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FOREIGN TRADE

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE, OTTAWA

Israel Quickens Its Pace

The Israeli economy gathered momentum in 1968, assisted by the investment of some $800 million in new capital goods. The tourist industry did particularly well and the half a million visitors expected this year will stretch present facilities to the limit. There are opportunities for Canadians in other fields too. The relaxation of import restrictions last January makes Israel a most interesting market.

We always stress that exporters should see for themselves and on page 6 you will find some practical hints for the traveller to Israel. You should also keep handy the market in brief feature on page 21 which gives basic statistics every exporter needs. The cover photo shows the downtown section of Tel Aviv as dusk falls.

Japan has been so successful in the home entertainment field that one might easily forget that it has to import a number of electronic products. Several Canadian companies have, in fact, done remarkably well there with test and measuring equipment, radar, electronic control machinery and special applications machinery for the electronics industry. Mr. Pedersen's article will interest people in other industries which trade with Japan or compete in third markets.

Our editorial staff has been out gathering export success stories for the magazine. We would also like more news and action pictures for the attention-getting position on the inside of the back cover. If your firm has something which might be suitable, please send it along. Black-and-white glossy prints produce the best results.

FOREIGN TRADE

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Israel Quickens Its Pace

Industrial output is growing, exports are rising, tourist trade expanding. Canadian sales rose to nearly $10 million last year, opportunities are improving with relaxation of import control.

JOHN H. SUGGITT
Commercial Secretary, Tel Aviv

■ The year 1968 was a most encouraging one for Israel. A 14 per cent increase in GNP, high profits, full employment combined with relatively stable prices, and increased productivity have marked the past year as one of vigorous expansion and solid growth. Prospects for selling Canadian products in Israel have never been better.

Following two years of reduced economic activity, the recovery which started in late 1967 became impressive in 1968. The past year saw industrial output climb 28 per cent, 25,000 new jobs created, a 9½ per cent addition to the labor force, industrial exports rising to $170 million (up 23 per cent) and total Israeli exports up 17 per cent to $650 million. Immigration also picked up during the year and the number of tourists increased 40 per cent over 1967. Today only diamonds exceed tourist expenditures as Israel's major foreign exchange earner. New investment in plant and equipment for industry and other sectors has been strengthened considerably.

Four main factors are responsible for the recovery of Israeli industrial activity since the Six Day War: the strong needs of the defence establishment, growth of private consumption, encouraging success in export markets, and sales to new markets in the Gaza Strip and throughout the West Bank territories. With increased activity, investment confidence has strengthened. The government-encouraged expansion of the aircraft and science-based industries has added to the economic effect of continued growth in oil refining, metal-working, electronics, pharmaceuticals and chemicals. All this healthy economic growth was accompanied by an investment boom, as Israelis spent about $800 million on new capital goods in 1968, 35 per cent more than in 1967. Small wonder that imports of capital goods and equipment increased 75 per cent last year.

The rapid growth in 1968 was facilitated by a major monetary expansion and buoyant foreign exchange receipts. Thus, although the current account deficit totalled $680 million, international reserves dropped by only $150 million. During 1968 imports rose $330 million (or 41 per cent) to $1.14 billion. This expansion affected all categories: imports of investment goods were up 59 per cent, raw materials 36 per cent, consumer goods 40 per cent, transport vehicles (excluding ships and aircraft) 126 per cent, metals 90 per cent, machinery 88 per cent, plastic products, rubber and resins 48 per cent.

TWENTY YEARS OF ISRAELI GROWTH

Dollars and Cents	1948	1958	1968
	(Cdn.$ million)		
Industrial output	470	940	2,830
Agricultural output	90	340	570
Tourist income	3	13	100
Imports, commodities and services	284	615	1,895
Exports, commodities and services	46	255	1,215
Deficit on trade	238	360	680

People	1948	1958	1968
	(In thousands)		
Population	770	1,900	2,800
Industrial employment	90	147	230
Agricultural employment	58	120	110
Construction employment	40	65	80
Students in school	141	471	774
Students in university	2	6	29
Tourists	22	68	430

Things	1948	1958	1968
	(In thousands)		
Cultivated acreage ('000)	620	1,006	1,075
Residential construction (sq. m. '000)	820	2,220	2,500
Non-residential construction (sq. m. '000)	100	880	1,100
Motor vehicles ('000)	30	75	240
Merchant fleet (tons '000)	—	370	1,495
Computers in use (number)	—	NA	80

Economic Policy Shifts

There has been a deliberate shift in government economic policy. Israel has always desired to become economically independent of outside assistance. In the past, various measures put into effect were calculated to narrow the current account deficit and meet this objective. This was done even though 1966/67's deliberate slowdown because of reduced government spending brought unemployment and an accompanying contraction of imports.

With changed political conditions, emphasis has shifted to positive measures to stimulate rapid economic growth while giving top priority to

Industrial growth in Israel during the past two years has been impressive; output increased 28 per cent in 1968. As a result, imports of capital goods and equipment increased 75 per cent last year. The domestic appliance industries, such as the refrigerator plant (above left) use thousands of dollars of imported components a year; the air conditioners on the assembly line (below right) include copper tubing from Canada. Light industries, such as the pharmaceutical plant above, offer opportunities to exporters of modern equipment.

wage and price stability, even at the expense of a temporarily larger current account deficit. This policy, accompanied by major changes in import licensing which have substantially reduced the number of items on Israel's controlled import list, has broadened the opportunities for Canadian exporters more than ever before. (See accompanying article "Israel Relaxes Import Restrictions.")

It is clearly the Government's intention to continue this policy of economic expansion while allowing local industry to be more fully exposed to import competition, thus lowering prices and costs and, hopefully, encouraging greater efficiency.

One final important factor contributing to the expansion in investment was the Economic Conference held in Jerusalem in 1968. At this conference, the Government attempted for the first time on a large scale to induce world Jewry to participate actively in Israeli development on a business basis. The conference stressed ways of bringing capital and technical knowhow from abroad in packages for joint industrial ventures between Israeli and overseas interests.

The results of that conference are only now starting to appear. Present profits and expectations are good. Proposals for the 1969/70 budget envisage no increase in taxes or compulsory loans. The indicators point to substantial growth in new investment as a major stimulant to further expansion this year and probably in 1970 also.

Agricultural Growth Slower

The Israeli agricultural year ends in October. Output last year rose 7 per cent and exports only 5 per cent and growth remains slower than in the rest of the economy. Winter rains were heavy and if more moisture comes this month (March), field crops should do well. Reservoirs are full. The agricultural sector is investing heavily in growing high-value export-oriented hothouse flowers and vegetables for European markets. The recurring problem of local fresh fruit and vegetable surpluses is forcing active government encouragement of expansion in the food-processing industry, and the processing and canning capacity of existing plants is being expanded. Because of the development of this and other industries in 1969 (cosmetics, detergents, pharmaceuticals and household chemicals) there is a growing demand for better packaging.

Chemicals and Construction

The chemical industry, largely government-owned, holds a prominent position in Israel's development pro-

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gram. The large companies which produce basic chemicals and fertilizers (such as potash, phosphates, phosphoric acid and industrial salts) are rapidly expanding. The Government has reorganized and regrouped the industry and is fostering the establishment of new plants to use byproducts. These plants are encouraged to supply products for the rubber, paint, textile, plastic and food-processing industries. The chemical industry as a whole will therefore provide in 1969 a wide variety of opportunities.

Building activity, particularly residential construction, is still accelerating. New housing starts exceeded 2½ million square metres in 1968, up from 1.9 million in 1967, and there is a good demand for dimension lumber. Television sets and outdoor antennae should sell well if they can be supplied this year.

Tourist Industry Expanding

Tourism, as mentioned before, has become the second largest foreign exchange earner in Israel. The number of visitors went up sharply this past year and during the past few months hotels have been unable to meet the demand for accommodation. In 1967, there were 305,000 tourists, bringing in a total revenue of $52.2 million. Some 430,000 came in 1968 and spent a record $100 million in Israel's shops, restaurants and hotels. About 500,000 are expected this year and Israel is providing 1,500 more hotel rooms to accommodate them. International airlines are planning more flights to Israel and El-Al has ordered two more Boeing 707B's and two 747's in anticipation of a million tourists by 1973. Apart from the construction of new hotels, many existing ones are modernizing and adding new services at a cost of $20 million. There is a need to enlarge and improve Israel's catering trade, restaurants and snackbars. Duty-free entry of hotel equipment is permitted by the Israeli authorities to encourage investment in this field.

Science-Based Industry Favored

Israel is betting heavily on the talents of its young university-trained population, with ever-growing emphasis on science-based industry. Many believe that the future of the country lies in science and research and the production and sale of new products based on them. There are three new universities being built and several technical trade schools. Promotion of science-based industrial development is carried out by the Government through the National Council for Research and Development. Practical research work is done mainly by the universities, academies, technical institutions like the Technion in Haifa, and the Weizman Institute of Science near Tel Aviv. Outstanding results have been achieved in the fields of chemistry, medicine, pharmaceuticals, biology and electronics. These scientific achievements are now being put to practical use in industry and in many instances justify the establishment of separate self-contained industrial plants. The Government of Israel is prepared to extend protection and financial support to foreign participation in these new industries and demand for needed equipment in these fast developing areas is growing.

