrated on cars and car parts, aluminum, sulphur, newsprint and writing paper, lumber and wheat. However, sales of most of these staples may decline because of increasing local production. At the same time, the change in tastes and requirements in this new industrial climate has presented opportunities for a wide variety of goods not previously sold in South Africa.

With the relaxation of import controls, South African imports have increased from Cdn.$2,520 million in 1966 to Cdn.$2,916 million in 1967. At the same time, however, South African merchandise exports rose from Cdn.$1,799 million in 1966 to Cdn.$1,995 million in 1967. Canada's exports to South Africa totalled $77.7 million in 1967 and may reach $80 million in 1968. This figure seems relatively small but it represents 4 per cent of all South African imports as opposed to only .6 per cent of total Canadian exports in 1967.

The South African Government has recently relaxed import controls and quotas for the third time in two years. This should improve Canadian access to the market considerably. Automatic typewriter equipment, time registers and recorders, change-giving machines, paper shredders and seven other categories were added to the list of products which do not require import licences. Many other product categories have been taken off the list which restricted imports to occasional permits and have been added to a list of goods with fairly liberal quotas. This is therefore a good time for more Canadian exporters to explore the short- and long-term possibilities of this market.

From the exporter's point of view, although South Africa, with an area of about 472,000 square miles, is five times as large as Britain, as a market it is no larger in many ways than Sweden or Denmark. Out of its 18½ million population it is still the Europeans who have most of the disposable income and who are the conspicuous consumers. This means that for most products the potential market is only about four to five million people (or about 1½ million householders) including a variable figure, depending on the product, for the non-White market.

Non-European Market Limited

Although the White consumer is by virtue of his standard of living the most important to a potential exporter, one should not overlook the Indian, Colored and Native populations. The Indians and Coloreds come next to the Whites in income. However, the Native or Bantu is an important consumer who spends more than $3 million a day.

In 1963 African personal consumer expenditure accounted for R750 million out of total spending of R4,282 million. His share was thus 17.6 per cent. By the year 2000, using a 5.4 per cent average real growth rate (which is the target in the Economic Development Program), total private consumer expenditure will have risen to about R30,000 million. The African share of this will be 21 per cent. African spending power is heavily weighted towards the cities; the roughly 25 per cent of them who live in urban areas control almost 60 per cent of all African spending power.

Roughly 40 per cent of the urban African's income is spent on food and about 8 per cent on clothing and footwear. Cigarettes and tobacco take nearly 3 per cent and alcoholic beverages 4 per cent. About 35 per cent is spent on housing, medical aid, fuel and other items which normally do not greatly interest the exporter.

In general, however, although the non-European market is tantalizing in its potential, it is limited in immediate scope. In the next decade it may well double or more than double in size. Meanwhile, foreign companies interested in South Africa are likely to succeed best either if the European market alone is an economic proposition for them, or if they are prepared for a period of investment pending the emergence of a richer African middle class and proletariat.

Channels of Distribution

In any multiracial society, the distribution and retail setup is likely to be varied. In South Africa it ranges all the way from elementary barter through native markets and Indian bazaars to modern chain stores and up-to-date sales techniques. Distribution is relatively expensive, partly because of the large distances between the main centers (Johannesburg and Pretoria, for instance, are 400 miles from the sea at Durban) and partly because of the restrictive transport regulations. Transportation of goods by road is only permitted within a radius of fifty miles of factory, depot or railhead. All long-distance freight goes by rail and the railways are a state monopoly not subject to competition. In practice, railway rates are high without being extortionate, and without freight traffic the railways would never be able to maintain the great mileage of track which is one of the country's vital arteries. This argument does not have much appeal, however, for the Cape Town businessman who knows he could get his product up to Johannesburg by road much cheaper than by rail.

Distributors and wholesalers are usually one and the same thing in South Africa. Few of them (probably less than half a dozen) work on a national scale, though many cover a whole province. Cape Province, by far the largest, is usually subdivided further and there are also a number of small local wholesalers. Altogether there are some 5,000 wholesalers in the country. They do not usually actively sell; they are primarily order-takers, often handling several thousand lines. A limited number of firms specialize in, or are prepared to make special efforts for, certain types of products, but most leading South African manufacturers find it necessary to supplement the distribution effort with a sales force of their own. A few large manufacturers handle all their own distribution and selling and the normal inclination is for each one to do as much of it himself as he can economically. Whatever method is used, nation-wide distribution is costly.

If you want to reach the African consumer, your appeal can be much the same as to the European, but perhaps more direct. The people shown must be African, as in this ad from "Drum."

The Retail Trade

An over-abundance of shops is one of the minor phenomena of western civilization; nearly all European countries could be called "nations of shopkeepers". South Africa could certainly exist with fewer but there is no marked surplus of retail stores. The top third probably account for about three-quarters of the retail turnover, so there is not a great deal of cake left for the remaining two-thirds to share. The less prosperous shops tend to be those in remote areas, or those which are geared to the wage levels of the non-Europeans. They can expect larger sales as wages rise, but that portion of the non-European's income spent on luxury and fashion goods usually goes to European-owned shops. Across the country as a whole, the department stores, chains and multiples are steadily improving their position vis-à-vis the small independents. Self-service and the voluntary chains are an established and growing fact of life.

There is no color bar in South African shops, though apartheid applies to store ownership. Non-Europeans may not own shops in White areas and Whites may not own shops in non-European areas. Although anybody may go into any shop, the class of trade of any particular one will depend on its location and prices.

Among the numerous other types of retail stores there is little specialization in the range of merchandise carried. The average chemist, in addition to pharmaceutical preparations and proprietary medicines, will carry detergent powders and soaps, photographic equipment, toys and gifts, etc., much the same as in Canada. Cafés, particularly in the suburban areas, also deal in groceries, hardware, cigarettes, newspapers and magazines and, to a lesser extent, in patent medicines. General dealers have a still wider range which includes clothing, drapery and electrical equipment. There are also Bantu trading stores in the African townships and rural areas.

Getting Representation

Normally a prospective exporter to South Africa should try to find a suitable commission agent to represent him throughout the Republic. In a few instances, he might best choose a distributor, particularly for machine tools and other machinery. An agent cannot obtain import permits and cannot buy for his own account. In some lines, particularly consumer goods, the Canadian would get the best representation by several regional agents, each covering a main marketing area. Regionalism here is at least as strong as in Canada and, as a result, the ideal coverage of each area —Johannesburg in Transvaal, Durban in Natal, Bloemfontein in Orange Free State, Cape Town, Port Elizabeth and East London in the Cape—should be by direct local agents rather than sub-agents (except for industrial and technical lines best handled by the large engineering supply firms with branches in each center). The two Trade Commission offices in South Africa, Cape Town and Johannesburg, will be pleased to help the prospective exporter obtain the best possible representation for his particular product.

Advertising in South Africa

Once an agency or distributorship is established the exporter will probably decide to advertise his product, either doing it on his own or giving the agent an advertising allowance. What special circumstances does he need to take into account in planning this advertising?

South Africa is one country but it contains many different peoples. The Bantu themselves are anything but culturally homogeneous. The Indians and Coloreds differ from the Bantu and from each other, and the Europeans are divided into two main language groups — the Afrikaans-speaking and the English-speaking. In view of this multiracial society, should the advertiser devise a different campaign for each section that he wants to reach? The answer is no. The average Afrikaner is unlikely to respond, except in a negative way, to many of the same appeals as the English-speaking South African, and the latter is equally indifferent to advertisements which feature the Voortrekkers or some aspect of Afrikaner nationalism. Yet between the extremes there is a large area of common ground and it is unusual for a company advertising in both English and Afrikaans to use different campaigns. As far as creative marketing is concerned, this is also true for the non-European races. Advertisements in media which reach the Bantu are usually similar to European-directed advertisements, except that the characters depicted are African and the copy may be more direct. Pick up an issue of *Drum* or *World*, for example, and the themes in the advertisements are the same as those aimed at readers all over the globe: social and business advancement, family security, hygiene and beauty, amatory success, and so on. In short, the advertiser must be aware of the social undercurrents in the Republic but must use this awareness to find stimuli applicable to all groups and to avoid themes unacceptable to some.

Major Media

The advertiser in South Africa has a number of major media from which to choose. The overseas exporter will normally leave the choice to his agent, distributor, or subsidiary who, if the advertising is at all extensive, will use an advertising agency.

South Africa has no television advertising for the simple reason that it has no television. The press is therefore the most important medium and there are publications in English and Afrikaans, as well as in a number of African vernacular languages. Generally speaking, the vernacular language papers are not doing very well because an educated African prefers to read an English-language newspaper. About one million copies of newspapers with an estimated readership of 4½ million are sold daily in South Africa. Every Sunday 1.44 million copies of newspapers are sold, with an estimated readership of 5.8 million. There are 114 country weeklies and their total circulation is 225,000 (900,000 estimated readership). The Afrikaners account for about 60 per cent of the White population of the country and Afrikaner business ownership is accelerating. Nevertheless, readership of the English press is higher than that of the Afrikaans. One reason is that most English papers have a biggish number of Afrikaans readers, but English readership of the Afrikaans papers is very limited. Hence in planning an advertising campaign, provision must be made for the high proportion of Afrikaans readers of the English press. None of the daily papers, however, can boast national coverage. Because South Africa is so well served with foreign periodicals, there are comparatively few home-produced general magazines of good quality or large circulation. The trade and technical press is still relatively small in comparison with other media, but new magazines are appearing all the time and can be valuable in selling to a specialized market.

Radio and Cinema

Radio and cinema are widely used by advertisers in South Africa. The cinema performs a valuable social and cultural function and no other country of the size spends more on screen advertising. There are 386 cinemas, 96 drive-ins and 130 non-White outlets available for screen advertising. Second only to the press in volume of business placed, screen advertising grossed an R6,500,000 in 1966. It has achieved this position in little over 25 years. In the last few years drive-in cinemas have become popular, particularly with the Afrikaners. In every program there is a limited amount of cinerama advertising space and a further amount of conventional screen space. New products are sometimes launched by cinema advertising alone.

Commercial radio has been a significant advertising medium in South Africa for only 17 years, since Springbok radio went on the air in May 1950. In that year the net advertising revenue was R410,877; in 1966, it was R4,094,917. In fact, it has increased by over 117 per cent in the five years since 1961. In those crucial years the South African Broadcasting Company inaugurated three regional advertising services aimed at the White listener—Radio Highveld, Radio Good Hope and Radio Port Natal—and introduced advertising on seven separate services of Radio Bantu.

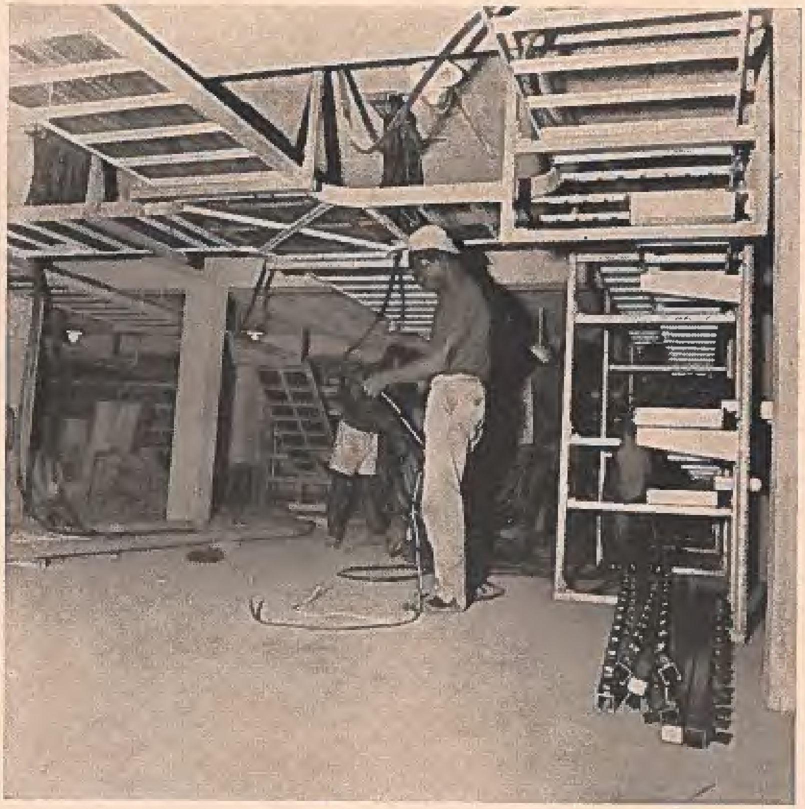
The daily audience of listeners to Springbok Radio over the age of 16 during 1966 was one million, with another 176,000 for Radio Highveld and 94,000 for Radio Good Hope. Now Radio Port Natal swells this audience further so that a conservative estimate of advertising contacts among the buying White population is more than 1.3 million a day. To this can be added the bonus audience of children, Indians, Coloreds, and many listeners outside the borders of South Africa. Radio Bantu claims an average audience of two million.

Of the other media, posters are restricted to the towns and are a relatively under-developed medium. Sound promotion in supermarkets has begun but not yet reached large proportions. Direct mail is still relatively small but it is growing and is being used increasingly to sell technical products.