WHAT CANADA SELLS TO ISRAEL

	1967	Jan-June 1968
	(Can.$'000)	
Barley	2,516	2,789
Wheat flour n.e.s.	1,216	—
Asbestos milled fibers	521	594
Aluminum pigs, ingots, shot, slabs	486	841
Lumber	224	102
Sulphur, crude or refined	219	—
Corrugating container board n.e.s.	143	89
Wood pulp	100	4
Flaxseed	99	140
Copper pipe and tubing	88	72
Paper bags and multiwall sacks	70	86
Cattle hides, raw	65	13
Commercial communication equipment	12	168
Meat and meat preparations, canned	17	184
Milk powder, skim milk	—	113

Where Demand Lies

Generally, throughout the country there is a brisk demand for sophisticated machine tools, specialized educational, scientific and also electronic equipment, instruments, etc. Israel expects to spend $750 million on industry alone over the next three years.

Israel Aircraft Industries Ltd. will be displaying a new twin engine STOL Israeli-designed and built passenger aircraft at the Paris Air Show this summer. Within the next 18 months this company will also be producing an eight-passenger executive jet. This company offers potential for the Canadian air industry to supply lease of facilities, subcontracts, materials, machinery, design, tooling, etc. The existence of this plant without the wide-flung servicing base normally associated with an aircraft producer is a remarkable accomplishment. The engineers and buying officials have had North American experience. IAIL thus represents an outstanding export potential for Canadian industry.

The market in Israel far exceeds the normal capacity of a country of less than three million people. The most encouraging aspects of 1968 that forecast continued prosperity were the stability of prices and wages, the faster expansion of exports (up 9 per cent again for January 1969), increased productivity and a higher rate of private saving. These indicators remain positive in the first two months of 1969.

Correction

In its issue of December 7, 1968, *Foreign Trade* carried a brief piece about the development of a nickel deposit in the Philippines by Marinduque Mining & Industrial Corporation. Late last year the first 10,000 tons of laterite from the Philippines were shipped to a pilot plant put up by Sherritt Gordon Mines Limited at Fort Saskatchewan, Alberta, to process the ore.

The cost of mining, shipping and processing the 10,000 tons was stated in *Foreign Trade* as $500,000. The company recently informed our Manila office that the $500,000 represents only the cost of mining the ore and shipping it to Fort Saskatchewan. The total cost, including the work to be done at the pilot plant, will approach $4 million.

Israel Relaxes Import Restrictions

January 1, 1969, saw the beginning of trade liberalization and some reductions in duty. Further relaxations are expected.

JOHN H. SUGGITT
Commercial Secretary, Tel Aviv

■ When the Israelis talk about import liberalization, they include the ending of quantitative restrictions on a very wide range of products and the lowering of customs duties. The removal of these restrictions is important to Canadian exporters because almost the whole market is open to them now. This is also the time to determine whether newly established levels of customs duty will permit full development of this enlarged market. Initial tariff cuts are encouraging and the promise of regular and predictable reductions in the future are a forecast of greater opportunity.

Until January 1, 1969, nearly everything that Israel imported was subject to restrictive licensing except raw materials and those relatively few processed products that were liberalized—that is, those for which free licences and automatic licences were granted. Everything else was subject to restricted licence or was covered by bilateral agreements.

Negative List Is Small

Now the Israelis are changing the emphasis. Nearly every product today is liberalized—that is, free or automatic licensing applies to everything except the clearly defined restricted items. This negative list will still require a few months to finalize. There remain some 200 product categories about which the Government continues to be undecided but on which action will be taken. These include, for example, pickled vegetables, fruit juices, shelled peanuts, rice, alcohol, laboratory equipment, microscopes, medical thermometers, certain types of paper, powdered coffee, false teeth, auto radiators, pesticides, and so on. Under restriction until mid-1969 are beer, tires, stainless steel, kitchen utensils, paper products, pharmaceutical goods, tinned sardines and tuna fish.

The items on the negative list (subject to restricted licensing) fall into four major categories:

1. Kosher foods—meat in particular, because of religious dietary laws, but also butter, margarine, cheese, baked foods, noodles, soups and halva.

2. National security and defence—weapons and explosives.

3. Products imported solely by the Government—wheat, flour, sugar, fats, soyabeans, milk powder, frozen and preserved meat, etc.

4. Government contractual obligations. The hope is to terminate some of these, giving interim protection to agricultural machinery (tariff nil), traffic lights (tariff nil), buses, acrylic fibers and synthetic tops.

Scope of Liberalization

The scope of the liberalization already effected is illustrated in the table following. This simplified table illustrates the 50 per cent growth in total commercial imports over the two-year period and also the 50 per cent reduction in the value of imports subject to restrictive licensing.

Israel will continue to have an import licensing program for some time to come, but automatic licences are automatic in the sense that for established needs and growth requirements they are issued promptly. Free licences are available without limit and products so classified are subject to normal competitive conditions.

TRADE LIBERALIZATION IN ISRAEL

	Actual 1967	*Estimated 1968*	*Forecast 1969*
	(U.S.$ million)		
Total imports	750	1,000	1,050
Ships and planes, diamonds and government purchases	250	280	300
Commercial imports	500	720	750
of which			
Subject to restricted licence	90	50	45
Subject to automatic licence	255	455	465
Subject to free licence	155	215	240

The tariff levels have been readjusted, generally upwards, with the removal of quantitative import restrictions. Israeli industrialists have been fighting hard to achieve what they consider adequate levels of protection, with some significant success. Even so, this has not affected Government's new policy of regular tariff reduction.

Effective January 1, 1969, customs duties were reduced by 10 to 30 per cent on 600 industrial items with duty rates in excess of 36 per cent and in the following categories: metals, electricity, electronics, chemicals, foodstuffs, textiles, leather, paper and wood. On those items where the old duty was 36 to 50 per cent, the reduction was 10 per cent. Where the duty was 51 to 75 per cent the reduction was 15 per cent, where it was 76 to 100 per cent it was 20 per cent, and above 100 per cent the rate of duty was cut by 30 per cent.

There will be further reductions on other goods still remaining on the temporarily restricted list this June or July, after the Government has examined all the implications of its proposals. After that, however, all future changes in rates of duty will be made on a regular and predictable basis each January 1st. The Ministry of Commerce and Industry intends to effect a further four stages of customs duty reductions on the first day of each new year until 1973, when protective tariff levels will range from 30 to 60 per cent. This level is expected to permit Israeli industry to adjust to changed competitive conditions. This plan, because it is known in advance, offers Canadian companies a better opportunity to explore the long-term potential of the Israeli market for their products.

Israel offers a very small domestic market by world standards, and to protect local industry, customs duties will probably never approach the lower levels in North America or Europe. To ensure that local industry is protected, new anti-dumping legislation is being prepared by the Minis-

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try of Commerce and Industry. Based generally on the provisions of the GATT, this new legislation will probably show the influence of Canadian and American thinking. There will probably be retroactive provisions of some type. Anti-dumping legislation could well be an important protective tool but at the same time practical officials recognize that dumping of non-Israeli products can be of benefit to the country.

For details on changes in licensing procedure and rates of duty affecting your product, contact the Director, Asia and Middle East Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

Your Business Visit to ISRAEL

Haifa, one of the three principal cities in Israel, should be on your itinerary. Located 60 miles north of Tel Aviv, it is the center of the country's heavy industry. This is the business section.

JOHN H. SUGGITT
Commercial Secretary, Tel Aviv

■ Israel today is European in everything but its geographical location. Most of its citizens arrived in the country during the past twenty years and in a short walk along a shopping street in Tel Aviv the visitor will hear many languages spoken. The official languages are Hebrew and French, but most businessmen and government officials speak English. Israel now has 2.77 million people, with a per capita income in 1966 of U.S.$1,080. Though Canada's share of the market has so far been small, new sales opportunities are opening up with the policy of gradual relaxation of import restrictions. The demand for electronics components is unlimited, many industries need sophisticated capital equipment, and fine and industrial chemicals and good quality, competitively priced consumer goods can also find buyers. If your company is looking for outlets in any of these lines, you should consider visiting Israel.

Before You Come

Your first step in planning a business visit to Israel should be to make contact with the Department of Industry, Trade and Commerce in Ottawa or with the nearest Regional Office. You should also write to the Trade Commissioner office in Tel Aviv about your proposed tour. This office can tell you about current conditions in Israel, provide hints about how to promote specific products, suggest firms to visit and arrange appointments with them, draw up a list of potential agents, and generally help you to plan a pleasant and fruitful visit. Remember that hotel accommodation in Israel is usually tight and that room reservations must be made at least six weeks in advance. Your travel agent can do this.

Because Israel has no contact with neighboring countries, visitors can come only by ship or by air. Holders of Canadian passports will be issued an entry visa at the port of arrival and this is valid for three months. The traveller must also present a

certificate of vaccination against smallpox.

There are a number of useful guidebooks to Israel. The Ministry of Foreign Affairs in Jerusalem issues a pamphlet *Facts about Israel,* free of charge and you could probably obtain a copy from Israeli Consulates or from the Embassy in Ottawa. The Israeli Government also issues annually the *Israel Government Year Book* which contains a great deal of useful information.

When to Come

The most suitable seasons for a visit to Israel are spring and fall. Just keep in mind that there are important Jewish holidays during these periods —Passover in the spring and New Year in the fall—and make sure that your stay in the country does not coincide with them. In the summer, the tourists arrive and most Israelis take their annual vacation. We recommend a business trip of four days as the minimum, with at least one day spent in each of the three cities of Jerusalem, Tel Aviv and Haifa. Tel Aviv is the commercial heart of the country, Haifa (60 miles north of Tel Aviv) has most of the heavy industry, and in Jerusalem the administrative and legislative functions of government are concentrated.

How to Come

There are no direct flights between Canada and Israel, but connections can be made in New York, London, and all Western European capitals. Air Canada flies to London, Paris, Frankfurt and Zurich and there are direct flights from all of these to Tel Aviv. (Fourteen national airlines service Israel.) Canadian Pacific Airlines flies to Rome and Athens, and there are ongoing flights from both of these cities as well. For ship sailings, consult your travel agent.

What Will It Cost?

The return fare by air from Toronto to Tel Aviv is approximately U.S. $1,316 first class and $810 economy class. In the main Israeli cities, bed and breakfast in the best hotels costs between U.S.$15 and $20 per person. Meals in hotels vary between $3 and $4 and in restaurants between $5 and $10. Internal transportation in Israel is good, and you can travel by bus, train, domestic air flights, taxi or sherut (a seven-seater car travelling a specific route). It is also possible to rent a car, with or without driver. Buses, trains and sheruts are inexpensive, cabs have meters, and the charge for a rented car varies between U.S.$6 to $15 a day, depending on the type of vehicle. Gasoline costs between 60 and 70 cents a gallon. National and international driving licences are valid in Israel.

A 10 per cent service charge is added to hotel and restaurant bills and most visitors give 10 per cent of the bill as a tip, though this is not obligatory. Railway, airport and hotel porters usually receive 30 cents (one Israeli pound) per bag. It is not customary to tip taxi-drivers, cloakroom attendants, and cinema ushers.

What to Bring

In both spring and fall, light lounge suits and raincoats are the right choice; in summer, lightweight worsted or linen suits. Women need light woollens and a raincoat in spring and fall and cotton dresses in summer. Both laundry and dry cleaning

The better hotels in the main cities, like the Tel Aviv Hilton above, charge $15 to $20 a day for bed and breakfast. Internal transport in Israel is good and reasonably priced—you can travel by bus, train, air, taxi, sherut or hired car.

services are good. Personal possessions may be brought in duty-free. You cannot buy brand-name medicines but locally made patent medicines are of a high standard. You can purchase both American- and British-made cigarettes at a price of 60 to 70 cents for a packet of 20.

Whenever possible, you should come armed with a good supply of business cards and with samples and catalogues. Giveaways are useful for promotion but not essential. There is no duty on samples of no commercial value whether you carry them with you or forward them in advance. Those with commercial value are subject to duty and the Customs authorities may request a bond in lieu of the duty. If you bring in samples of products subject to import licensing, you must bave the import licence before they will be released by the Customs authorities if their value is over $40. The Asia and Middle East Division of the Industry, Trade and Commerce Department in Ottawa will give you further details about these regulations, or you can write to the Trade Commissioner in Tel Aviv. Many businessmen find it helpful to bring dictating equipment with them.

Early in 1969 the controller of foreign currency issued new regulations about the acceptance of foreign currency from visitors in payment for goods purchased or services given. As a result, all shops and hotels now accept foreign currency. When you leave Israel, you may only convert Israeli currency into dollars up to a maximum of Israeli £105 (U.S.$30).

When You Arrive

Immediately after you check into your hotel, we suggest that you inform the Trade Commissioner of your arrival. We can then arrange for you to visit the office before you begin carrying out your schedule. This gives you a chance to engage in discussions about the market, get a briefing on plans made for you during your stay, and to obtain helpful hints on how to approach this market.

Making Contacts

You will find that the Israelis are warm and hospitable but they are also hard-headed businessmen. Technical staff are extremely well educated and thoroughly acquainted with the requirements of the market. Most of the businessmen are punctual in keeping appointments and though they accept luncheon invitations—this gives you an opportunity to become better acquainted with them—they prefer to talk business solely in the office. Negotiations should be frank, and you should come prepared to give prices f.o.b. Canadian ports because local regulations do not permit payment of freight and insurance in foreign currency. Credit too is not allowed. The preferred method of payment is cash against documents rather than irrevocable letter of credit, because of the shortage of working capital and the high interest rates charged on borrowed funds. If you are selling gas ranges, domestic electrical products or automotive products, they must be approved by the Israel Bureau of Standards before the Customs will release them.

At Leisure

If one of your business contacts invites you to his home, the custom is to bring your hostess a gift of flowers, chocolates, or something equally acceptable.

All businesses are closed down from Friday noon until Sunday morning and the public transportation system does not function between sundown on Friday and sundown on Saturday, though private taxis are available. Places of entertainment (except night clubs) are closed from Friday sundown until Saturday sundown; the night clubs are open on Friday evenings.

You will probably want to do some sightseeing in time off. All travel agents or either of the two tour bus companies can arrange tours of the Bible country and of the historic sites in Israel. The Israel Philharmonic Orchestra gives regular concerts but bookings are always heavy and tickets difficult to get. Theatre and opera performances are given in Hebrew. Even for cinemas you must book seats in advance.

You will have no trouble keeping in touch with the outside world during your stay. There are telex facilities at all first class hotels, cable service 24 hours a day, and a recently laid telephone cable between France and Israel links up with the transatlantic telephone service.

Canada Courier Colors Up

■ Now *Canada Courier* bas put out its first edition in full color. Readers of the international and the United States editions got their copies in April. They saw for the first time just how luxurious jet black mink really is. Girls and girl-watchers admired the swimsuits and beachwear. Then there were toys, sleep products, vanities, cheese and a dozen other things that Canada makes, from plywood and chain saws to hi-fi.

The total mailing of *Canada Courier* tops 170,000 and covers a hundred countries. There are French, Spanish, Arabic and German editions besides the two in English. Canadian Trade Commissioners around the world keep the mailing lists up to date and see that *Canada Courier* reaches potential buyers.

If you would like your product to be written up in *Canada Courier*, you should provide the editor with a newsworthy story or material for one (in English or French), action photographs of professional quality, and some background material. Your product must be made in Canada, using at least 50 per cent Canadian labor and materials, and you must be able to export it. You should also complete a questionnaire so that your company can be included in the Department of Industry, Trade and Commerce's "Exporters' Directory" which is supplied to every Trade Commissioner post abroad. Fulfill these conditions and the publicity is yours—free.

Why not write for more information now? Address your letter to the Editor, *Canada Courier*, Publicity Branch, Department of Industry, Trade and Commerce, Ottawa 4, Ontario.

Cypriots Make Good Customers

. . . for food products, manufactured goods, hotel equipment, engineering services. Canadian sales are rising, could go higher.

JOHN H. SUGGITT
Commercial Secretary, Tel Aviv

■ Canadian exports to Cyprus have more than doubled in value since 1964; last year they increased 30 per cent over 1967 to $430,000. This is still a very small share of the $180 million Cypriot market, but there are opportunities for expansion in 1969 and future years. Business conditions are good and so are prospects.

The intercommunal tension of past years which brought United Nations troops, including a Canadian contingent, to Cyprus is slowly relaxing. The political situation is more stable and hopes are high for peaceful settlement of differences as representatives of the Greek and Turkish Cypriot communities are earnestly seeking common ground. The improved business climate reflects this.

The people of the island are predominantly Greek and Turkish in origin yet their foreign trade is solidly based on British and European markets for their vegetables, fresh citrus products, wines, copper, asbestos, and other products. The Cypriot living standard, with GNP at $690 per capita, is second only to Israel's in the Eastern Mediterranean and significantly higher than that enjoyed by Greece or Turkey. This makes it possible for the islanders to import a wide range of industrial and consumer goods; imports in 1968 worked out at $290 per capita. At the same time, the small population of only 615,000 limits the market for home-based industry and as a result, the modern business community has developed expertise in overseas trading, banking, and services. The island has no university and the young businessmen of the future complete their formal education in Greek or British universities. Generally they return to run the family business or they establish themselves overseas and remit part of their profits to Cyprus, thus adding to the island's income. Of late, remittances from overseas have assumed sizable proportions.

Cyprus consistently has a large deficit on trading account but invisible earnings have more than compensated for the trade deficit each year. In 1967, for example, imports exceeded exports by $61 million but receipts from invisibles exceeded $63 million. In addition to remittances from abroad, important continuing sources of invisible earnings include the tourist trade, Turkish cash subsidies to the Turkish Cypriot community and spending by the British (who still have permanent bases on the island) and by the United Nations peacekeeping force.

In recent years Cyprus has also had a surplus on current account; this totalled $9.3 million in 1967. This significant inflow of capital is partly responsible for the local real estate boom. The foreign exchange reserves now stand at $180 million, more than enough to pay the import bill for a full year.