Other Media

Exhibitions are another means of reaching a specialized market. In 1967 there were 16 exhibitions with total attendance topping 220,000. Sales are expected to exceed R15 million. Although general exhibitions are continuing to gain in popularity, they have led to the specialist trade fairs where developments in a particular sector of industry are shown in a relatively limited area. This trend has recently accelerated with the formation of Exhibition Organizers, owned by the Canadian, Lord Thomson. Each exhibition specializes in a particular product or industry group and is sponsored by the appropriate trade journal published by the Thomson publishing group in South Africa. Canada participated successfully in one of these, Electra '67, last year.

In advertising and sales promotion, South Africa is more advanced than any other country in Africa. Market research and public relations facilities are available and are widely used by industry, as are marketing and advertising services of a very high standard. They are not as common as they are in North America or Britain and they are expensive without, however, being uneconomic. To sum up, there are ample media to help the Canadian exporter reach all segments of the South African buying public.



Canadian Equipment at Akosombo

Here is a view of Electrovert's "Cantrough" cable-carrying system in use at the Volta River project at Akosombo, Ghana. The frames and supports in the picture are part of the related "Cantruss" system which has many other applications including tunnel installations and storage racks. Electrovert installed one of the world's longest and largest cable troughs underground in the Montreal subway. The firm also specializes in pre-tinning and wave-soldering techniques and does a large export business in North America and throughout the world, with Japan as one of its biggest customers.

A. C. W. DAVIS, *Assistant Trade Commissioner, Johannesburg.*

South Africa's Electronics Industry

■ The electronics industry in South Africa is still in its infancy. Foreign knowhow and products will be needed for many years to come. This is partly because of the relatively small market and partly because of the lack of research and development in the past. However, local manufacture has already replaced a number of importing and assembly operations. In five years, the market for assembled electronic equipment is expected to rise from the present Cdn.$112 million to Cdn.$300 million.

supplies only a small part of the country's needs and there is plenty of scope for foreign products. Canadians will find keen competition from established sellers.

There are many well-known names in the industry—Philips, Motorola, Marconi, Siemens, Plessey and Thomson—and South African-owned companies also depend heavily on arrangements with foreign manufacturers. C. W. Price & Co., for example, derives 80 per cent of its sales from its representation of the Bendix group; Aerosignals M & M, another Johannesburg company, sells mainly the Raytheon group's products. Britain and the United States are the major suppliers of technology, followed by West Germany and the Netherlands and recently France and Japan. Few Canadian companies are selling in South Africa and undoubtedly Canada is missing export opportunities.

Trade Fairs Important

The Electronics and Telecommunications Industry Association was formed in November 1964. At the beginning of 1968, it had 35 members. Twenty-six were in Johannesburg itself, one was in Pretoria, four elsewhere in the Transvaal, three in Cape Town and one in Durban. The industry did not get its own trade journal until September 1967 when *Electronics in South Africa* was started. It is now published bimonthly.

Specialized trade fairs have given the industry a big stimulus. The first show was held in 1957 by the Instrument and Control Society of South Africa (ICSSA) and it has been held annually since then. However, it has always been strictly non-commercial and has been limited to controls and measuring instruments. In 1964 Electra, a specialized electrical and electronic trade fair, was started in Johannesburg to provide a marketplace for products and ideas. Last year it attracted 6,000 visitors and there were 83 exhibitors representing 400 principal manufacturers. France used Electra as its principal means of entry into the South African market; during three consecutive years of heavy participation, French industry increased its share of the market from 5 per cent to 20 per cent. The Canadian Government sponsored participation in Electra 67 by six manufacturers, introducing Canadian expertise to South Africa for the first time on a national level and setting up one of the most impressive booths at the show. The establishment of an agency and several good-sized orders provided concrete evidence of success.

The Market in Detail

Computers—South Africa is using more and more computers both for clerical work and for industrial processes. IBM and ICT are the leaders in this market, with Burroughs, CDR, NCR and English Electric fighting for what is left. The first computer was installed in 1957; now there are over 270 and it is estimated that another 75 are on order. Projections show the numbers rising in the future from 340 in 1968 to 520 in 1970, 1,000 in 1975, and 2,000 in 1978. Many of the present computers are three to five years behind the level of sophistication in North America but several are in the forefront of computer development.

One of the advanced systems engineering applications is the South African Bureau of Statistics' population register in Pretoria. This system, which will come on stream in approximately 18 months, will employ the equivalent of a CDC 6,600 or two IBM 360 model 65's and it will centralize all records about every member of the population in personal history forms. The size of the South African market for computers is too small to warrant local manufacture or even assembly at present. Because the major units are purchased from the parent companies, the scope for Canadian exporters is limited to peripheral equipment and consumable products like magnetic tapes, computer ribbons, etc.

Automation in Mining—South African industry has started to modernize production facilities by installing increasingly sophisticated instrumentation and computers. Even though more and more instruments are put into use each year, the local manufacturers and the 110 firms which represent some 620 overseas instrument manufacturers have hardly touched the potential market.

The mines have been criticized for their conservative attitude towards instrumentation. However, it was actually the copper mines which led the way in this field. Based on the example of the Zambian copper mines, Palaborwa (in the Northern Transvaal) installed more than Cdn. $1.5 million worth of instrumentation and controls and the spectacular results pointed up the desirability of more automation in the mining industry. Then Elliott Automation (Pty) Ltd. installed an electronic control system at the Blyvooruitzicht mine to improve the efficiency of processing gold ore. Another system has since been imported by the Kloof mine, one of the Gold Fields group. The gold mines provide plenty of other opportunities.

Educational Television—As in most countries, in South Africa there is a teacher shortage. This provides a chance for Canadian suppliers of all sorts of electronic teaching equipment. Until several months ago, the Government had restricted closed-circuit television to 111 systems throughout the country. Now the market is open for all applications, including the educational field, so far untouched. The first tender issued by the Transvaal Department of Education was for a closed-circuit television package for testing purposes and was worth approximately Cdn. $75,000. This is just a harbinger of the potential for this type of equipment, not only for education but also for industry, commerce and medicine. Three well-established Johannesburg companies have been looking for a principal for this type of equipment. If your company manufactures closed circuit television in Canada and you are looking for export markets, contact the Trade Commissioner in Johannesburg.

The first specialized Educational Equipment Show was held at Milner Park in Johannesburg in August and several Canadian companies displayed their goods. If the South African authorities continue the present trend towards modern equipment and techniques, the potential for Canadian exporters should be large even by North American standards.

Medicine—The importance of foreign electronic equipment in medicine was highlighted in Cape Town when Dr. Chris Barnard, leader of the heart transplant team, expressed concern that not a single piece of equipment used in the famous heart transplants had been manufactured in South Africa. As operations become more complex, reliance on electronic apparatus increases. South Africa is almost totally dependent on foreign manufacturers to supply more than 900 hospitals, nursing homes (smaller specialized hospitals) and mission stations with electronic medical equipment. In this field there is a specialized show, the Hospital Equipment Exhibition, which was created to encourage the interchange of products and ideas. It was held this year in July at Milner Park, Johannesburg.

Testing and Prospecting—The demand for electronic testing equipment could mean new markets for Canadian manufacturers who have a technological advantage. South African mining companies are starting to look into electronic equipment for prospecting as the search begins for metals to replace gold, now the country's main earner of foreign exchange.

The object of all this attention is the circuit printing machine made by Electrovert Limited of Montreal and now being sold in the South African market. There are other sales opportunities for Canadian manufacturers in the electronic and related fields.

Nucleonics—In South Africa, the application of nuclear radiation has just started to develop. The fields of non-destructive measurement and control in industry, neutron moisture probes for water conservation (water is very precious in this country) and diagnosis and treatment in medicine are completely untapped. Pest control and agriculture are other possible applications. Nuclear engineering in South Africa began in earnest with the startup of the research reactor at Palindaba near Pretoria in 1965.

Consumer Products—The market for consumer products has so far been the most competitive. Radios, transistors, stereos, two-way radios for taxis, etc., have attracted many of the larger foreign manufacturers. The component field is dominated by the Japanese who offer quality products at extremely favorable prices.

Security devices have been much in demand. Burglar alarm companies have now branched out into the relatively unexploited fire alarm and smoke detector field.

There is no television broadcasting in South Africa and the date for its introduction is not yet fixed. Companies like Siemens, however, have already invested in plant which will allow them to take immediate advantage of the opportunity when it does arise. The delay in introducing television is said to be due to the Government's desire to start with color TV, thus avoiding the costly switch from black and white. Canadian experience in color television should prove a valuable asset to the exporters.

Government Projects—One of the largest purchasers of electronic equipment is the Government. The Railway Administration, for example, is responsible for the new oil pipeline from Richards Bay to Johannesburg and recently called for tenders for a supervisory control system. The winner was the local Standard Telephones & Cables, an affiliate of I.T. & T.; no Canadian company submitted a bid. In microwave and telephone equipment there is less opportunity for Canadian exporters because the Department of Posts and Telegraphs has made long-term contracts. However, the South African Broadcasting Corporation has a recurring need for FM transmitters and there is also a potential for other products in the broadcasting field.

Airports—Many of the airports are being renovated and expanded, including the Jan Smuts International Airport at Johannesburg which is preparing for the 747s by 1970. Canadian suppliers normally should work through local agents who know the small number of government purchasing men personally. The Johannesburg office is in close touch with two or three companies and would be pleased to introduce potential exporters to them.

In addition to the Government's direct requirements for electronic equipment it also generates a market for electronic components. Some of the recent stimulants have been the early warning radar screen across the north of the country, the South African Broadcasting Corporation's FM transmission system, the Post Office's microwave system, and now the 6,000-mile submarine cable from Cape Town to Lisbon. This project will cost nearly Cdn. $75 million and will be capable of carrying 360 separate two-way telephone conversations compared with 54 channels now being provided by high frequency radio. The steady introduction of frequency separation on farm-line telephone circuits means a continued demand for electronic components and the Government is considering the idea of an electronic telephone exchange of the type already in use in more advanced countries.

Research and Development

Most research activity in South Africa has been carried out under the aegis of the Council for Scientific and Industrial Research (CSIR). Its major breakthrough has been the successful development of practical prototype thin-film integrated circuits. The Solid State Division of the CSIR after 18 months of intensive activity succeeded in establishing production facilities for this type of circuit and, although it has not led to immediate local production, it is indicative of the trend.

Another achievement which South Africa can claim is Dr. T. L. Wadley's tellurometer for precise measurement of distances by means of microwave. It has been used for military map-making and engineering surveys.

Still in the experimental stage is the local manufacture of transistors. Three companies Siemens Pretoria plant, the S.A. Philips group and Standard Telephone & Cables (in Boksburg just outside Johannesburg), have announced their intention to produce transistors. However, some informed people think that the market is too small for the profitable manufacture of transistors.

Now Is the Time

The electronics industry in South Africa is young, expanding and looking for new products and technology. Canadian firms interested in exporting should be able to find a market. Despite the several notable advances in the design, production and fabrication of electronic components and equipment by commercial and government organizations, South Africa will for some time remain largely a user of foreign knowledge and equipment. The authorities hope that in the future the more advanced South African companies will be able to meet most of the requirements for telecommunication equipment, radios and domestic equipment, less complex control systems, certain specialized electronic applications, and (when television is introduced) television receivers. At present, we would emphasize particularly the potential for Canadian electronic equipment for mining, education and industrial applications.

Competition from other foreign suppliers is keen, so approach this market aggressively with a good local agent to represent your products. With technical electronic equipment, a local agent is mandatory for follow-up servicing and the personal contacts which ensure the satisfaction of the customer. Local buyers, especially government departments, have a habit of choosing suppliers, or for tenders, bidders who have local agents or representatives.

If you are interested in looking into the potential for your products or would like help in obtaining a good agent, please do not hesitate to contact either Canadian Government Trade Commissioner, P.O. Box 715, Johannesburg or Canadian Government Trade Commissioner, P.O. Box 683, Cape Town.

Springbok in the Etosha Game Reserve, South West Africa.

Your Business Visit to SOUTH AFRICA

90514—4

A view of the works at the South African Iron and Steel Industrial Corporation Ltd. (ISCOR) in Vanderbijlpark, Transvaal Province.

South Africa in the last twenty years has emerged as an industrialized country. The gross domestic product has risen from R4,432 million in 1956 to R9,607 million in 1967 (one rand=Cdn.$1.50). But even though it is a country striving for economic independence, the size of the market forces it to rely on foreign suppliers for many of the more sophisticated products it needs.

To appreciate this development and to discover how you can win a share of the South African market, you should come and see the country for yourself. The information presented here should facilitate your planning and assure you of the maximum return for the time you spend in South Africa.

A. C. W. DAVIS, *Assistant Trade Commissioner, Johannesburg*

When to Come

If you can choose your time, come to sunny Africa during those long, cold Canadian winters. From October to April the temperatures range from 60 to 100 degrees F with the coast normally 20 degrees warmer than Johannesburg, which is at an altitude of 5,800 feet. The coast can be very sticky during the summer months of January and February, with high humidity in addition to the 95-degree temperature.

In the Transvaal the rainy season normally runs from November to March. In the Cape Peninsula most rain seems to fall during the South African winter from May to September; the worst months are June, July and August.

The school holiday periods—the last half of December, all of January and all of July—should be avoided because accommodation is then extremely difficult to find. The roads are crowded and the airlines are usually fully booked in advance. The worst time to come is from December 15 to January 15. The Christmas holiday here is comparable to our summer vacation, which means that most businessmen will be away with their families. We therefore recommend that you plan your visit during October/November or February/April in order to have the best of both worlds.