The highly developed sense of business responsibility in the Cypriot community accounts in large part for the active role that business plays, in association with government, in national planning and economic development. This is illustrated by the financial estimates for Cyprus's Second Five Year Plan ending in 1971/72. Of the Government's estimate of a $500 million investment by the public and private sectors, the private sector's share is expected to be $330 million, semi-government organizations $28 million, and the Government itself some $142 million. The Cyprus Employers Consultative Association has undertaken two exhaustive studies recently of a type normally initiated by government. The first of these, on a prices and incomes policy in Cyprus, is now the subject of serious discussion throughout the island. The second is a comprehensive report recommending incentives for industrial investment

Cypriot girls sample the grapes they are packing for export to European customers.

and it will soon be reflected in new income tax legislation.

Cyprus is in the market for many things that Canada can offer. With increasing income and urbanization the market is rapidly gaining depth. In addition to the items singled out for special mention in the table, (this page), which summarizes Canadian exports for the past seven years, we are currently selling a wide range of processed food products, beverages, some clothing, white goods, auto accessories and other consumer products.

Cyprus has proved a good market for consulting services. The UN Special Fund has an active program here, covering several training schools, agriculture, soils, geological studies, forestry, fisheries, harbor development, town planning, and the tourist trade, etc. These initial programs are followed by more intensive work paid for by Cypriot government bodies. Current projects involving Canadian firms include a forest products plant, a water-use study, mining, and sewage disposal. In the offing are grain storage facilities, hospitals, a new fertilizer manufacturing complex, traffic and highway planning, bakeries, modern cold storage, crop improvement, etc. In 1969 Canadian earnings from consulting services supplied to Cyprus are expected to approach $200,000.

The major utilities—all government-owned and operated—are now adopting the buying practices of larger utilities in Europe and North America. The management is employing consultants, bulking orders, changing specifications, etc., so that more suppliers can bid on their requirements. The utilities hope to receive lower prices and better service, but more important to Canadian suppliers is the fact that these orders are now big enough to warrant preparing an expensive estimate and proposal.

The Government is also encouraging import substitution industries and an industrialization program geared to processing current export crops. The aim of this program is to improve the competitiveness of Cypriot goods in overseas markets and to enhance productivity at home. There is a new interest in handling, packaging and complementary systems.

The tourist industry is the island's biggest hope for substantial future earnings. In 1968, some 88,471 tourists spent more than one day on the island, 20 per cent more than 1967. Tourists today are mostly British and American but Cyprus looks to Scandinavia and Germany in projecting 170,000 visitors by 1971. Favorable investment incentives, a good supply of skilled help graduating from UN-sponsored training schools, coupled with an excellent climate, good beaches, mountains, antiquities and sunshine hold great promise of seeing these plans fulfilled. There will be an interesting demand for equipment for hotels and resorts over the next several years.

In assessing the prospects for exporting goods and selling services to Cyprus, the businesslike attitude of the Cypriots should be kept in mind. This, coupled with its strong financial position and good economic prospects, make Cyprus a market definitely worth investigating. For most companies the demand is often too small to warrant a trip there except to serve a special purpose or with predetermined objectives. On a business trip to Israel or other Middle Eastern countries, however, a day or two in Cyprus is definitely worth arranging. The objective of any first visit should be to locate a suitable agent (who can overcome the initial hurdles) and to establish personal contacts. Purchasers in Cyprus want c.i.f. prices and generally are very price conscious, but quality in certain instances can command a differential.

The United States became in 1967 Cyprus's fourth largest supplier, with sales of nearly $8 million. Yet Canadian firms have a theoretical advantage over U.S. companies because Canada benefits from the Commonwealth tariff preference. In the past, this advantage has not been exploited as it should be by Canadian firms. Businessmen in Cyprus are certainly aware of it and have sometimes initiated business with U.S. principals which have Canadian manufacturing facilities so that the importer can benefit from the preference and compete more effectively with European suppliers.

As always, the Commercial Division of the Office of the High Commissioner for Canada for Cyprus, located in Tel Aviv, stands ready to assist. Officers visit Cyprus each month and can also help businessmen to arrange a useful business trip to the island. Please contact us at P.O.B. 20140, Tel Aviv.

CYPRUS IN BRIEF

	1960	*1967*
Population	575,000	615,000
Gross national product, $ million	286	430
Per capita GNP, dollars	500	690
Private automobiles	26,121	35,424
Tourists	26,000	68,000
Wages index 1950=100	228.3	279.0
Retail price index 1957=100	108.6	111.4
Exports, $ million	52	77
Imports, $ million	89	153
Foreign exchange reserves, $ million	55.4	180
Canadian share of market, in dollars	609,000	307,000
as per cent	0.6	0.2

WHAT CANADA SELLS TO CYPRUS

$'000	*1962*	*1963*	*1964*	*1965*	*1966*	*1967*	*1968**
Total exports	**298**	**513**	**193**	**261**	**328**	**307**	**443**
of which							
Autos	187	355	3t	53	7t	65	18
Tires and tubes	11	22	24	71	44	66	75
Tobacco	—	31	65	34	36	78	66
Baby chicks	—	3	1t	10	6	7	9
Upper leather	1	—	3	16	16	8	1
Razor blades	—	—	—	11	7	5	4
Plastic and synthetic rubber	1	6	2	3	2	14	2
Spark plugs	3	—	—	1	7	10	2t

*Other significant exports in 1968 were broad woven fabrics $17,000; copper wire and cable $40,000; other wire and cable $53,000; zinc blocks and slabs $40,000; plywood $31,000; TV sets $6,000. Most of these were first-time exports.

trade fairs

Canada Shows Educational Equipment

■ Canada participated most successfully in the 1969 sbow put on by the American Association of School Administrators in February. Nineteen Canadian firms using 3,040 square feet of exhibit space displayed a range of products, including pre-engineered relocatable classrooms, school furniture, partition systems, chalkboards, a coin sorter, bookkeeping equipment, school lockers, electrical teaching apparatus, physics teaching equipment including lasers, and equipment for educational television, sucb as cameras, monitors, and video switchgear. (See list of participants below.)

This was the second time in three months that Canadian manufacturers of educational equipment have had an opportunity to display their products to potential U.S. buyers. In December thirteen firms, under the sponsorship of the Department of Industry, Trade and Commerce, exhibited at the American Vocational Association convention in Dallas, Texas. Later they reported potential sales of $1.7 million over the next twelve months. After the Atlantic City show, the 19 exhibitors said that orders should amount to $5.3 million in the next year.

These two shows normally attract school administrators and educators from across the United States and a small number from other countries. The appeal of each is somewhat different. Directors and administrators involved in technical education are primarily interested in the American Vocational Association exhibit. The American Association of School Administrators draws from a wider range of people and includes displays of almost every type of equipment and teaching aids for schools, with the exception of vocational training apparatus. Distributors and agents anxious to take on new lines also come to the AASA.

About half of the 25,000 people who came to the show in Atlantic City visited the Canadian exhibit in the exhibit area at the Haddon Hall Hotel. (Of the 780 exhibitors, about two-thirds were located in the Convention Hall and the remainder were divided between the Shelburne and Haddon Hall Hotels.) Al-

PARTICIPATING COMPANIES

Student responder system
Alda Instruments Limited
Toronto, Ontario

Portable classrooms
ATCO Industries Ltd.
Calgary 65, Alberta

Furniture
Canadian Office and School Furniture Ltd. (COSF)
Preston, Ontario

ETV video equipment
Central Dynamics
Pointe Claire, Quebec

ETV receivers
Electrohome Limited
Kitchener, Ontario

Electrical teaching equipment
Electronic Controls Ltd.
Belleville, Ontario

Portable classrooms
Harrigan Industries Ltd.
Richmond, British Columbia

Furniture
Imperial Industries Ltd.
South Burnaby, British Columbia

Lockers
Machine Products Corp.
Montreal, Quebec

Revolving chalkboards
McNichol Stevenson Ltd.
Scarborough, Ontario

ETV cameras
Mond Electronics (Division of Mond Industries Ltd.)
Toronto, Ontario

Coin sorter
Nadex Industries Ltd.
Port Credit, Ontario

Furniture
Office Specialty Ltd.
Toronto, Ontario

Partition systems
Porcelain and Metal Products Limited
An affiliate of Cyanamid of Canada Ltd.
Montreal, Quebec

Electrical properties testing kit, laser demonstrator
RCA Limited
Montreal 207, Quebec

Accounting and filing systems
Systems Equipment Limited
Winnipeg 19, Manitoba

Furniture
Steel Equipment Limited
A Division of Eddy Match Company Limited
Pembroke, Ontario

Furniture
Vico Metal
Cowansville, Quebec

Language laboratory
White Electronics Development Corporation (1966) Ltd.
Cooksville, Ontario

together the Canadian companies received about 2,700 inquiries as a result of the show. The excellent publicity campaign accounted for a good deal of the interest. One of the major publicity vehicles was a special 24-page Canada supplement in *Nation's Schools*. This supplement was prepared by the Department's Publicity Branch and 13 of the 19 Canadian exhibitors supported it by taking advertising space. The supplement reached the 42,000 subscribers to the magazine and other copies were distributed on the site and sent to a selected mailing list.