Counting the Cost

Comparative fares show that the added cost of a trip to South Africa included in a wider itinerary is minimal. If you fly to Nairobi from Canada the return fare is $1,135 and there is no extra charge for continuing right down to Johannesburg. If you are going to Australia from Eastern Canada, the global flight passing through South Africa and returning via Vancouver costs only $400 more than a return flight via Western Canada. We feel that the additional cost of adding South Africa to your itinerary is well worthwhile.

Hotel rates vary from city to city, but the Langham in Johannesburg charges between Cdn.$10 to $15 for a single room with bath and $18 to $24 for a double room per day (no meals included). Another good hotel in Johannesburg, the Rand International, charges $13.20 for a single room and $22.50 for a double room per day (no meals included). The Grand Hotel in Cape Town charges $11.25 for a single and $22.50 for a double and this rate includes bed and breakfast. These rates will give you the general range although prices at coastal hotels are generally a little lower during the off-season.

You should remember in calculating prices that the South African rand, which is divided into 100 cents, equals about Cdn.$1.50, not one dollar. (Those good-looking leopard skins on sale for R200 really cost $300!)

Planning Ahead

To enter South Africa, you will need a valid passport. If you were born within the British Commonwealth and are of pure white descent, you will not need a visa.

Visitors who have touched down at or passed through the endemic yellow fever zone of Africa (between 15 N and 10 S latitudes) must have an International Certificate indicating either that they have had yellow fever and are immune or that they have been inoculated against it. All visitors must have an International Certificate of Vaccination indicating that they have been vaccinated against smallpox not more than three years earlier and not later than eight days before their arrival.

We recommend that you use a travel agent to make your hotel and other reservations. Our suggestions about hotels in the various cities you will find on page 23.

Be sure to get in touch with the Trade Commissioners in Johannesburg and Cape Town well in advance, so that we can make appointments for you. Tell us all you can about the purpose of your visit and how much time you can spend in the country. Plan to call at our office as soon as you arrive.

How long you need to be here depends on the job you have to do and the people you must meet; one week is normally long enough for an initial investigation of the market. Because of the size of South Africa, national distribution generally is limited to a small number of large, country-wide organizations.

If you are unable to interest a nation-wide distributor in Johannesburg or Cape Town in taking on your line or if your product lends itself to being sold by several regional agents, each covering a main marketing area, trips to the other main centers to line up local agents will mean a longer stay in South Africa.

What to Bring

A raincoat is essential. You will need it even in summer in Cape Province because of sudden showers and in the winter for warmth. Visitors often compare the winter in Cape Town to the winter in Vancouver. After the sun sets, you will need a spring and fall coat and you should bring a sweater. During the day in winter the sun warms the air to about 55 degrees. (The coast, of course, is always a little warmer than the highveld.)

Whether or not you bring formal wear depends on what functions you will be attending. South Africans like to dress up—witness the many long evening gowns and dinner jackets at a normal performance at the Civic Centre Theatre in Johannesburg. Usually, however, a dark suit will be sufficient. If formal dress is mandatory you can rent a suit for between \$6.00 and \$9.00, depending on style. In the Cape the only time when long dress is worn is at official functions (banquets) or at first nights.

Whatever else you may bring, a camera is a necessity. There are few other countries in the world where you can find such a variety of scenery and old and modern ways existing side by side.

Passengers' personal effects are admitted free of duty. There is no provision for the free entry of trade samples but businessmen are allowed to import them temporarily duty-free. A nominal sum is deposited with the Customs on entry, usually equal to the customs duty if such goods were dutiable. When these samples leave the country the money is refunded. Alternatively, if the samples remain in the country this money is retained as duty. Samples of products that cannot be used as end products are not charged duty—that is, cloth less than a yard in length, sample booklets, etc.

These gold mine dumpings are an appropriate foreground for Johannesburg, called "city of gold", the country's financial center.

This familiar and magnificent setting tells you that the city is Cape Town, with Table Mountain in the background and the harbor in the foreground. Cape Town is one of the world's leading ports.

Covering the Ground

You will probably enter the country by air and your first stop will be the international airport at Johannesburg. The "city of gold" is the financial center of South Africa and most of the larger nationwide firms have their head offices there. Possibly your next stop will be Durban, the closest coastal city to Johannesburg. Many people think that Durban with its lovely beaches is just a resort area but recent statistics show that for every one person employed in the tourist business in Durban there are nine working in industry. In fact, the hub of the Pietermaritzburg-Pinetown-Durban complex accounts for 90 per cent of the industrial output of Natal Province.

Beautiful beaches stretch along the coast towards Cape Town, interrupted by East London and Port Elizabeth. The latter is the center of the automobile industry and bears the nickname "Little Detroit". Farther west, Cape Town dominates the Cape Province, not only because of its striking beauty and strategic location, but also because historically it has been the center of economic and commercial activity in the western half of South Africa. Recently the Suez closure has reinforced Cape Town's position as one of the leading ports in the world. The annual session of Parliament is held in the garden setting of Cape Town and many key civil servants spend the session there. The remainder of their time is spent in another city which will probably be on your itinerary—Pretoria. In Pretoria the Union Buildings, the summer offices of the Government, are majestically situated on a hill overlooking the city.

Travelling facilities within South Africa are excellent whether you go by land, sea or air. South African Airways provides air service between most of the main cities. For example, the flight from Johannesburg to Cape Town takes approximately 2½ hours by jet and the businessman's hop from Johannesburg to Durban only 1¼ hours. Flights run on schedule and the safety record is extremely good.

All main centers are served by modern express trains with air-conditioned dining and lounge cars; visitors are advised to travel first class. The trip from Johannesburg to Cape Town takes 28 hours and the Johannesburg/Durban run 15 hours. The fares are $66.54 and $41.40.

The main highways have been declared National Roads and over 5,450 miles have been tarred. Although the motoring population is small and the distance between cities great, South Africa's network of roads is kept in excellent condition. Cars may be hired either chauffeur-driven or self-driven at reasonable rates but if you take the wheel yourself, remember to drive on the left. South African law demands that a licence be accompanied by the licensee's picture and signature, so a valid Canadian driver's licence is not adequate for local driving. If you wish to drive we suggest that you either obtain an International Drivers' Licence from your local Automobile Association in Canada or that you call at one of our offices on arrival in South Africa with a photograph. We will affix this photograph to your Canadian licence and put an official stamp on it. It will thus be valid for six months.

Travel between calls will probably be provided for you with company drivers but if you need a taxi you will have to telephone in advance. Johannesburg has only 350 taxis (300 for Europeans and 50 for non-Europeans) and they do not cruise looking for customers. Each cab is allocated a stand and the lead time for a downtown call is about 15 minutes. Suburban calls range from 20 to 40 minutes. depending on your luck. In Cape Town the situation is much the same and cabs cannot be hailed in the street.

Where to Stay

Good hotel accommodation is becoming easier as new ones are being built to meet the future rush which South Africa foresees in the tourist business. The following are the hotels most frequently used by business visitors in main centers.

Johannesburg

The President (new hotel that has just been built)

The Langham

The Rand International

Balalaika (thatch-roofed rondavels, 20 minutes from downtown)

Cape Town

Arthur's Seat (near the sea and a ten-minute drive from downtown)

The Grand Hotel (in the center of town)

The Mount Nelson (5 minutes from downtown)

The President (10 minutes from downtown) luxury type

Durban

The Edward

Beverly Hills (15 miles north of Durban on coast)

Oyster Box (15 miles north of Durban on coast)

The Four Seasons

The Parkview

Wilderness

Wilderness Hotel (between Port Elizabeth and Cape Town)

Port Elizabeth

Marine Hotel (ten minutes' drive from downtown on the beach front)

Beach Hotel (ten minutes' drive from downtown on the beach front)

Executive Star (in the center of town)

East London

Kennawa (on the beach front)

Kings Hotel (on the beach front)

Dolphin Hotel (15 minutes drive from downtown)

Windhoek

Grand Hotel

The Thueringer Hof

The Continental

Tipping is customary in hotels but fewer employees than in Canada expect to be tipped and the scale is not as high as in Canada. There is no service charge as a rule, though the practice is followed in a few places and appears to be increasing.

In general a tip should not exceed one rand. It is customary to tip railway porters, taxi drivers, stewards and caddies. It is not customary to tip barbers, hairdressers, usherettes or train conductors.

Hotel and restaurant staff should be tipped 10 per cent of the bill.

Don't let Durban's beaches fool you, this city is far from being just a resort area. Ninety per cent of Natal Province's industrial output originates in the hub of the Pietermaritzburg-Pinetown-Durban complex. You can see the harbor in the background of this photograph.

Tourist camp at Lake St. Lucia, Natal Province. The thatch-roofed huts, called rondavels, are found in the national parks and game reserves. The tourist may cook his own meals at a campfire, or he can go to the camp restaurant for venison and South African wine.

Making the Rounds

Afrikaans is spoken from one end of the country to the other; English predominates in the cities and Afrikaans in the rural areas. As a businessman visiting the cities, you will find that English is the only language you will need and that an interpreter is not necessary.

The business climate differs from one section of the country to the other. Durban has been described as suffering from "Natal fever", an old English teaparty environment, but Johannesburg has been called the New York of Africa, visibly fast moving, aggressive and businesslike. The Cape Town attitude is between the two, but probably a little closer to Johannesburg than to Durban. In interviews there are no special customs or local procedures to be wary about—you may either get to the point directly or use a round-about approach. However, even in Johannesburg tea will invariably be served during the interview.

The South African people are extremely friendly and difficulties are seldom encountered in making appointments or having them honored. By the end of the day you will probably find that you have been invited to someone's home for drinks or dinner. Socializing is a major avocation in this country. The lack of television encourages entertaining and you will find that as a Canadian you are a welcome guest in most homes.

Business lunches are a common custom and many men belong to one or more private clubs in the traditional English way. However, good restaurants are plentiful, so club life should not exclude you from this type of business entertaining. The luncheon hour normally runs from 1.00 to 2.00 o'clock and the other official hours are 8.30 a.m. to 5.00 p.m. or 8.00 a.m. to 4.30 p.m. Some businessmen like to beat the traffic so you will be able to find many people in their offices by 7.30 a.m. and closing hours are often extended to 5.30 p.m. or later. Generally speaking, people rise early and go to bed early, which explains why most evening parties break up at about 10.30.

Time to Relax

To see the true Africa, you will want in your leisure time to get away from the cities. Many people who visit South Africa find themselves stalking game witb a camera in a car at the Kruger National Park in the Transvaal or white rhino in the Hluhluwe reserve in Natal. At the end of the day guests return to picturesque little camps where the outer gates are closed at six o'clock at night and dinner can either be self-cooked, campfire style, in front of your rondavel (a small circular thatch-roofed hut) or eaten in the camp's restaurant where you can enjoy delicious venison dishes accompanied by South African wines.

Commercial Airline Services organizes daily tours to the Kruger National Park, with the price including the return flight, accommodation and transportation in tbe game reserve. A two-day all-inclusive ticket is $112.50 per person and a three-day package $142.50. The flight leaves Johannesburg at 7.15 in the morning and returns at 3.45 in the afternoon. A similar hop from Durban to the Hluhluwe Game Reserve also costs $112.50 for two days all-inclusive.

Game reserves are not the only retreats to be found in the Republic. From Cape Town a short fligbt takes you to Windhoek in South West Africa, a unique and enchanting place where the old German influence still dominates the architecture and culture. An excellent bus tour goes from Windhoek to visit the Etosha Pan, where there is an abundance of game equal to any reserve in Southern Africa. The visitor should also see the majestic Fish River Canyon and pay a visit to Swakopmund, which is more German than Germany.

Cape Town itself, set against the backdrop of Table Mountain, is one of the most beautiful cities in the world. There are many scenic drives, including one around the Cape of Good Hope where the Atlantic meets the Indian Ocean, and others to the viniculture centers of Paarl and Constantia. The route along the coast from Cape Town to Port Elizabeth, called the Garden Route because of the flowers and jungle foliage which line the twisting mountainous road, is also very beautiful.