There were a number of reasons for the Canadian success. One of them was the good product mix in the displays and another the fact that most of these products were different, even if they were not necessarily competitive. The exhibitors themselves went all out to make sales and manned their stands with people who knew the products well and could make decisions on the spot. They were backed up by Industry, Trade and Commerce personnel, both in Ottawa and at the Trade Commissioner posts in the Eastern United States, and by careful long-range planning.

This marked the second time that Canada has participated in the AASA show and each company went home well satisfied with the results. Plans are already being made for next year's participation, also at Atlantic City, from February 14-18, 1970. Any manufacturers in this field who would like to have further information about the 1970 show should write to the Fairs Division, Department of Industry, Trade and Commerce, Ottawa.

—JOHN N. GRANTHAM
Vice Consul and Assistant Trade Commissioner, Philadelphia

El Salvador's Fair Offers Opportunities

■ Plans are now in progress for the Fourth El Salvador International Trade Fair to be held in San Salvador November 5 to 27, 1970. A biennial event, last year's Fair has again shown that this exhibition is meeting a need to expand the commercial interchanges in the Central American market.

Attendance—The steady increase in attendance from 380,000 in 1964 to 531,000 (1966) to 642,000 (1968) indicates that the El Salvador Fair is becoming more successful year by year. Open to the public for an entrance fee, much of the attendance is made up of general visitors. None the less, in the three weeks of the 1968 Fair, some 20,000 business visitors came from El Salvador and the other Central American countries, Mexico, the Caribbean and South America.

Participating Countries and Exhibitors—Sixteen countries booked space at the 1968 Fair, some in their own pavilions. They often supplemented these displays using open areas adjacent to display heavy industrial machines, storage elevators, earthmoving equipment and so on. Between 1966 and 1968 the indoors exhibition area increased from 17,900 to 31,125 square meters and outdoors from 100,800 to 118,875 square meters. The participating countries in this international event were Spain, Switzerland, Mexico, Japan, United States, Colombia, Germany, Republic of China (Taiwan), South Africa, Venezuela, Guatemala, Nicaragua, Panama, Honduras, Costa Rica, El Salvador, Argentina, Austria, Brazil, Britain, Italy, Sweden, and Trinidad and Tobago. Exhibitors numbered 1,067 in 1968 compared with 673 in 1966; some 539 were manufacturers and suppliers from countries within the Central American area and 528 were from countries outside the region.

Market for Canadian Manufacturers—The five Central American Common Market countries—Guatemala, Costa Rica, Honduras, Nicaragua and El Salvador—plus Panama imported almost U.S.$1.2 billion worth of goods in 1968. Canada supplied Cdn.$17.5 million of this, some 1.5 per cent of the total import market. The area has shown a healthy economic upswing in the last ten years and the potential for future growth is equally promising. Industrial production in consumer goods, the food industries, and the packaging and light industries has expanded substantially and demand is strong and increasing for machinery and raw materials from abroad. Imports of consumer goods from outside the area will probably decline and be replaced by local manufactures, which are protected by high tariffs and a supplementary import surtax of 30 per cent.

There continue to be many excellent opportunities for Canadian manufacturers of consumer goods who are interested in establishing plants to make their products. However, opportunities for supplying consumer goods from abroad will become less and less attractive as the domestic manufacturing program is emphasized. Investment opportunities in manufacturing, in the resources industries, and in the tourist field have never looked brighter in Central America.

Growth in Capital Investment—In the next few years, large investments will be made in the public sector, mainly in education; power generation; port, road, airport and telecommunications developments and extensions, and in waterworks and sanitary programs. Canadian suppliers of capital equipment in these fields and engineering consultants are finding that the area is now offering more opportunities for commercial development. This trend will be intensified in the next ten years.

For More Information—Canadian firms interested in finding new markets for their products in these

areas might do well to study the existing opportunities in the Central American market. Those already established realize that the market is becoming more active, but at the same time competition is strong from foreign suppliers. One of the most effective trade promotion techniques available in Central America to both prospective and established Canadian exporters is the Fourth El Salvador International Trade Fair in 1970. The rental cost for space is U.S.$16.00 a square meter (about 11 square feet) in international pavilions and U.S.$4.00 a square meter in open areas. More information on participation and answers to questions about the Fair can be obtained readily by writing to the Commercial Counsellor, Canadian Embassy, Apartado Postal No. 400, Guatemala City, Guatemala, C.A.

—STEWART G. TREGASKES
Commercial Counsellor, Guatemala

Trade Fair Calendar

Canada exhibited at

German Building Exhibition (DEUBAU), Essen, West Germany, February 1-9.

Number of visitors: 103,000.

Number of exhibitors: 2,536; 26 foreign firms.

Canadian participation: first time in 1969; institutional exhibit and a company participating exhibit put on by 16 firms.

Canadian products shown: all products related to the building trade and also saunas, swimming pools, electrical appliances, photocopying machines and so on.

On-site Canadian sales: $12,000.

Estimated future business: $60,000 over the next year.

Outstanding features: this was the first Canadian building products exhibit in West Germany.

For followup, write to: Consul General, Canadian Consulate General, Esplanade 41-47, 2000 Hamburg 36, West Germany.

Coming Up

Canada will be participating in the following fairs in the next six weeks:

American Institute of Architects Convention
Chicago, Illinois, June 22-26

Salon International de l'Aéronautique et de l'Espace
Paris, France, May 29-June 8

International Hospital Exhibition
Duesseldorf, West Germany, June 19-25

38th Poznan International Fair
Poznan, Poland, June 8-17

Solo Apparel Show, Ladies' Outerwear
New York, N.Y., June 1-13

Canada at the New England Hospital Assembly

Canadian hospital equipment attracted wide interest at the 48th annual New England Hospital Assembly in Boston, March 23 to 26. Canada's first participation in the Assembly featured 16 companies showing products developed, for the most part, since Canada's subsidized health programs became nation-wide in 1961. President of the American Hospital Association, Dr. George W. Graham, second from left, examines two units specifically developed to permit easier, closer, safer X-ray diagnosis. The BCM 600 extra-large-field angio-seriograph, center, and the Centurion 68 high-speed dual-injector for simultaneous bilateral lower limb angiography are manufactured by B.C. Medical Engineering Ltd., Montreal, Quebec. On hand to describe the units' technical refinements are, from left, Pierre Charrier, Montreal, representing the manufacturer; Clive A. Carruthers, Canadian Consul and Assistant Trade Commissioner, Boston, and Milan Stolarik, Commodity Officer for the Department of Industry, Trade and Commerce, which sponsored the Canadian exhibit in Boston.

Argentina Builds Automotive Industry

...but still buys abroad selected parts and replacement items, or may be interested in a licensing agreement with Canadians.

J. M. VINCENT, *Assistant Commercial Secretary, Buenos Aires*

■ There is at present one vehicle for every 13 people in Argentina, compared with one for every three in Canada and Australia and one for every 15 in Venezuela. But Argentina is gradually closing the gap between itself and other developed countries; as recently as 1960 the statistics showed only one vehicle there for every 24 people. The basic reason for the improvement is the emergence of an important and well-developed automotive industry. At the present time, there are eight factories in the country producing 19 different automobile models and ten manufacturing 25 types of commercial vehicles.

For commercial vehicles, the major breakthrough occurred in 1951 when Mercedes Benz Argentina was formed and began manufacturing chassis for trucks and buses, automotive parts and diesel motors.

Assembly-line production of automobiles began with Industrias Kaiser Argentina (IKA). The U.S. Kaiser organization signed an agreement with the Argentine Government in 1955 for the establishment as a joint venture of a plant to manufacture light utility vehicles and automobiles. Shortly afterwards Kaiser began to move in machinery and equipment from its plants in California. In April 1956 IKA delivered the first vehicle —a Jeep—ever to be produced in Argentina on an assembly line. In 1958 came the first standard-size automobile, the Kaiser Carabela. In 1959 IKA signed an agreement with Renault to manufacture the Dauphine Gordini and Renault 4L and 4F; a similar agreement was later made with American Motors to manufacture the Rambler line under licence. Renault recently bought a controlling interest in IKA and the name was changed to IKA-Renault.

In March 1959 legislation was passed to encourage the expansion of the automotive industry. Companies were permitted to set up plants and import equipment and automotive parts and components at concessional rates of duty but they had to agree to increase the Argentine content over a period of four or five years. For automobiles, firms were allowed to import in the first year of this program up to between 35 and 40 per cent of the c. & f. value of the vehicle at special rates of duty. This percentage was progressively reduced to an average of about 20 per cent in 1963 and to 6 per cent of the f.o.b. value of the unit in 1967. For commercial vehicles the figures were 50 per cent in 1959/60, 30 in 1963 and 15 in 1967. The effect on the automotive industry was almost immediate. FIAT, which had been established in Argentina since the turn of the century and was already manufacturing other lines of equipment, added an automobile plant to its industrial installation. Today the FIAT plant is one of the largest in Argentina. Also in 1959 Ford, General Motors, Chrysler (in partnership with a local firm), Peugeot and Citroen all set up manufacturing operations. The companies which today make up the industry in Argentina are listed below, with their 1967 production:

	1967 Production	
	Passenger Automobiles	Commercial Vehicles
FIAT	38,750	2,161
IKA-Renault	32,415	4,811
Ford	16,379	12,282
General Motors	11,786	10,276
SAFRAF (Peugeot)	12,504	811
Chrysler	6,478	5,298
Citroen	8,021	1,207
DINFIA	.....	3,692
Mercedes Benz	.....	3,091
Industria Automotriz Santa Fe (DKW)	2,750	69

The industry in Argentina produced 181,000 automobiles and commercial vehicles in 1968, compared with 175,318 in 1967.