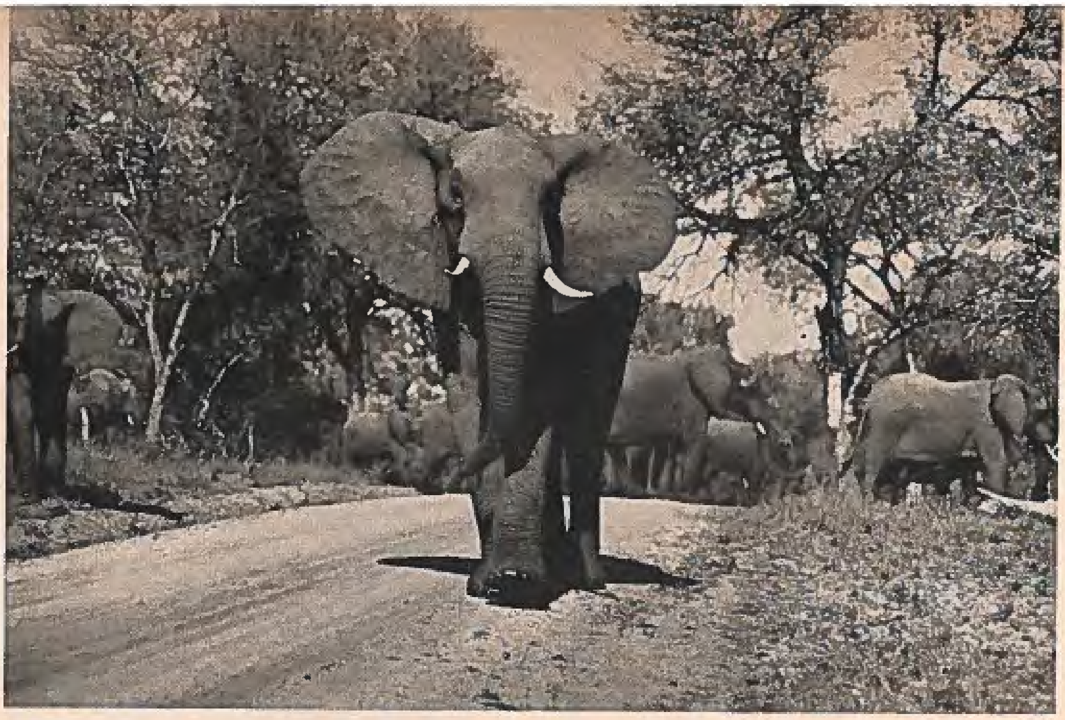
Durban has a charm different to that of Cape Town, with the beaches located at the foot of the main streets of the city. The atmosphere is more like that of a resort with life revolving around the sun and the sea. Not too far from Durban is the Valley of a Thousand Hills where 50,000 Africans still live in small, scattered groupings of thatch-roofed huts.

One last place worth mentioning is the Drakensberg mountains. This range, which would test the legs of any mountain climber, runs parallel to the coast and lies between Johannesburg and Durban. There are several self-contained hotels high in the mountains, including the Sani Pass Hotel (situated on the road which leads through the pass to Lesotho) and the Drakensberg Gardens Hotel near Underberg. These resorts provide golf, tennis, swimming, riding, mountain climbing and almost every imaginable sport. Just relaxing after a hard week's work in the beautiful surroundings is a rewarding and legitimate activity.

We hope that on your trip to the Republic you will not only discover the still undeveloped beauty of this country, but also the good potential for your products in these markets.

(Right) relaxing in Kruger National Park.

The traditional culture of the African peoples—their music, dances, weaving, sculpture—are world-renowned. Visitors can see tribal dancing during scheduled shows in the African villages. Here the young women of the Bawenda tribe are performing the Python Dance.



A bull elephant warns off intruders while the herd slowly crosses a road in Kruger National Park.

Before You Come

It is an excellent idea to do some reading about South Africa before you come here. To understand the economic make-up of the country we suggest reading *The South African Economy* by D. Houghton, 1964, Oxford University Press. It traces South African economic development from the days of sugar, gold and agriculture through to the dramatic industrialization which followed the Second World War.

Other information on the economy is published by the South African banks. One publication, *South Africa—An Economic Survey* is produced by Barclays Bank and can be obtained through its International Division, P.O. Box 1064, Johannesburg. A second, the *Economic Bulletin,* is produced by the Netherlands Bank of South Africa Ltd., Head Office, P.O. Box 1144, Johannesburg.

The Story of South Africa by Leo Marquard, Faber & Faber Ltd., London, provides a good documentation of the development of South Africa from the early days when van Riebeeck first sailed into Table Bay. Another useful text is *Southern Africa, Today and Yesterday* by A. W. Wells. *Cry the Beloved Country,* a novel by Alan Paton, describes the problems Africans encounter in moving from a tribal society into the life of a big city.

Other books that provide interesting background are *Thus Came the English* by Dorothy E. R. Carnoc, *Jock of the Bushveld* by Sir Percy Fitzgerald and *Goodbye Dolly Gray* by R. Kruger. If you are looking for tourist information such as the booklets *A Guide to Cities of South Africa* or *South Africa for the Visitor,* contact the South African Tourist Organization, Suite 1512, Procter and Gamble Building, 2 St. Clair Avenue West, Toronto. Other sources of information in Canada are the South African Embassy, 15 Sussex Drive, Ottawa 2, and the South African Trade Commissioner, Suite 1404, 800 Dorchester Blvd. W., Montreal 2.

Get in Touch with Us

Canadian Government Trade Commissioner
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Mobil House, 17th Floor
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Johannesburg, South Africa

Cable: CANADIAN Phone: 834-6521

Telex: 7189 (DOMCAN J 7189)

Territory: Provinces of Natal, Orange Free State, Transvaal. Other countries: Angola, Botswana, Lesotho, Malagasy, Mauritius, Mozambique, Reunion, Swaziland.

Canadian Government Trade Commissioner
P.O. Box 683
African Life Centre, 13th Floor
St. George's Street
Cape Town, South Africa

Cable: CANADIAN Phone: 2-5134/5

Telex: 7060 (5-7060 CT)

Territory: Cape Province. Other countries: St. Helena, South West Africa.

trade fairs

—P. H. LUTRELL, *Commercial Officer, Chicago*

First International Snowmobile Trade Show

■ An event of specific interest to Canadian manufacturers of snowmobiles and related products was the first International Snowmobile Trade Show, held during the summer at the Minneapolis Auditorium and Convention Hall, Minneapolis, Minnesota. The exhibition was co-sponsored by the International Snowmobile Industry Association and the Snowmobile Division, North Central Marine Association, and produced and managed by General Shows, Incorporated, of Minneapolis. If the attendance and enthusiasm of the visitors are any indication, it should become an annual event of great importance to the rapidly growing snowmobile industry.

Although snowmobiles were the outstanding items of the show, exhibits included a full range of products of interest to snowmobile manufacturers, dealers and distributors, and users. Items such as motors and parts, clothing, brake units, sleds for towing, trailers, and even a snowmobile camper were on display. A total of 80 exhibitors participated, including nine Canadian firms who either put on displays themselves or through U.S. agents.

Trade attendance was excellent as 795 dealers, 204 distributors/jobbers, 85 manufacturers' representatives, 189 manufacturers, 41 press representatives and an additional 103 guests registered. A good indication of the drawing power is the registration of dealers from 20 states, four Canadian provinces, and one European country (Norway).

Snowmobiles and related accessories are marketed through a great many distribution channels and have been displayed in the past at a variety of trade shows, such as those covering marine products, sporting goods, recreation vehicles, etc. It now appears that the snowmobile industry has found its own promotion vehicle in the International Snowmobile Show, and that it will prove to be an important supplement to other trade exhibitions in the future. Canadian firms not already aware of this new marketing tool might consider exhibiting in the International Snowmobile Trade Show when planning a U.S. marketing venture in this field.

Marine Shows Attract U.S. Buyers

■ Americans spent more than $3 billion on pleasure boating in 1967, an increase of almost 6.5 per cent over 1966. Forecasts called for a similar increase in 1968. In a market this big and one that is still expanding there are excellent opportunities for Canadian manufacturers of boats and related marine equipment to enter it for the first time or to increase their present sales. For the period 1963 to 1966, annual sales of Canadian boats to the U.S. increased from 746 units valued at Cdn.$945,833 to 1,837 units, (Cdn.$2,821,-649), according to U.S. import statistics.

One of the ways in which a marine products manufacturer can plan a marketing effort is by establishing new sales outlets and acquainting potential consumers with the advantages of his product. One of the best techniques to achieve this is exhibiting in a marine products show. These U.S. marine products exhibitions fall into three main categories:

1. The true trade show, which is closed to the public, fills the industry's merchandising pipelines above the consumer level.

2. The trade and consumer show, which combines exhibits for the trade and for the general public.

3. The consumer level show, open to the public, which sells and/or assists dealers in the sale of products to the consumer.

There are also national and regional shows, shows which limit the displays to products sold through marine dealers or distributors, and others which display a wide range of outdoor products and services such as camping, fishing and hunting equipment. With this variety, it is possible for a Canadian manufacturer to design his exhibition program to suit his marketing objectives.

Marine Products Exhibitions

Here are some of the major marine products exhibitions to be held in 1969 in the United States. A fuller list can be obtained from the Textiles and Consumer Goods Division, Department of Trade and Commerce.

True Trade Shows

Marine Trades Exhibit and Conference
Chicago, Illinois
September 18-21, 1969

Trade and Consumer Shows

National Boat Show
New York, New York
January 22 to February 2, 1969

Consumer Shows

New England Boat Show
Boston, Massachusetts
February 22 to March 2, 1969

International Boat Show
Boston, Massachusetts
February 8-16, 1969

Philadelphia Boat Show
Philadelphia, Pennsylvania
February 15-23, 1969

Washington International Boat Show
Washington, D.C.
February 15-23, 1969

Jersey Coast Boat Show
Ashbury Park, New Jersey
February 15-23, 1969

Westchester Boat, Marine and Sports Show
White Plains, New York
March 14-16, 1969

Michigan National Boat, Sports and Vacation Show
Detroit, Michigan
February 1-9, 1969

Greater Michigan Boat Show
Detroit, Michigan
January 25 to February 2, 1969

Chicago National Boat, Travel and Outdoor Show
Chicago, Illinois
March 21-30, 1969

Northwest Boat, Sports and Travel Show
Minneapolis, Minnesota
March 28 to April 6, 1969

Chesapeake Bay Boat Show
Baltimore, Maryland
February 1-9, 1969

Annuai meeting ground for manufacturers of and dealers in hoats and associated equipment is the Marine Trades Exhihition and Conference in Chicago. There next year's sales plans are laid and new models make their dehut. The next fair is scheduled to take place in the Windy City Septemher 18 to Septemher 21, 1969.

True Trade Shows

Trade visitors at a true trade show are accredited members of the marine trade, such as distributors, dealers, manufacturers, manufacturers' representatives and the trade press. Visitors register under one of the above categories and must prove they are connected with a legitimate company active in the marine trade field.

Exhibitors are almost exclusively manufacturers of products marketed through marine distributors or dealers. However, some companies which turn out products used by marine dealers, such as service shop equipment, docks, and boat-handling equipment, also exhibit as well as a limited number from trade publications and trade associations.

The objectives of most of the manufacturers exhibiting in a true trade show can be one or more of the following:

- writing of actual orders from established dealers and distributors
- seeing and comparing competitive new products
- obtaining new sales outlets in new market areas
- upgrading present dealer/distributor networks
- consulting with buyers and equipment suppliers on mutual problems
- attending educational clinics sponsored by trade associations in conjunction with the exhibition
- observing and evaluating reactions to the new lines being introduced.

A Canadian manufacturer exhibiting at a U.S. trade show for the first time is able to see his competitors' products under one roof, to hear the comments on his products, and to come in contact with dealers and distributors interested in buying or establishing connection for future purchases.

There are two marine products "trade only" exhibitions in the U.S.: the annual Marine Trades Exhibition and Conference in Chicago, and the new (in 1968) New Orleans International Marine Trades Exposition in New Orleans. Most of the U.S. marine industry manufacturers and trade visitors throughout the world participate in the national/international MTEC. At present, the New Orleans Exposition is a regional show as it just began this year.

Trade and Consumer Shows

Like the true trade show, this type of exhibition is oriented toward displaying boats and marine products marketed through marine distributors and dealers, although sales direct to visitors are common. The objectives are essentially the same as those for the true trade show, with the exception that sales to consumers may be the sole reason for entering the show. The manufacturer has the opportunity to display his products directly to the consumer, thus supplementing advertising efforts in consumer marine magazines.

There are four annual U.S. trade and consumer exhibitions; all are regional because the attendance is usually drawn from only a few states. For the Canadian marine products manufacturer who wishes to concentrate his marketing effort in a limited geographical area, the combination show offers an excellent vehicle for consumer promotion and local dealer contact.

Consumer Shows

Exhibitors at a consumer show range from manufacturers of sporting goods or outdoor recreational goods, service organizations such as state and local tourist bureaus, chambers of commerce, boat insurance and financing companies, etc., to individual vacation resorts. There are usually attractions such as fishing or casting contests and demonstrations by experts in various sports. Selling to visitors is usually allowed and certain exhibitors are in this type of show strictly for that purpose. The over-all atmosphere is not conducive to lengthy discussion on the merits of a manufacturer's product. The objectives are therefore limited to creating a temporary retail outlet, with subsequent sales to visitors and/or promotional support of an established dealer network in the adjacent area.

Other Products Shown

There is a trend among marine dealers and distributors to increase the number of product lines in an exhibition to include a variety of profitable non-marine products. As a result, some marine products exhibitions now allow manufacturers of non-marine lines—such as water-skiing equipment, fishing or camping equipment, motorized snow vehicles, skin diving and skiing equipment and nautical apparel—to exhibit as well.

The list on the opposite page includes many of the major marine products exhibitions which might interest Canadian manufacturers. Each show has its own rules on participation and its own regulations and some restrict the type of products that can be shown. To obtain details about participation in any of these, interested Canadians should contact the Canadian Trade Commissioner in the United States post nearest to the locale of the exhibition or get in touch directly with the exhibition management.

Sports Equipment in Switzerland

M. MEISTER,
Commercial Assistant, Berne.

■ Climate, topography, transport facilities and a well developed hotel trade favor the enjoyment of sports of every kind in Switzerland. Sportsmen from many countries agree—Switzerland is the playground of Europe.

Long before the time of modern sports, mountain climbing was popular. When winter sports began to acquire importance and fame many years ago, Switzerland did much pioneer work. Skiing is now the dominant sport in the Alps and the lower mountain range of the Jura. Skating, ice hockey, and curling are also encouraged in this country, where some 260 skating rinks are in operation during winter.

In summer, tennis is played on hard courts all over the country and has gained in popularity during recent years. There are eight 18-hole golf courses and 16 nine-hole courses. The numerous lakes and rivers are ideal for swimming, rowing, sailing, water skiing and fishing. Horseback riding is also becoming more popular and hundreds of sports clubs hold soccer, gymnastic and track and field events. Camping is a related sport here; there are 360 well-kept, patrolled camping grounds. But by far the most popular sport is skiing. It is estimated that some 500,000 Swiss ski out of a total population of six million. Golf and sailing are enjoyed mostly by the higher income groups, mainly because the equipment and club facilities are rather expensive. However, steadily increasing incomes and more leisure time tend to bring all these sports within reach of the masses. Modern facilities have been built up by public and private organizations and a complete range of sports goods is already on the market.

Markets

The best customers for sports goods are those under 25 years but the other age groups are not forgotten. There are also some six million tourists in Switzerland each year, many of whom take part in their favorite sports, and much of their equipment is purchased or rented in Switzerland. The market for winter sports goods is greater than that for summer goods.

The sporting goods market is further divided into two other distinct parts. One is the market for expensive, high quality goods with famous brand names (80 per cent of all items sold in Switzerland are of this kind); these brands have gained a reputation for excellence either through several years of use or by being used by the winner or the winning team in international competitions. In most instances the Swiss are prepared to pay a higher price for an article with a brand name which carries a guarantee of good quality and service. In this market, there is extremely stiff competition from Swiss and foreign manufacturers.

Then there is a market for mass-produced articles. These are less expensive, of poorer quality, and service is not provided. They are usually sold by department store chains and bought for children, beginners, or for a particular sport which has a short season. With higher incomes there is a definite trend away from mass produced products.

Of all the sports goods sold in Switzerland, 30 to 40 per cent are manufactured locally by some 80 manufacturers and are generally of

At the famous Swiss winter resort, Mürren, the curlers are busy amid spectacular scenery. Note the different type of brooms they use. Switzerland also has indoor rinks, much like those in Canada, including a new one just built at Wallisellen.

excellent quality. Production statistics are not available.

Foreign Suppliers

The most important foreign suppliers are from West Germany, Austria, France and Italy, all of which have a sports goods market similar to the Swiss. One half of Swiss imports come from these countries and one quarter from Britain. Austria is the main supplier of skis, followed by the United States and West Germany. Sledges come mainly from East Germany. Britain sells twice as many skates in Switzerland as Canada does and we sell fewer shoes with attached skates than Austria. Sweden and the Eastern European countries are becoming increasingly important as suppliers of winter sports goods and most of the tennis and golf equipment comes from Britain. As members of EFTA, Britain and Sweden export sports goods to Switzerland duty free. Far Eastern countries (mainly Japan) sell cheaper mass-produced articles. Japan is a close second to France as a supplier of fishing equipment and is steadily increasing sales of skis, skates, and other sporting goods.

Payment for imported sporting goods is not usually made against documents or letter of credit. Invoices are paid net 30 days after receipt and inspection of the goods and the wholesaler's margin of profit is between 20 and 25 per cent.

No Import Restrictions

There are no import restrictions and no import licences are needed; duty rates which came into effect January 1, 1968, are shown in Table I. Imports from EFTA countries are duty-free and all imports, whether under the normal tariff or the EFTA tariff, are subject to a turnover tax of 5.4 per cent of the value including duty, if applicable, and a statistical fee of 3 per cent on the amount of duty paid.

Trade with Canada

Canadian exports to Switzerland have fallen off considerably in the two years 1965 and 1966, (see Table II) and a further decline was forecast for 1967. (Detailed statistics for 1967 are not yet available). This unfavorable trend is due to increasing competition; however, skating, hockey, and curling equipment from Canada has a good name in Switzerland. The ski market is dominated by Swiss, Austrian, and U.S. brand name products and sledges are considered too bulky to be shipped economically from Canada. Summer sports equipment is supplied under brand names by well-known European manufacturers. For cheaper articles, Japan is the most important competitor. Canadian snowmobiles, some of which are manufactured in Switzerland under licence, are not popular for sports purposes and are not allowed on the slopes of most resorts, but are used for transportation in remote parts of the country where roads are impassible in winter. Fishing equipment has good prospects, so have articles with new and unique features, provided they have been thoroughly tested in Canada.

TABLE I

SWISS DUTY RATES—1968*

Commodity	*Swiss francs per 100 kilos gross weight*
Sports sledges	50
Skis and ski poles	135
Gymnastic appliances	36
Sports shoes with ice- or roller skates attached	238
Ice- or roller skates not attached	72
Fishing equipment	172
Other sports goods	96

* Imports from EFTA countries are duty free.

TABLE II

SPORTING GOODS—WHAT SWITZERLAND IMPORTS

Commodity	*1965*	*1966*
	(Cdn. $'000)	
Sledges	80,000	134,825
Skis and ski poles	5,519,425	7,536,800
Appliances for gymnastics	55,656	47,818
Shoes with ice- or roller skates attached	341,563	112,464
Ice- or roller skates not attached	318,279	226,279
Fishing equipment	614,755	615,435
Other sports goods	1,593,223	1,782,060
of which Canadian products		
Skis and ski poles	100	1,357
Shoes with ice- or roller skates attached	106,452	27,122
Ice- or roller skates not attached	104,484	42,761
Fishing equipment	703	4,128
Other sports goods	81,858	70,214

Retail Outlets

There are about 500 sporting goods stores in Switzerland, of which 370 are members of the Association Suisse des Magasins d'Articles de Sport (ASMAS). Located in the big cities and Alpine resorts, these stores sell high quality, summer and winter equipment and provide proper service. Thirty per cent of all retail outlets account for 70 per cent of total sales. Sports goods sold by department store chains are usually in the lower price range.

Seventy members of ASMAS have formed a joint buying organization, Intersport Switzerland, Kasinoplatz 2, Berne. They obtain 25 to 30 per cent of their requirements through Intersport which is affiliated with the international Intersport organization with headquarters in Paris, France. A number of small stores have their own buying co-operative, EK, Unterer Graben 11, Winterthur. There are also a few independent importers and wholesalers with no retail outlets. To obtain better prices for large quantities and to standardize equipment, there is a strong tendency to concentrate imports. The small or medium size sports goods store no longer deals direct with foreign manufacturers.

Publicity Important

As in other sectors of the consumer goods market, publicity is important. Advertising in sports papers, in bulletins distributed by sports clubs to members, or by posters are the usual means of promotion. Publicity of this nature is undertaken by a distributor or agent, but a foreign manufacturer is usually expected to share the cost. ASMAS organizes two samples fairs a year where only Swiss manufacturers and importers who carry stocks may exhibit. The fairs are held exclusively for Swiss retailers.

Of considerable importance are two annual international fairs. SPOGA, the sporting goods trade fair held in Cologne, Germany, in October, concentrates on goods for summer sports, camping equipment, and garden furniture. Winter sports goods and sportswear are exhibited in March at the Salon International des Sports d'Hiver, in Grenoble, France; Canadian manufacturers have participated in both. These fairs provide excellent opportunities to meet buyers from across

Europe and get an idea of market requirements and competition from other countries. Other possibilities to contact with Swiss importers could be to invite them to visit sports goods fairs in Canada, where they would see a wide range of our sports items.

The Swiss market for sporting goods is expanding and this trend is expected to continue over the next few years. With rising incomes greater emphasis will be placed on high quality goods with well-known brand names. Even in the mass-produced market a certain standard of quality is required. Although the Swiss are price conscious, a low price is no guarantee that the goods can be sold. The presentation of an article is important. It must be well finished and the colors not too flashy. High pressure sales methods are not appreciated and to keep abreast of market developments and new techniques, a close contact between manufacturers and Swiss importers is essential. Prices must be competitive and should be quoted c.i.f. European port.

The market for sportswear is supplied mainly by the Swiss textile industry. Clothing from North America is not usually adapted to the Swiss taste, which is rather conservative. However, there are good prospects for fur-lined garments and fur hats, which are particularly popular in the winter sports resorts.

Canadian exporters who wish to explore the Swiss market are invited to write to the Commercial Division of the Canadian Embassy, Kirchenfeldstrasse 88, Berne, where you can obtain assistance in establishing appropriate business connections with Swiss sports goods companies.

Sports Equipment in Sweden

E. C. H. SHELLY, *Assistant Commercial Secretary, Stockholm.*

■ Ask the Swedish man-in-the-street what he knows about Canada, and he will invariably say "hockey". But in this country, which has had a 5 BX program for 150 years, the interest in athletics extends far beyond spectator sports. One out of every six persons belongs to a club the main aim of which is athletic activity. In addition, many Swedes go in for individual or unorganized sports—long-distance skiing and skating, for example.

It is therefore not surprising that the demand for sports equipment here is steadily increasing and Swedes have enough money to satisfy this demand. Are there opportunities for Canadian sports equipment in this market? If so, in what areas? To answer these questions, let us first see what non-competitive and competitive sports are popular with the Swedes.

Popular Sports

The most played non-competitive fun sports are badminton, skiing and gymnastics. About two in every five Swedes have taken part in each of these activities a minimum of five times a year in the last five years. The annual 50-mile Vasa ski race attracts over 6,000 contestants—not all of whom finish. Fishing is close behind with over a million enthusiasts, three quarters of whom fished more than six times last year. Others are table tennis, skating, mini-golf and soccer, in that order. Not to be forgotten are boating, golf, swimming, tennis, bowling, "orientering"* and horseback riding.

Camping is very popular with Swedes between the ages of 18 and 45. One estimate is that Swedes and tourists spent 4.5 million nights camping out last year.

Of the competitive sports, soccer, with 210,000 active players, is the largest.

The second largest competitive (and spectator) sport in Sweden is hockey. There are 180,000 players who, instead of aspiring to play in the NHL, have their sights set on the Three Crown Team. This is Sweden's national hockey team and is made up by taking players from the best teams in the three senior league divisions. Although there are no professional players, senior players receive large amounts of money, mainly in the form of bonuses or equipment-endorsing contracts.

A game called Bandy, perhaps best described as "grass hockey on ice", is also popular. It is not as rough as hockey (there are no boards) and many people too old for hockey take it up.

*"Orientering" is a sort of car rally on foot. The contestants cover a set course, using map and compass and checking in at predetermined points.

Hockey Equipment

In active sports, hockey and, to a lesser extent, bandy and skating offer the greatest opportunities. The Canadian style of hockey is so well known here that the visiting teams from Canada draw a full house every time. At present our professional quality equipment is used by many of the top teams but there are only about 5,000 players in this category out of 180,000 users of hockey equipment. The market for the lower-priced equipment is dominated by local manufacturers and by imports from Hungary and Czechoslovakia (see page 34). Much of this cheaper equipment is sold through the five large department-store chains and it is on this area that Canadian exporters should concentrate in getting their lower-priced equipment onto the market.

A word about the quality of our top equipment. About a year or two ago a well-known Swedish sports writer did a rather interesting bit of editorializing. Basically he said that, because Swedish hockey equipment was the best in the world, Sweden's national team had only itself to blame for not winning the world championship. On reading this, an import agent for some Canadian hockey equipment phoned the journalist and invited him to come to the importer's showroom. After comparing Canadian and Swedish pads, skates, etc., the newspaperman completely reversed his position and wrote a series of articles (including pictures) extolling the virtues of Canadian equipment.

Swedish manufacturers are well aware of this quality gap and are actively trying to overcome it. In addition to direct consumer advertising, they are "buying" top hockey players who must then wear and endorse their equipment. A "free replacement" guarantee has also been offered to get more players on the top teams to use Swedish pads. In addition, attempts have been made to copy Canadian equipment.

All this illustrates the fact that "Made in Canada" is one of the best possible selling points for skates, pads and sticks here. Swedish manufacturers have realized this and so should Canadians. Although Canadian equipment is standard in the top leagues, more could be sold. By capitalizing on an established reputation, there is an excellent opportunity to move into the low-priced sector of the Swedish market.

Outdoor Recreation

At present there are about 28,000 house trailers in Sweden of which 7,000 have been purchased since 1960. In 1966, imports totalled 1,947 valued at $3.2 million. In addition, more summer cottages are expected to be built. Of the present 300,000, about 60,000 have been put up since 1960, and it is predicted that another 60,000 will be built by the early 70's. A recent survey showed that 50 per cent of the prospective builders plan to "do it themselves", 15 per cent will hire a contractor, and 35 per cent will put up prefabricated structures. Activities around the existing dwellings are increasing too; a good example is badminton.

Winter activities are becoming more popular. More people are going to their cottages in holiday seasons to get in some cross-country skiing. If not for the sales of the trailers and prefabricated houses themselves, Canadian exporters should be on the lookout for chances to market the many consumer goods that go with holidays in the country. We have recently received inquiries for Canadian sources of supply of snowshoes, down-filled clothing, sleeping bags and snowmobiles. In addition, one importer has asked for information on any new articles for summer or winter use.