The original center of the automotive industry was Cordoba in the Province of Cordoba and the plants of IKA-Renault, DINFIA and a large number of parts manufacturers are located there. Greater Buenos Aires is also an important center of the industry now with Ford, General Motors and FIAT plants and many suppliers located in or near the city.

The establishment of an automotive industry has brought many benefits. There has been a substantial saving of foreign exchange formerly required for the import of automobiles and parts. Unlike some other South American countries, the majority of automobiles in Argentina today are nationally made—an estimated 71 per cent in 1968. Over 40,000 persons are directly employed by automotive manufacturing firms. The automotive companies have also given a tremendous boost to industry in general by training personnel, establishing new facilities, and introducing manufacturing techniques previously unknown here, and by creating a market for suppliers of a wide range of products.

The dream of every Argentine is to have his own automobile. Prices, even though they have tended to decline in recent years, are still high. The average cost of a four-door sedan is about $6,000. Smaller models are less expensive. The relatively high cost of automobiles is due in part to taxes on them which also have a dampening effect on sales. Nevertheless, demand has continued to rise.

Local manufacturers enjoy almost complete protection against imports. Automobiles are one of the few things today in Argentina that require an import licence and it is only granted in very special cases. The authorities have also insisted that plants should not be mere assembly operations and

that vehicles made in them should have a high Argentine content. The original legislation in 1959 authorizing firms to set up plants permitted a fairly high imported content during the early years. Current legislation is much more restrictive. This is briefly how it operates:

Automobiles—Firms are permitted to import parts and components up to a maximum of 5 per cent of the f.o.b. value of the vehicle at a concessional rate of duty of 40 per cent ad valorem.

Vans—If used for delivery purposes and for passengers, up to 5 per cent of the value of the vehicle at a rate of duty of 20 per cent.

Motorcycles, motor bikes and small commercial vehicles—Up to 4 per cent at a duty of 40 per cent.

Chassis for commercial vehicles of specified weights—Up to 13 per cent at a rate of duty of 20 per cent.

In addition, local manufacturers are allowed to import at the special rates of duty limited quantities of parts for stock. If the local company exceeds any of the quotas, it is penalized.

Canadian Opportunities

The need for local manufacturers to keep Argentine content as high as possible and the desire of most of them to do so limits the possibility of selling foreigo automotive parts as original equipment. Nevertheless, Canada has in the past two or three years exported significant quantities of components to Argentina. In most instances these exports represented inter-company transactions involviog the major automobile manufacturers. We believe that there is also a market in Argentina for other Canadian automotive parts, specifically:

Original equipment—Firms manufacturing vehicles in Argentina will want to continue to purchase and manufacture as much as they can locally. However, they are always interested in the possible import of parts that may be less expensive or which have advanced technical features. They may sometimes want to bring in selected parts, perhaps in limited quantities, to add a special feature to one of their models.

Replacement items—There is a large and growing demand in Argentina for automotive compooeots as replacement items. Competition from the local parts manufacturers is keen and duties are relatively high, ranging from 90 per cent for items such as special types of bearings and chassis for certain types of buses, to 120 per cent for gearboxes, clutches, axles and parts thereof, and for gaskets, shock absorbers, etc. Yet sales are often possible on the basis of quality, design or simply customer preference.

In recent months, ageots aod distributors io Argentina have expressed an interest in competitively-priced Caoadian starter drives and other ignition parts, water-pump bearings, transmission gears, ring gears and pinions, oil filters (despite local productioo there are sales possibilities for small quantities), camshafts and crankshafts, and oil seals. Exporters should ask the Commercial Counsellor in Bueoos Aires to evaluate the market for their product and send him six copies of detailed sales literature with price lists (preferably c.i.f. Buenos Aires, but f.o.b. Canadian port gives the trade some idea of the product's competitiveness).

The booklet *Canadian Auto Parts*, prepared by Trade aod Commerce, has been put in the haods of all the major automotive manufacturing firms.

Why Not License?

Certain components and parts caonot be exported from Canada to Argentina because of the competition in this market. It may be possible, however, to have these maoufactured under licence. As productioo of vehicles has increased, there has been growing interest in licensiog agreements and quite a numher of automotive parts are produced under these. Examples of some internationally known companies whose products are beiog produced under licence in Argentina are: Borg-Waroer (clutches), FRAM (filters), Perfect Circle (piston rings), Wagner Lockheed (hydraulic brakes and parts), Autolite (spark plugs), Purolator (filters).

Products for which additional licensing agreements might be negotiated now include uoiversal joints, transmissioo gears, contact points, filters, clutch bearings, ring gears and pinions, ignition parts, oil seals.

The Commercial Counsellor would be pleased to hear from Caoadian producers of these lines or of aoy other automotive components who are interested in investigating licensing possibilities in Argentina.

This is the "Torioo", designed and manufactured in Argentina by IKA-Renault.

Japan Air Self Defence Force MU-2's use Doppler navigation equipment designed and built by Canadian Marconi, Montreal.

Japan's Electronics Industry Changes Direction

emphasis shifting to industrial products and computers

R. E. PEDERSEN, *Assistant Commercial Secretary, Tokyo*

■ The electronics industry, which encompasses radio, television, communications equipment, electronic devices, and measuring and surveying instruments, is a striking illustration of Japan's economic miracle. The production figures are staggering; output has risen from Cdn.$300 million in 1956 to over Cdn.$5 billion in 1968. The industry's annual growth rate is 24 per cent—one of the highest in the country—and today Japan's electronic production is second only to the United States. With concentrated development, the industry should maintain at least a 17 per cent growth rate through to 1975 when production is expected to reach Cdn. $12 billion.

An analysis of 1967 production figures (see Table I) reveals heavy involvement in consumer electronics as opposed to industrial products but the emphasis is gradually changing. In 1959, with the advent of large-scale TV production, the ratio of consumer goods to industrial goods was 72:28. By 1967, it had shifted to 58:42.

The breakdown of production in 1967 was household appliances 42 per cent, industrial machines 30, and parts and accessories 28. In comparison with other countries, Japan produces a high proportion of household appliances. In the United States, government and military uses account for 60 per cent of electronics output, industrial machines account for 20 per cent, and household appliances a mere 17 per cent. Japan's output more closely parallels that of West Germany where household appliances account for approximately 40 per cent.

The majority of Japan's electronic products are manufactured by relatively few firms. Below is a quick "Who's Who" of the industry. The fifteen companies are listed according to specialty; their relative size is shown by the figures in brackets and annual sales range from Cdn.$50 million to Cdn.$1 billion.

Manufacturers of the entire range of equipment: Hitachi (1), Tokyo Shibaura Electric (Toshiba) (3), Mitsubishi Electric (4), Fuji Electric (7).

Communications instrument manufacturers: Nippon Electric Corp. (NEC) (6), Fujitsu (8), Oki Electric (12).

Household appliance manufacturers: Matsushita Electric (National, Panasonic) (2), Sanyo Electric (5), Sony (9), Victor Co. of Japan (10), Hayakawa Electric (11), Nippon Columbia (13), Tokyo Sanyo Electric (14), and General Electric (15).

Japan has some 9,000 electronics factories but only 175 of them employ more than 500 persons. The total employed in this area is about 675,000. In 1967, new plant investment amounted to Cdn.$201 million.

The Japanese industry dates back to the early 1900's but it was not until the 1950's and the coming of private radio and TV broadcasting that it began to be of much importance. The war had meant technological isolation and destruction of the manufacturing plant. Afterwards, there were no military orders and domestic consumer demand, despite the rising standard of living, did not provide a big enough base. The main reason for the industry's rapid recovery was the unique relationship between the Government and private industry which led to a common effort, prevented costly duplication, and reduced

ELECTRONICS IN JAPAN

TABLE I—PRODUCTION 1967

Product	*Value (Cdn.$ million)*
Consumer goods	1,740
of which	
Television, color and black and white	880
Radio	333
Tape recorders	237
Radio phonographs	192
Phonographs	15
Other	83
Industrial equipment	1,180
of which	
Wired communications	454
Associated electronic equipment	406
Measuring equipment and instruments	176
Radio communications	101
Associated radio equipment	42
Components	1,109
of which	
Electron tubes	267
Semiconductors	217
Parts and accessories	625
Total	**4,029**

Source: Japan Electronic Industries Association.