There are 66,000 retailers in Sweden but one-half of one percent of them handle 41 per cent of total sales. The department stores are in this class; one of these stores alone sold 180,000 hockey sticks last year. Another important outlet is hardware stores, most of which buy through two central buying organizations. Although they are not nearly as big as department stores, their sales of leisure and sporting equipment are fairly large. The third major outlet is the standard sports retail store, much like those in Canada.

Again hockey equipment deserves special mention. If the goods are of low- to medium-grade quality, your agent will undoubtedly do his best to have the department, hardware, and sports stores handle them. Professional quality goods demand a different approach. In this case it is necessary for the agent to seek out the team personally. By showing them Canadian hockey films with the equipment, he gets them thinking along the right lines, particularly if all this takes place in the pre-season training period. Depending on the agent, he will then decide either to sell direct to the teams

No, these Swedes are not playing hockey but a game called bandy. It is sometimes described as "grass hockey on ice". The sticks used are made of laminated wood with a leather thong tied around the blade. Canadian makers of hockey sticks might try turning out bandy sticks for the Swedish market.

or to let them buy from the ordinary retail outlets. If he chooses the latter course, it is usually up to the retailer to decide on what discount will be offered.

Getting Started

The first essential is to prepare a c.i.f. Stockholm price list for your goods. If you are not sure how to do this, obtain a copy of *How to Win World Markets* (Queen's Printer, Ottawa, 1967, price $2.50) and read the chapter "How to Work Out Export Prices". For further help, contact either the nearest Regional Office of the Department of Trade and Commerce or the appropriate Division in the Department in Ottawa.

Next, send a set of your descriptive literature with c.i.f. prices to the Commercial Division, Canadian Embassy, Box 14042, Stockholm 41, Sweden. The Commercial Counsellor and his staff of experts will examine this information and send you a list of firms which you should contact. (On the outside chance that your particular goods are not marketable here, or that there are special steps you must take to obtain an import permit, you will be informed of this and of the reasons.) After receiving the list, you should write to the firms (with a copy to the Embassy) enclosing a copy of your literature and c.i.f. prices, and tell them that they may see or obtain samples at the Commercial Counsellor's office. Send the samples to the Commercial Counsellor's office with a few extra sets of literature and price lists. By so doing you will avoid import duties or delays in clearing Customs. (Please mark on the container "Samples: of no commercial value.")

After a firm expresses interest in acting as your agent or establishing a buying connection, the next step is to ask the Commercial Counsellor for a credit report on this firm. Often he can also provide other information which will help you make the correct choice.

In fact, we may recommend that you visit Sweden before deciding on any firm to handle your goods. If you do not do this before you appoint a representative, you should plan to come as soon as possible afterwards. In this way your agent will be able to discuss with you the special problems of this market. You will also be able to see what your competitors are doing and, perhaps most important, assess the ability of your new agent. (By the way, don't worry about the language problem, Swedes are usually able to handle all the major European languages.)

Problems to Avoid

Never lose contact with your agent. Recently one Canadian hockey stick manufacturer lost two agents, his European agent in Britain and his Swedish subagent, mainly because he did not answer letters or telexes. Business had to be conducted by telephone.

Incidentally, always try to have an agent in each country. The agent-subagent system, as above, is not advisable. Swedes are rather fussy about dealing through agents and often insist on dealing directly with the manufacturer.

Probably the most serious problem faced by the agents of two other Canadian firms is supply. These manufacturers of winter sports equipment have excellent agents who have successfully promoted their goods. However the agent for one has orders as far back as 1966 that have not been filled. Furthermore, a competitor (luckily another Canadian firm) has just obtained a large order from one of the agent's customers who could not wait any longer.

Motivating the Agent

Visit your prospective agents—your competitors do! Lack of communication can at times make an exporter look rather foolish. Recently a Canadian manufacturer wishing to expand his activities in Scandinavia offered to appoint a large firm as his agent. About this same time the Canadian company turned down the request of a smaller firm to act as agent in a different part of Scandinavia. The large firm was relatively unfamiliar with the Canadian products so it requested information on the manufacturer from the small company which had been actively promoting the Canadian goods.

This situation is understandable because the larger firm is rather well established and the smaller one has only been on the scene for a few years. But if the Canadian export manager had visited the various areas of Scandinavia, he would have been able to compare the relative activity and specialization of these two firms in a much more meaningful way. Fortunately this particular problem has been solved by a representative from the small firm visiting the Canadian manufacturer at a European trade fair.

The most obvious opportunity for Canadians to market sports goods lies in the field of hockey skates, sticks and pads. The market for professional quality skates and pads is being served well because there are really no countries that can match Canadian quality for this type of equipment. However, for the top quality sticks and sweaters, strong competition is provided by Sweden and Finland. In lower quality equipment in general, Hungary, Czechoslovakia, Sweden and Finland dominate the market. Other countries which have recently come into the market are Hong Kong, Germany, Japan, the United States and Portugal (on licence from Swedish manufacturers). It is in this lower price sector that Canadian manufacturers should concentrate their efforts, capitalizing on the "Made in Canada" prestige.

SWEDISH IMPORTS OF SKATES

Country	*1965*	*1966*
Total imports of which	671,000	607,000
Hungary	296,000	310,000
Canada	215,000	98,900
Britain	52,200	56,400
Czechoslovakia	32,900	79,600

In addition to hockey equipment, Canadian exporters should consider other areas of the Swedish demand for sports goods. If a firm is making products used in sports, especially those mentioned in this article, their sales potential should be tested in Sweden. All that is necessary is to contact the Department of Trade and Commerce either at the nearest Regional Office, in Ottawa, or in Stockholm.

Interested in a challenge? On page 33 of this article there is a picture of bandy sticks. These are made from laminated wood with a leather thong tied around the blade. Many years ago the Swedes learned to copy our hockey sticks and Canadians could now return the compliment by copying their bandy sticks. Any firm wishing a c.i.f. quotation or samples of these sticks need only write to the Commercial Counsellor in Stockholm.

businessman's bookshelf

Trade Fairs and Exhibitions

Hugh A. Auger *209 pages* *£3 3s 0d*

Placing an exhibit in a foreign trade fair calls for careful planning if the results are to justify the time and money spent on it. The author, chairman and managing director of Auger, Turner and Baratte Limited in England and with long experience in advertising and public relations, has produced a book from which the new exhibitor can learn much, and from which even the veteran could profit.

He begins by discussing the history of exhibitions and the evolution and scope of the modern trade fair. Next he covers planning, costing, construction, and other practical aspects of exhibiting. Naturally he emphasizes good functional design, but he also points out the importance of "copy" and how it must be fitted into the display. "Be simple, be clear, be colorful" is his creed.

He does not confine himself to trade fairs but also treats store, window, portable and mobile displays—useful to Canadians who may be planning in-store promotions. Included is a comprehensive list of British trade fairs and one of exhibition contractors in London. Abundant illustrations supplement the printed text and repay study on their own.

Order from: Business Publications Ltd., Mercury House, Waterloo Road, London, S.E.1, England.

Joint Ventures in Japan

Robert J. Ballon *138 pages* *$6.25*

"Joint ventures are one of the most challenging contemporary forms of international business because willy-nilly they join together in one convergent, common purpose naturally divergent and uncommon backgrounds, personalities, and outlooks. For the business executives involved in them, foreign and Japanese alike, they set truly acid tests of business acumen, cultural open-mindedness, and psychological forbearance." So says the introduction to this useful little book which Professor Ballon has made from the papers given at international management development seminars at Sophia University.

The topics covered range from the Japanese business climate and opportunities for joint ventures to the actual writing of the contract. There is much good advice on managing the joint venture and smoothing out the difficulties and misunderstandings that inevitably arise. Most of the contributors are Japanese. The wise professor has ensured readability as well as authenticity by having a friend from the English faculty in Rikkyo read the manuscript over and touch up the grammar.

Order from: M. G. Hurtig, 10411 Jasper Avenue, Edmonton, Alberta.

Directors Guide to Europe

Thornton Cox 1968 *675 pages* *£3 10s 0d*

This book is a comprehensive guide to Western Europe and Scandinavia endorsed by the Institute of Directors of London and the British National Export Council. Each of the nineteen countries is described by a different author, thoroughly familiar with it. It should prove an excellent source of information for businessmen planning to sell in Europe or to set up manufacturing or marketing subsidiaries there.

The book begins with special articles covering the European Free Trade Association, the European Economic Community, the Kennedy Round, doing business with Eastern Europe, and the Nordic Council and Nordic co-operation.

This is not a detailed market survey of Europe nor a guide to the intricacies of doing business in different countries. But it does contain a mass of useful background information which provides an excellent starting point for further research.

The section on West Germany, covering 57 pages, is typical of the country sections. It gives a brief history of the country and facts on its government, economic structure, major industries, imports and exports. There is also useful data on climate, language, population, travel, eating and drinking. For the businessman there is information on business etiquette, agents, import regulations, taxation for companies, advertising media and trade fairs. Major cities are described separately and important addresses and maps given for each.

The book was written in Britain and all prices and values are in pounds sterling. Conversion of trade figures in the text are at the exchange rates prevailing in the years shown.

Order from: Hutchison Publishing Group, 178 Great Portland Street, London, W.1.

Growth and Integration in Central America

Carlos M. Castillo — *188 pages* — *$15.00*

Appointed quite recently by the five Central American Governments as the Executive Secretary of the General Treaty on Economic Integration, Dr. Castillo has written this study in economic organization for the Praeger series on International Economics and Development. It is of particular importance to economists interested in both the theoretical and the practical aspects of economic growth and integration in Central America.

The book is divided into two parts. Part one is devoted to the economic development of Central America over the past century and the larger processes leading to the organization of an economic system. Part two deals with the more detailed and specific processes and actions needed to construct a new pattern of growth.

Dr. Castillo states that the existing national economies have exhausted all means for further economic growth. He then argues that a regional economy, by allowing each to contribute only their best, would create the conditions necessary for economic growth and progress in the future.

This study will mainly interest the student of the problems associated with the development of a regional economy.

Order from: Burns and MacEachern Limited, 62 Railside Road, Don Mills, Ontario.

Economic Development Projects and Their Appraisal

John A. King Jr. — *530 pages* — *U.S.$15.00*

This series of case studies of World Bank projects stretches from the early 1950's when appraisal techniques were just being evolved to the mid-1960's when they reached a high degree of perfection. Anyone interested in management and with a working knowledge of accounting principles will find the book fascinating.

The Bank discovered early on that in project appraisal nothing can safely be taken for granted. A healthy scepticism is, indeed, a cardinal virtue because sophisticated techniques of analysis applied to questionable basic data can easily create a false sense of accuracy. Away from the textbook world, market forces rarely operate freely. In calculating costs and benefits, a host of distorting factors—protective tariffs, quotas, unrealistic rates of exchange, government controls of interest rates and prices—have to be taken into account. The exporter of capital equipment and the businessman contemplating a major overseas investment face much the same problems as the Bank.

The book has a great deal to say about supervision and financial control during the construction phases. Management of the completed project poses a different set of problems. In many countries, management is thought of as little more than keeping the plant running—marketing, labor relations and financial planning tend to be neglected. It may sometimes be necessary for expatriate directors to take charge but local susceptibilities have to be watched carefully.

The case studies cover a wide range of industries, from power generation to transportation and steelmaking. Infrastructure projects naturally predominate. This is not to say that the manufacturer of consumer goods won't find anything to interest him. Although the Bank's projects are most often aimed at giving a boost to the economy of the country or of a large region, the initial increase in purchasing power may be quite localized or may be confined to a certain type of goods. More power will stimulate the demand for electric motors and domestic appliances. A major steelmaking facility will create spending power in its immediate vicinity and may make a change in sales representation desirable.

Order from: John Hopkins Press, Baltimore, Maryland 21218.

West Africa Directory 1967-68

Thomas Skinner & Co. (Publishers) Ltd. — *656 pages* — *£2 2s 0d*

Besides the usual 500 pages of detailed information on individual countries, this year's edition contains a comprehensive list of exporters to the Coast classified by commodity, a section on ports and airports and the lines that serve them, and a new large-scale map of West Africa. Canadians doing business with, or travelling to, this part of the world will find the directory a very useful book to have at hand.

Order from: Thomas Skinner & Co. (Publishers) Ltd., St. Alphage House, Fore Street, London E.C.2, England.

Middle East Steel 1967-69.

Industrial Export Surveys — *272 pages* — *$30.00*

Anyone wanting to enter the growing and competitive Middle East steel market now or in the near future will find this survey a prerequisite to forming a plan of action. Based on interviews with steel manufacturers, importers and government officials in the Middle East and North Africa, it is a thorough study.

The core of the book consists of a country-by-country analysis covering Algeria, Cyprus, Iran, Iraq, Jordan, Kuwait and the Gulf States, Lebanon, Libya, Morocco, Saudi Arabia, Syria, Tunisia, Turkey and the U.A.R. For each country, there is first a brief economic profile covering the employment situation, the trade balance, foreign aid, and the general trend in the steel industry. Then the market situation for finished steel products, such as rods and bars, sheet and plate, tin and pipes, etc., is analyzed, including current and future imports and present suppliers. Complete directories of importers by products and of steel producers follow. Finally the study covers raw materials production, giving capacity and location. Main materials included are iron ore, limestone, coal, scrap, manganese, oil, gas, etc.

At the end of the book the data most vital to the exporter are concentrated into simple charts giving names, addresses and products of importers and manufacturers in each country.

Published by: Industrial Export Surveys, 35 Great Peter Street, London S.W.1.

Trade Commissioners on Tour

In Canada

If you wish to meet the officers whose itineraries are listed below, get in touch with—

Ottawa—Department of Trade and Commerce

St. John's, Halifax, Montreal, Winnipeg, Edmonton and Vancouver—Regional Office, Department of Trade and Commerce

Toronto—Canadian Manufacturers Association

Windsor, Ontario—Greater Windsor Industrial Commission

Fredericton, New Brunswick—Department of Industry

All other centers—Board of Trade or Chamber of Commerce

Sweden—Norman Parsons, Commercial Officer in Stockholm:

Toronto and Ontario centers—October 30-November 7	Winnipeg—November 15
Vancouver—November 11-13	Montreal—November 18-22
	Halifax—November 25-26

West Germany—Walter Schumacher, Commercial Officer in Hamburg:

Brockville—October 29	Montreal—October 30-November 6
Cornwall—October 30	Halifax—November 7-8

Temporary Duty in Ottawa

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

Norman Parsons, Commercial Officer in Stockholm, November 27-29.

C. E. Rufelds, Consul and Assistant Trade Commissioner in Milan, Italy, October 28-November 1.

In Territory

Afghanistan—J. E. G. Gibson, Commercial Secretary in Islamabad, will visit Afghanistan December 2-5.

Barbados—J. M. C. Lavoie, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Bridgetown November 12-14.

Bulgaria, 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.

Ceylon—A. W. Evans, Commercial Counsellor in New Delhi, India, will visit Colombo October 30-November 1.

Guyana—K. G. Ramsay, Commercial Counsellor in Port-of-Spain, Trinidad, will visit Georgetown November 25-28.

Iceland—D. B. Browne, Acting Commercial Secretary in Oslo, Norway, will visit Iceland October 28-November 1.

Indo-China—M. C. J. Lemieux, Assistant Trade Commissioner in Hong Kong, will visit Laos, Cambodia and Vietnam November 18-December 8.

Malagasy, Mauritius, Reunion—Wm. Jones, Trade Commissioner in Johannesburg, South Africa, will visit these territories October 24-November 8.

Netherlands Antilles—D. G. Nelson, Assistant Commercial Secretary in Caracas, Venezuela, will visit Curacao and Aruba November 4-8.

Pakistan—J. E. G. Gibson, Commercial Secretary in Islamabad, will visit Karachi in late October or early November.

B. Northgrave, Assistant Commercial Secretary in Islamabad, will visit Dacca and Chittagong November 12-22.

Saudi Arabia and Kuwait—D. I. Ditto, Assistant Commercial Secretary in Beirut, Lebanon, will visit Saudi Arabia and Kuwait in mid-October and early November.

Taiwan—D. S. M. Baker, Vice Consul and Assistant Trade Commissioner in Manila, Philippines, will visit Taiwan October 21-November 2.

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).

Trinidad—D. Hobson-Garcia, Commercial Officer in Port-of-Spain, Trinidad, will visit south Trinidad November 26.

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

The Ocean Freight Market

■ Dry-cargo ocean charter rates showed a marked tendency to ease in the third quarter of this year. Average charter rates in most Canadian trades were lower than those recorded in the previous quarter. Average rates in almost all of these trades were also substantially lower than those in the same quarter last year.

On the Pacific Coast, rates of $7.25 and $8.00 per ton for grain shipments to Japan remained relatively steady throughout the quarter. The normal seasonal activity in chartering occurred in the grain trade from Churchill to the United Kingdom and the Continent. The use of large bulk carriers under long-term contracts was clearly evident in the coal trade from Hampton Roads to Japan, where tonnage was booked for eight cargoes of 70,000 tons each and eight cargoes of 50,000 tons each.

On the basis of fixtures reported for Northern Range discharge, chartering activity in both the Caribbean and Persian Gulf sectors of the tanker market was conducted on a moderate scale. The tanker rate for black oil from the Caribbean to United States North Atlantic ports was Intascale plus 20 per cent at the beginning of the quarter, rose to a peak level of Intascale plus 75 per cent in the following three weeks, then dropped to Intascale minus 7½ per cent at the end of the quarter.

—TRANSPORTATION DIVISION

CHARTER RATES—THIRD 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 £ = $2.56 and U.S. $ = $1.07. For comparison the rates a year ago are shown in column C with the Canadian dollar equivalent in column D calculated at £ = $3.00 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 third quarter of the year were as follows:

	Third Quarter 1968		Third 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	3.73	3.99	4.33	4.68
Motorships 13,000-14,999 dwt. 13-14.9 knots	3.73	3.99	4.09	4.42
Steamships 9,000-10,999 dwt. 9-10.9 knots	......	......	......	......

TRIP CHARTERS

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

	Third Quarter 1968		Third Quarter 1967	
	A	B	C	D
	£ or U.S.$	Cdn.$	£ or U.S.$	Cdn.$
Heavy Grain (per long ton)				
St. Lawrence to Britain	40s.0d.	5.12	40s.0d.*	6.00
St. Lawrence to Belgium/Holland	2.50	2.68	4.55	4.91
St. Lawrence to Poland	4.18	4.47	......	......
St. Lawrence to Italy	6.42	6.87	8.01	8.65
Churchill to Poland	5.85*	6.26	......	......
Churchill to Britain	49s.5d.	6.43	47s.2d.	7.08
Churchill to Belgium/Holland	4.37	4.68	5.64	6.09
Great Lakes to Denmark	7.00*	7.49	......	......
Completing St. Lawrence	4.00*	4.28	......	......
Great Lakes to Britain	61s.8d.	7.90	63s.2d.	9.48
Completing St. Lawrence	32s.3d.	4.11	40s.0d.	6.00

	Third Quarter 1968		Third Quarter 1967	
	A	B	C	D
	£ or U.S.$	Cdn.$	£ or U.S.$	Cdn.$
Great Lakes to Belgium/Holland	5.68	6.08	8.11	8.76
Completing St. Lawrence	2.96	3.17	4.24	4.58
Great Lakes to West Germany	5.55	5.94	....	....
Completing St. Lawrence	2.58	2.76	....	....
Great Lakes to Venezuela	9.08	9.72	....	....
Great Lakes to France	7.75	8.29	10.25*	11.07
Completing St. Lawrence	4.50	4.82	6.25*	6.75
Great Lakes to Japan	14.00*	14.98	16.17*	17.46
Completing St. Lawrence	10.25*	10.97	13.17*	14.22
Great Lakes to Portugal	5.13	5.49	....	....
Completing St. Lawrence	4.25*	4.55	....	....
Great Lakes to Spain	7.16	7.66	10.46	11.32
Completing St. Lawrence	2.35*	2.51	....	....
Great Lakes to Norway	45.00* (Nw.Kr.)	6.81	10.00*	10.80
Great Lakes to Italy	9.88	10.57	12.38	13.37
Great Lakes to Mediterranean	8.75*	9.36	....	....
Great Lakes to Chile	14.25*	15.25	....	....
British Columbia/North Pacific to Japan	7.85	8.40	9.17	9.90
British Columbia/North Pacific to Philippines	9.13	9.77	10.21	11.03
British Columbia/North Pacific to South Korea	7.56	8.09	9.68	10.45
British Columbia to Venezuela	6.85	7.33	8.43	9.10
British Columbia to China	62s.1d.	7.95	....	....
British Columbia/North Pacific to India	95s.0d.*	12.16	....	....
British Columbia to Belgium/Holland	5.50*	5.89	....	....
Coal (per long ton)				
Hampton Roads to Japan	6.47	6.92	8.96	9.68
Oilseeds (per long ton)				
British Columbia to Japan	7.11	7.61	9.08	9.81
Scrap Iron and Steel (per long ton)				
U.S. North Atlantic to Japan	10.86	11.62	14.21	15.35
St. Lawrence to China	160s.0d.	20.48	....	....
Great Lakes to Japan	14.54	15.56	15.70	16.96
California to Japan	4.35	4.65	9.74*	10.52
St. Lawrence to Japan	12.30	13.16	15.17	16.38
Sulphur (per long ton)				
British Columbia to India	12.00*	12.84	12.75*	13.77
British Columbia to Brazil	8.91*	9.53	....	....
Ammonium Sulphate (per long ton)				
British Columbia to India	12.38	13.25	....	....
U.S. North Atlantic to India	14.25	15.25	....	....
Potash (per long ton)				
British Columbia to Brazil	8.91*	9.53	....	....
Petroleum Coke (per long ton)				
Great Lakes to Italy	7.45*	7.97	....	....
Great Lakes to Belgium/Holland	6.73	7.20	....	....
Great Lakes to Japan	9.95*	10.65	....	....
Oil Black (per long ton)				
Venezuela to Portland, Maine	2.45	2.62	4.49	4.85
Persian Gulf to Portland, Maine	8.97	9.60	15.07	16.28
Venezuela to Eastern Canada	3.39	3.63	....	....

*One fixture reported only.

trade lines

New U.S. plant will use Australian alumina

Northwest Aluminum Co. will build a 130,000-ton plant at Warrenton, Oregon, over the next two years. Bauxite from Australia will be unloaded at a new dock where the Skipanon enters the Columbia River and then taken two miles by conveyor to the plant. The company will spend $10 million on air and water pollution control—Seattle.

Norwegian-Brazilian pulp project

Boerregard's proposal is to build a pulp plant at Porto Alegre in the south of Brazil and to ship liquid pulp by tanker to Sarpsburg in Norway for conversion. The total investment would be U.S.$43.6 million. The 160,000 tons of pulp a year produced would cost less than if Norwegian spruce were used. A guarantee is being sought from the Norwegian Government—Sao Paulo.

Pakistan makes insulators

Electronic Equipment Manufacturing Co. Ltd. of Lahore, West Pakistan, is now producing high-tension insulators, pin-type insulators, and bushings for transformers and switchgear as well as low-tension insulators and other porcelain products. About 25 per cent of production will be exported. NGK Insulators Ltd. of Nagoya, Japan, is providing technical assistance—Islamabad.

Australia builds pipeline

The Natural Gas Pipelines Authority of South Australia has awarded to SNAM Projects Australia Proprietary Limited (a subsidiary of the Italian SNAM Progetti) a contract for the construction of a 56-centimeter gas pipeline between Moomba and Adelaide, a distance of 786 kilometers. The construction time is one year. The same company built the country's first gas pipeline from Dutson to Melbourne—Rome.

Menasco lands big orders

Menasco Corporation of Burbank supplies shock mitigation devices for aircraft landing gear and last April received a $70 million contract for the Lockheed L-1011 airbus. According to the company's president, Menasco expects demand for the type of equipment it makes to be in excess of $1 billion over the next seven to nine years—Los Angeles.

Argentina starts work on pipeline

Work has begun on a pipeline to bring crude and refined petroleum products 410 miles from Lujan de Cuyo in oil-rich Mendoza to Montecristo in the Province of Cordoba. Bechtel (in association with local companies) won the contract and Argentinian pipe will be used—Buenos Aires.

Swiss exports of machinery widen

The machinery industry is an important sector of the Swiss economy. Seventy per cent of its production is exported and 68 per cent of exports go to other European countries. New markets are being developed in Central America, Australia, India, Pakistan and the Far East—Berne.

South Africa imports more meat

To supply its expanding urban areas with the meat they need, South Africa is relying more and more on imports from its neighbors, Botswana, Lesotho, Rhodesia and Swaziland—Cape Town.

More sugar, less wool in South Africa

The 1967/68 season saw a record sugar crop in South Africa of just over two million short tons. It has been decided to limit the coming season's crop to 1.8 million because of low world prices. The 1967 wool clip, on the other hand, was the lowest for five years and brought in only R.98 million. The poor performance was due to drought—Cape Town.

Yugoslavia wants to sell more to Brazil

A Yugoslav mission visited Brazil in August to seek opportunities of increasing the country's exports to Brazil and supplying technical assistance to industry. Yugoslavia wants to sell fishing vessels and equipment, machinery for the food industry, tractors, agricultural implements, photochemicals and knowhow for the charcoal industry. Yugoslavia has an unfavorable trade balance with Brazil of U.S.$9 million—Rio de Janeiro.

Venezuela decrees local content in cars

The Venezuelan Ministry of Development has fixed the percentages by weight of local content which must be put into 1969 vehicles assembled in the country. For cars and station wagons, it is 36 per cent for the first half of the year and 38.5 per cent for the second; for commercial vehicles weighing less than 4,000 kilograms, the percentages are 37 and 39; for commercial vehicles over 4,000 kilograms, the percentages are 27 and 27.5, and for bus chassis, 21.5 and 22. Parts made locally include batteries, carpets, bus and truck chassis parts, electrical equipment, metal seat structures, brake fluids, brake shoes, tires, paints, small metal stampings, plastic components, radiators, springs, exhaust pipes, window glass and almost all the fabric—Caracas.

Britain pushes toy exports

The British Toy Manufacturers' Association has announced that toy output rose by Cdn.$9.1 million to Cdn.$34.5 million in the first quarter of 1968. Exports were up Cdn.$2.9 to reach Cdn.$12.5 million. A big drive is under way to sell more toys overseas and Britain is to exhibit at toy fairs in Montreal, Nuremburg, New York and Sydney. An intensive sales campaign will be part of the British Week in Tokyo next year—London.