TABLE II—EXPORTS 1967

Product	*Value (Cdn.$ million)*
Consumer goods	780
of which	
Radios	315
Television	180
Tape recorders	142
Radio phonographs	49
Other audio equipment	94
Industrial goods	149
of which	
Wired communications	20.4
Radio communications	49.6
Associated electronic equipment	37.3
Electric measuring equipment	41.6
Components	198
of which	
Parts and accessories	144
Tubes and semiconductors	54
Total	**1,127**

IMPORTS OF EQUIPMENT AND PARTS

TABLE III—1957-1967

Year	*Value (Cdn.$ million)*	*Year*	*Value (Cdn.$ million)*
1957	24.9	1963	156
1958	28	1964	171
1959	41	1965	144
1960	52	1966	162
1961	77.8	1967	269
1962	123		

TABLE IV—1967

Product	*Value (Cdn.$ million)*
Computers	132
TV, radio, phonograph, tape recorders	6.4
Broadcasting equipment (TV and radio)	3.2
Radio communications equipment	8.7
Radio application equipment	14.6
Wire communications equipment (telephone)	3.5
Electronic tubes and semiconductors	26
Parts for electronic equipment	21
Electronic application equipment	6.7
Electronic measuring equipment	46.7
Total	**268.8**

Sources: Japan Electronic Industries Association, Ministry of International Trade and Industry, and Embassy records.

TABLE V—JANUARY-AUGUST 1968

Product	*Value (Cdn.$ million)*
TV, radio, phonograph, tape recorders, etc.	5.97
Radio communications equipment	18.66
Electron tubes and semiconductors	23.87
Parts for electronic equipment	19.05
Electronic application equipment, including computers	77.11
Electronic measuring equipment	36.09
Total (8 months)	**180.75**

Sources: Japan Electronic Industries Association, Ministry of International Trade and Industry, and Embassy records.

internal competition in certain sectors. The Government encouraged the import of technical knowhow to fill the wide technological gap between Japan and Western countries. Between 1949 and 1966, over 400 technical processes were introduced into Japan. The most famous case was licensing Sony to produce the transistor developed in the United States. The production of 29 million transistor radios in 1967 attests to the success of this venture.

Basic research was undertaken by the Government while private firms concentrated on development. Between 1950 and 1956 subsidies totalling Cdn. $30 million were granted to develop over 3,000 individual electronics items.

In 1957, the Government enacted the Emergency Measures for Promotion of the Electronics Industry Law to promote order and stability in the industry. In brief, it aimed to rationalize production and to develop an integrated program for research, development and production facilities. The program enabled the Government to give aid to the industry and grant preferential treatment in the form of low taxes and low-interest loans.

The electronics industry is geared for export. In 1967, Cdn.$1,127 million out of a total production of Cdn. $4,029 million went abroad. (Japanese exports of all kinds were Cdn.$10.1 billion in 1967, so electronics exports accounted for over 10 per cent of the country's overseas sales.) The breakdown of 1967 electronics exports was consumer goods 69 per cent, industrial electronics 13, and components 18. Table II shows that the bulk of these exports was made up of radios (27.8 per cent), TV sets (15.9 per cent) and tape recorders (12.5 per cent). Industrial electronics goods increased by over 21 per cent from the previous year and promise to grow in importance in years to come.

Japan imports as well as exports electronics products and depends on overseas suppliers for about 10 per cent of electronics requirements. Imports have been growing steadily over the past ten years and reached almost Cdn.$269 million in 1967 (see the Tables on this page). They have also become relatively more important, rising from 0.5 per cent of Japan's total imports to about 2 per cent. In spite of import quotas and tariffs

against such items as computers and parts, radar and electronic ranges, many segments of the market provide excellent prospects for Canadian firms with specialized or unique products. Test and measuring equipment, for instance, has been liberalized since 1962.

The volume of imports has been running at about 10 per cent of exports until recently. The percentage breakdown of imports by commodity group is: computers and computer parts 49, consumer products 20, measuring instruments 13, and industrial products and components 18. These figures do not include industrial equipment used in the production of electronic goods—the market for related items is as large as Canadian initiative and Canadian products want to make it. Table V lists the imports for the first eight months of 1968 which looks like being another record year with imports worth approximately Cdn.$290 million.

Several Canadian companies have been remarkably successful in selling test and measuring equipment, radar, electronic control machinery and special applications machinery for industry. The Japanese businessman is quick to spot a quality product. Selling is not easy but it can be very profitable.

Canada will be participating in the Japan Electronics Show in Osaka in October 1969. The Electrical and Electronics Branch of the Department of Industry, Trade and Commerce in Ottawa can supply detailed information.

The Japanese Government regards the electronics industry as strategic and recognizes its change from a labor-intensive industry to an industry based on advanced technology. The Japan Electronic Industry Promotion Association has released a report covering objectives to be achieved by 1975. The report calls for greater government participation and guidance in research and development, cooperation with Southeast Asian countries, guidance of medium and small enterprises to fit them into the over-all production goals, and a shift of emphasis from radio and television receivers to industrial equipment. Despite all this, the industry will continue to import products and technology.

If you would like to investigate this market further, we would be pleased to conduct a survey on your behalf and to recommend a suitable trading firm. You should write to the Minister (Commercial), Canadian Embassy, Akasaka Post Office, Tokyo 107, Japan, and enclose an adequate description of your product and brochures for distribution.

Here is a short description of some of the main sectors of the Japanese electronics industry.

Consumer Electronics—Production in Japan of consumer goods in 1967 rose almost 35 per cent over the previous year to reach Cdn.$1,740 million. A major portion of this gain can be attributed to the 40 per cent increase in production of television sets. Color TV production averaged over 140,000 units per month in 1967; it was even higher in 1968. Color TV was about 18 per cent of black-and-white output in 1967 and may rise to 25 per cent in 1968. Of the seven million TV sets produced in 1967, 2.26 million were exported, including 341,000 color sets.

A rising standard of living has created a huge home market for domestic appliances. The apparent saturation level for radio and TV sets has had little effect on TV sales as many Japanese households will be converting to color in the next few years. The tape recorder and phonograph industries have increased domestic sales many times over in the last few years.

Radio receivers rank second to TV sets in value. In 1967, almost 30 million radios were produced; this included almost 10 million FM receivers and 3.2 million car radios. The largest increase was for car radios, a trend that is expected to continue. The main export item in this category was transistor radios. Radio phonographs have also shown a large increase in recent years with 1967 production at 3.45 million units of which 2.46 million were exported. Other consumer goods such as amplifiers, speakers and tape recorders are small in total value but tape recorders, particularly the casette type, are showing markedly improved domestic sales; many of them are being bought by car owners. The production of consumer goods (especially color TV) will probably expand further but the growing labor shortage, increasing competition, and low research and development funding are expected to affect the rate of increase.

Communications Equipment—Development of the communications equipment sector, which is largely dependent on the demands of the national network of Nippon Telephone and Telegraph Public Corp., has shown steady growth. Output in 1967 was Cdn.$597 million, a fivefold increase over 1958. This was made up of switchboards Cdn.$195 million, carrier equipment Cdn.$79 million, telephone and telegraph equipment Cdn. $43 million, radio applied equipment Cdn.$253 million, and broadcasting equipment Cdn.$27 million.

Almost all Japan's communications facilities were destroyed in 1945. Nippon Telephone and Telegraph Public Corp. (NTT) was inaugurated in 1952 and the industry began its rapid recovery. The electronic communication equipment sector now ranks fourth largest in the industry and has recorded one of the highest growth rates in Japanese industry, averaging 24.9 per cent annually.

About 70 per cent of the entire output is now consumed by the Government and 80 per cent of this goes directly to NTT which has been growing at a rate of over 21 per cent per year and investing heavily in equipment. After three successful five-year programs ending in 1967, NTT had invested Cdn.$8,400 million, increased the number of subscribers by five million, added 180,000 public telephones, constructed 1,520 new stations, converted 90 per cent of the telephones to the dial system, and put in 21.8 million kilometers of long-distance circuits. Even so, NTT has been unable to keep up with demand. Now it is faced with a tight financial situation, a backlog of telephone applications of about 2,350,000 at the end of 1968, and the need to expand into new fields such as data communications. Plans for the fourth five-year program call for the expenditure of Cdn.$10,560 million and include the addition of 9.3 million telephones, complete automation of long-distance circuits, and a complete data communications service.

Communications Markets—Japanese exports of communications equipment totalled Cdn.$71.5 million in 1967 and accounted for about 10 per cent of production. This was a drop of over 20 per cent from the preceding year which was mainly due to lower overseas sales

of wireless equipment. Major export markets were Bolivia and Venezuela. Japanese manufacturers attrihute the low export:production ratio to two hasic factors: first, their almost total involvement with NTT which has led them to neglect overseas markets, and second, the fact that NTT standards do not always conform with international standards. The problem has been compounded hy the increasingly liberal financial terms offered by Japan's overseas competitors and the need to give technological assistance to plants in developing countries. Nippon Electric Co. was recently awarded a Cdn.$28.5 million contract in Iran and NTT has a contract to test Brazilian microwave facilities and one to supply technical assistance to Iran. NTT signed a technical assistance contract with Thailand in 1967 and as a result several Japanese firms were awarded contracts for crossbar equipment in 1968. Venezuela, Kuwait and Taiwan have also ordered equipment of this nature. Overseas orders for satellite communications equipment have been received from Mexico, Peru, India, Kuwait and the United States (COMSAT). Japan plans to launch a scientific satellite hy 1971.

Japanese sources predicted a 20 per cent increase in exports in 1968. Latin America, Australia and New Zealand are the main markets for carrier equipment, Southeast Asian countries for telephone and telegraph equipment, Taiwan and Bolivia for crosshar equipment.