Spain opens big new canning plant

A new factory has been opened at Murcia which is able to can 30,000 kilos of fruit an hour. It has cold storage for 2,400 tons of fruit. Spain's production of canned fruit and vegetables in 1967 was 800,000 tons, 30 per cent of which came from the Province of Murcia. The target for 1971 is 1,250,000 tons—Madrid.

South Africa expects record dairy production

Adequate rainfall in most districts has ended a run of dry weather going back in some areas as long as seven years. South Africa's 1968 dairy output is expected to be a record 100 million pounds of butter and 40 million pounds of cheese, together worth nearly R.40 million—Cape Town.

Germany builds more prefabs

Prefabricated housing in Germany is increasing, rising from 21,203 new units in 1966 to 30,296 in 1967—Duesseldorf.

Zurich needs more hotel rooms

Estimates put the number of new hotel beds needed in Zurich by 1975 at 3,500. The 250-bed Hotel Continental was opened on September first and there are plans for four more major hotels in the next few years—Hotel Zurich (380 beds), Hotel International (750), Hotel Atlantis (370), and Hotel Zurich Airport Hilton (600). Two 1,000-bed hotels are being considered and the Holiday Inn Company is planning a new motel near the airport at Zurich-Kloten. Canadian furniture and equipment suppliers should investigate the possibilities of selling here—Berne.

Southern Italy gets tractor plant

Eron, a merger of Meroni of Milan and Insud of Rome, will build a new plant near Potenza in southern Italy to make tractors and trucks suitable for mountainous terrain. It will turn out 1,500 vehicles a year—Rome.

Ecuador modernizes fishing industry

Ecuador recently received a World Bank loan of U.S. $5.3 million to finance the construction of twelve fishing vessels. They will have the most modern instruments and complete refrigeration facilities—Bogota.

Bikinis in Bavaria

Sales opportunities for swimwear should improve in Passau, Bavaria, now the ban on two-piece bathing suits has been lifted in that city. The wearing of bathing attire is still not permitted while drawing, painting, taking films, or playing a violin—Duesseldorf.

Audio-visual equipment is big seller in the U.S. schools

According to a survey sponsored by Nations Schools magazine of Chicago, covering the 6,568 public school districts enrolling 1,200 students or more, the Public Schools market for audio-visual products has been estimated at $105 million in 1966-67 and $115 million in 1967-68. This includes equipment such as language laboratories, overhead projectors, film and slide projectors, T.V. receivers, record players and tape recorders.

Jamaica experiences drought

An 18-month drought in Jamaica has reduced crop production, killed trees, and destroyed pastures. The damage is estimated at £10 million—Kingston.

Brazil buys Chianina cattle

The State of Bahia (Brazil) has bought 80 cows and 20 bulls from Italy. They are of the Chianina breed and cost U.S.$480 each. The Banco do Brazil financed the deal—Rio de Janeiro.

Cuba buys Norwegian salted cod

According to the Norwegian press, UNICOS (the klipfish syndicate) will sell Kr.15 million worth of dried salted cod to Cuba. Shipment will be made from Alesund at the end of October. This is the first sale of Norwegian salted cod to Cuba in recent years—Oslo.

Foreign Exchange Rates

These nominal quotations may help exporters in checking prices, but they should consult their ba[nks] before making any firm commitments. When more than one rate is shown, the one to be used dep[ends] 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 buy[ing] rate is that at which banks purchase exchange from exporters; the selling rate is that at which ba[nks] sell exchange to importers.

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

For conversion of column one to the U.S. dollar equivalent, *multiply* by .93. **To convert column two, *divide* by .93.**

Country and Currency	Value of Foreign currency unit in Canadian dollars at October 9	Value of Canadian dollar in foreign currency units at October 9
Algeria		
Dinar	.2158	4.63
Argentina		
Peso (free)	.0031	322.58
Australia		
Dollar	1.197	.8340
Austria		
Schilling	.0416	23.98
Bahamas		
Dollar	1.052	.9506
Belgium and Luxembourg		
Franc	.0213	46.25
Bermuda		
Pound	2.567	.39
Bolivia		
Peso	.0901	10.97
Brazil		
Cruzeiro (official free)	.2912	3.43
Britain		
Pound	2.565	.39
British Honduras		
Dollar	.6410	1.55
Burma		
Kyat	.2254	4.43
Ceylon		
Rupee	.1803	5.54
Chile		
Escudo (bank rate)	.1466	6.82
(free)	.1285	7.70
China, Republic of		
New Taiwan Dollar (official)	.027	37.04
Colombia		
Peso (fixed)	.065	14.95
Congo, Republic of[1]		
Franc	2.149	.4653
Costa Rica		
Colon	.1620	6.12
Cuba[2]		
Peso	....	....
Czechoslovakia		
Koruna	.1490	6.70
Denmark		
Krone	.1431	6.98
Dominican Republic		
Peso	1.073	.93
Ecuador		
Sucre (official)	.0596	16.50
(free)	.0534	18.45
El Salvador		
Colon	.4293	2.35
Fiji		
Pound	2.465	.41
Finland		
Markka	.2555	3.91
France, Monaco, etc.[3]		
Franc	.2158	4.63
Franco-African Republics[4]		
Franc	.0043	235
French Pacific[5]		
Franc	.0119	84.24
Germany		
D Mark	.2695	3.70
Ghana		
New Cedi	1.052	.95
Greece		
Drachma	.0358	27.93
Guatemala		
Quetzal	1.073	.93
Guyana		
Dollar	.5366	1.85
Haiti		
Gourde	.2146	4.65
Honduras		
Lempira	.5366	1.86
Hong Kong		
Dollar	.1771	5.64
Hungary		
Forint (official)	.0921	10.86
Iceland		
Krona (official)	.0188	52.91
India		
Rupee	.1422	7.02

ountry ency	Value nf Fnreign currency unit in Canadian dnllars at Octnber 9	 Canadian dnllar in foreigu currency units
iesia[6]		
upiah	....	....
n		
Rial	.0142	70.42
raq		
Dinar	3.005	.33
Ireland		
Pound	2.565	.39
rael		
Pound	.3066	3.23
ly		
Lira	.0017	581.86
Jamaica		
Pound	2.565	.39
Japan		
Yen	.0030	333.33
Kenya		
Shilling	.1526	6.55
Lebannn		
Pound (free)	.3227	3.00
Ialaysia		
Dollar	.3506	2.85
Mexlcn		
Peso	.0859	11.64
Iorncen		
Dirham	.2120	4.72
Netherlands		
Florin	.2950	3.35
Netherlands Antilles		
Florin	.5690	1.76
New Zealand		
Dollar	1.200	.83
icaragua		
Cordoba	.1533	6.51
lgeria		
Pound	2.995	.33
orway		
Krone	.1502	6.64
Pakistan		
Rupee	.2254	4.43
anama		
Balboa	1.073	.93

Country and Currency	Value nf Foreign currency unit in Canadian dnllars at Octnber 9	 Canadian dnllar in fnreign currency nnits
Paraguay		
Guarani (free)	.0086	116.28
Peru		
Sol (free)	.0241	41.66
Philippines		
Peso (free)	.2750	3.63
Pnland		
Zloty (fixed basic rate)	.2685	3.72
Pnrtugal & Cnlonies[7]		
Escudo	.0373	26.80
Saudi Arabla		
Riyal	.2066	4.84
Slerra Leone		
Leone	1.502	.66
Singapore		
Dollar	.3506	2.85
Snuth Africa		
Rand	1.502	.66
Spain & Dependencles		
Peseta	.0154	64.25
Sweden		
Krona	.2075	4.81
Switzerland		
Franc	.2498	4.00
Syria		
Pound (free)	.2812	3.55
Thailand		
Baht (free)	.0521	19.19
Trinidad & Tnbagn[8]		
Dollar	.5392	1.85
Tunisia		
Dinar	2.044	.48
Turkey		
Lira	.1192	8.38
Unlted Arab Republic		
Pound (official)	2.468	.40
United States		
Dollar	1.073	.93
Uruguay		
Peso (free)	.0043	232.55
Venezuela		
Bolivar (official free)	.2390	4.18
Yngnslavia		
Dinar (official)	.0859	11.64

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

HONG KONG

Area: 398 square miles.

Population: approximately 4,000,000.

Climate: sub-tropical, witb cool winter and very hot and humid summer.

Topography: large and small islands and mainland peninsula, rugged coastline.

Language: English and Chinese (mainly Cantonese). Because 99 per cent of the population is Chinese, this language is used to considerable extent in advertising.

Currency: Hong Kong dollar; one H.K. dollar equals Cdn. $0.1770 (September 1968).

Weights and measures: imperial standard.

Capital: Victoria, center of Government.

Marketing centers: urban areas of Hong Kong Island and Kowloon.

Economy: largely based on the import of raw materials and the export of manufactured goods. Entrepôt trade formerly very important but declining. Light industry is now the main element, especially textiles, garments, plastics, electronic equipment, wigs and footwear. Main heavy industries are shipbuilding and shipbreaking. Some fishing and agriculture. Tourist trade very important.

Total Hong Kong imports: 1967—H.K.$10,450 million.

Chief imports: (per cent) 1967—manufactured goods 30; food 22; machinery and transport equipment 13; crude materials, inedible (except fuels) 9; chemicals 8.

Chief suppliers: (per cent) 1967—Mainland China 22, Japan 19, United States 14, Britain 9, Thailand 3.

Value of imports from Canada: 1967—Cdn.$17.4 million; 1966—Cdn.$15.4 million.

Chief imports from Canada: (Cdn.$ million) 1967—wheat and wheat flour 3.7, polystyrene and other plastic raw materials 3.1, non-ferrous metals 2.9, newsprint and otber paper products 2.6, transport equipment .402, medicinal and pharmaceutical products .222, leather and dressed fur skins .240.

Total Hong Kong exports: 1967—H.K.$8,781 million; re-exports H.K.$2,081 million; net exports H.K.$6,700 million.

Chief exports: (per cent) 1967—clothing 35; miscellaneous manufactured articles 22; textile yarn, fabrics and made-up articles 14; electric machinery 9; footwear 3.

Chief markets: (per cent) 1967—United States 37, Britain 17, West Germany 6, Canada 3, Australia 3, Japan 3, Singapore 2, Indonesia 2, Sweden 2.

Value of Canadian purchases: 1967—Cdn.$51.0 million; 1966—Cdn.$38.9 million.

Chief Canadian purchases: (Cdn.$ million) 1967—clothing 17.1; manufactured articles (toys and games, costume jewellery, plastic products, etc.) 11; textile yarn, fabrics, made-up articles 4.3; telecommunication apparatus and electrical appliances 1.6; footwear 1.4; metal products .687; sanitary, plumbing, beating and lighting fixtures and fittings .664; furniture .606.

Dollar exchange: freely available; any currency may be bought or sold on the open market in Hong Kong.

Prices: quote in U.S. or Canadian dollars, preferably c.i.f.

Usual terms of payment: vary according to the commodity and status of business partner. Letters of credit may be provided but following the establishment of a satisfactory business relationship, D.O.P. and up to 90 days credit may be requested by some importers here.

Samples: may be brought in freely.

Visas: no visa is required. **Inoculations:** smallpox, cholera.

Trade agreements: Canada grants Hong Kong most-favored-nation treatment.

Import controls, documentation, customs tariffs, marking and labelling: Hong Kong is a free port and there are no tariffs except on liquor, tobacco and fuel oils. Reduced rates are charged on tobacco and liquor of Commonwealth origin. Imported motor vehicles are subject to a first registration tax of 10 per cent of c.i.f. value, vehicles not of Commonwealth origin are subject to an additional 15 per cent fee on first registration. Import licences are necessary for a few items such as strategic-type goods. coal, firewood, sugar, rice, frozen meat, diamonds, gold, silver, certain insecticides, plants and vaccines.

Correspondence: airmail; letters 25 cents per half ounce.

For detailed information on this market write to:

Commonwealth Division
Office of Trade Relations
Department of Trade and Commerce
Ottawa

or

Senior Canadian Trade Commissioner
P.O. Box 126
Hong Kong

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

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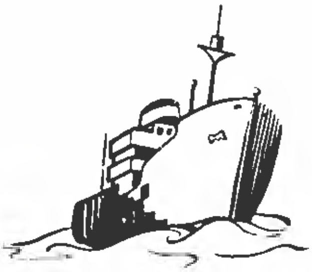
PORT PAYÉ

underwriting your export credit needs



Insurance or financing?

EXPORT CREDITS INSURANCE
enables you to increase sales abroad by insuring against non-payment due to such risks as a buyer's inability to pay, foreign exchange restrictions, and changes in import licensing regulations. This insurance helps to solve many financing problems.

LONG-TERM EXPORT FINANCING
enables you to compete for foreign business in the capital goods field. It is available for export sales of sophisticated capital projects where extended credit terms are clearly necessary and justifiable, and where substantial sums are involved.

EXPORT CREDITS INSURANCE & FINANCING

MADE IN CANADA

EXPORT CREDITS INSURANCE CORPORATION

For complete information:
P.O. BOX 655, OTTAWA, CANADA   BRANCHES—MONTREAL, TORONTO, VANCOUVER

Represented by the Department of Trade and Commerce in
Halifax   Winnipeg   Edmonton