In the microwave field, Japan has kept pace with the advanced countries. The first microwave route 520 kilometers long between Tokyo and Osaka was completed in 1958. Since then development has continued and now Japan is covered with microwave routes totalling over 14,000 kilometers. Microwave routes were based on 2, 4, 6 and 11 GHz hands but increased demand has resulted in development of additional frequency hands. Simultaneous transmission of video and audio is also heing developed. Most of the systems have heen converted to solid state with the exception of travelling wave tubes.

In 1965, Japan became the second country to use PCM transmission commercially when it put a 24-channel system into operation. A newly developed high-capacity PCM-160M system employing carrier cable has heen manufactured and will he put into commercial use in March 1969. It will utilize 240 channels.

Another interesting development is an electronic system to replace the conventional crossbar exchange. A working model has been huilt by NTT's electronic communication lahoratory and experiments are now heing conducted.

Televisinn Sets—Television reaches 95 per cent of all households in Japan. There are more than 22 million sets in operation and over 80 per cent of all families own TV sets. Major cities have 18 hours of hroadcasting and six channels. Japan adopted the American system for hlack-and-white TV in 1952 and operates on a frequency hand width of 6 MHz with amplitude modulation on video signal and frequency modulation on the audio signal, 525 scanning lines and 60 pictures per second. Certain adaptations were made to desynchronize the signal from the frequency of the power supply because Japan has hoth 50- and 60-cycle power.

TV telephones are now ready to he developed commercially. NTT will introduce a video telephone service in 1969 and already has installed a system in a Tokyo department store for testing. It uses 28 sets with 9-inch picture tuhes and a hand width of 3 MHz. Three other companies using various hand widths and tuhe sizes have working models.

Test and Measuring Equipment—This category comprises ahout 4½ per cent of production and about 3 per cent of exports. It seems the most likely area for continued imports as full-scale liberalization was put into effect in 1962. The most important export categories in 1967 were synchroscopes Cdn.$10 million, semiconductor characteristic measuring instruments Cdn.$2.2 million, signal generators Cdn.$4.5 million, and oscillators Cdn.$3.1 million. The main producers are Yokogawa Electric Works and Yamatake-Honeywell, with Ando Electric and Iwatsu specializing in test equipment.

Most foreign firms participating in the 1968 Japan Electronics Show offered equipment in this category. Market indications are that 1968 will be a record year for imports which may amount to Cdn.$75 million. Some Canadian manufacturers have been successful in this area.

The application of electronics to medical programs has opened up a new field in Japan. Numerous developments covering biological measurements, hiological stimulation, substitution of hiological functions, data processing of biological information, system engineering (intensive care, hospital administration, human engineering) have reached the production and export stage with new equipment such as lasar application devices, ultrasonic medical equipment, and medical measuring instruments. The medical electronics sector produced in 1967 Cdn. $204 million worth of X-ray equipment, Cdn.$8 million of radioactive materials equipment, Cdn.$11 million of RF power equipment, and Cdn.$34 million of medical measuring instruments. Exports in 1967 were small and amounted to Cdn. $600,000; imports were about equal to exports.

Japan leads the world in the development of electron microscopes. Recently a one-million-volt microscope was sold to Sweden hy Japan Electronic Optics Laboratory and another was sold hy Hitachi to Britain.

Cnmponents and Semicnnductnrs—Most large enterprises do not normally undertake the complete operation from raw materials to finished products. Instead, most parts and accessories are made hy affiliated subcontractors. These firms, thanks to specialization and an ahundance of skilled, low-cost labor, are able to produce on a large scale and provide formidahle competition for foreign firms.

The components sector has a growth rate of ahout 25 per cent a year and in 1967 production amounted to Cdn. $1.1 hillion and exports to Cdn.$188 million. It can be hroken down into three main groups—parts and accessories, electron tubes, and semiconductors. The largest increase was for eleotron tubes, attributed to rising demand at home and abroad for color TV tuhes.

Parts and accessories are the main exports in this group and go principally to the United States. Uncertainty ahout orders from U.S. color TV manufacturers caused a slowdown in production in mid-1967 and shifted many of the sales to domestic users. By 1968, however, the situation was hack to normal and export orders were increasing again. Demand at home for components and parts has remained firm and the industry is expected to maintain a steady growth.

The most interesting of these groups is semiconductor devices. Japan is now the world's second largest producer of transistors, capacitors, resistors, and diodes. Perhaps the reason for this spectacular growth was improvement on imported technology, restriction of production to specialized fields, and the concentration of research and development in these areas. One example of the refinement of existing transistor technology was the development of the Low Temperature Passivation (LTP) transistor by Hitachi. Large-scale production hegan in 1967. The LTP freed Japanese firms from foreign patents and

production is now running at about five million units a month. These transistors are a low-noise variety. LTP technique has also good possibilities for insulating material in large-scale integrated circuits (LSI).

This policy has been beneficial in many respects but it also has its drawbacks. Japanese industry paid little attention to the development of integrated circuits until imports began to rise and new models of foreign products featured ICs. As a result, Japanese manufacturers invested Cdn.$5.5 million in IC production facilities in 1966, Cdn.$22 million in 1967 and even more in 1968. The domestic demand is expected to center around computers, desk-top calculators, and radio and TV sets. Specific demand was Cdn.$35 million in 1967 and is expected to reach Cdn.$88 million by 1970 and Cdn.$165 million by 1973. Japanese production was 3.5 million pieces in 1967, 24.5 million in 1968 and should reach 153 million pieces by 1970. Imports totalled 12 million pieces in 1968.

Most basic IC patents are held by foreign firms, particularly firms in the United States. When Texas Instruments entered the Japanese market in a joint venture with Sony, its patents were made available to Japanese firms. Now for the first time many of the restrictions on the export of Japanese-made ICs have been lifted.

Digital ICs will account for 80 per cent of the ICs used in electronic computers and desk-top calculators. More than 90 per cent of ICs used in consumer equipment will be linear ICs, 40 per cent of which will be types other than semiconductors. Further applications for ICs are being developed in communications equipment, optical equipment and automotive equipment. Working models of TV sets with monolithic ICs in the audio amplification circuits have been produced. Hybrid ICs of both thick and thin film are now in production and some are now cheaper than comparable discrete parts and monolithic ICs. Rapid progress is also being made in production of beam-lead ICs and ICs using large- and medium-scale integration.

The application of ICs is continuing at a brisk pace because Japanese manufacturers realize that large-scale production is necessary to reduce costs. With no military orders available, they have adapted ICs to a wide variety of consumer and industrial goods. Many of these items are designed for export; the impact of Japanese ICs as well as electronic goods using ICs will soon be felt in countries importing Japanese products. LSI has now been incorporated into desk-top calculators and MSI ICs bave been successfully used in telecommunications equipment. Projections show a high degree of incorporation of ICs in all fields.

Imports are a major source of supply but Japanese industry is taking steps to become self-sufficient. The Electronic Industries Association of Japan has attempted this year to standardize and reduce the number of groups of digital ICs from 30 to 20. Standardization of linear ICs will be introduced in 1969. This will pave the way for the establishment of the Japan Industrial Standards code and hopefully will reduce costs. It is also reported that MITI plans to limit the Japanese licensees of Texas Instruments' patents in order to strengthen Japan's competitive position.

Computers—Computers and computer parts form the majority of Japan's electronics imports. In spite of high tariff rates and import quotas the bulk of large and medium computers are of foreign manufacture or produced under licence in Japan.

Japan started late in the computer field and is making a major effort now to build up this segment of the industry. By September 1968, Japan had 4,171 units installed, about 70 per cent of which were produced domestically. Japan now ranks third in computers installed, coming after the United States and West Germany. In terms of value, about 65 per cent of the computer industry's purchases so far have come from foreign sources, mainly the United States. Computer production was valued at Cdn.$325 million in 1967. By 1972, 10,000 computers will be in operation; some 70 to 75 new large units are forecast.

The six large Japanese computer manufacturers are Fujitsu, Nippon Electric Corp. (NEC), Toshiba, Oki, Mitsubishi, and Hitachi, and there is one foreign firm, IBM Japan Ltd. Both Oki and NEC have technical agreements with U.S. firms and all are licensed to produce equipment under IBM's patents. Most firms have other foreign technical agreements as well.

Production is concentrated in small and medium-sized digital computers. Analogue computer production, although it has declined slightly from a peak of 321 units in 1965, is still important for calculus equipment, flight simulators, and power company uses.

Desk-top calculators (basically digital type computers without control units) represent a substantial part of the industry. Over 50,000 units are produced each year, more than 50 per cent of the world's output. More than half of them are exported. The incorporation of ICs and LSI in these has widened this market considerably.

Because the industry is weak in tbe large computer field, MITI has instructed NEC, Hitachi, and Fujitsu to concentrate on this. Another move designed to meet overseas competition was the formation of Japan Electronic Computer Co. by the six big producers in 1961 to market computers. About 80 per cent of the computers made in Japan are sold or rented by JECC.

Japan has had a problem developing software (application techniques) for its computer industry. To overcome it, 2,200 firms and three of the major computer manufacturers set up the Association of Electronic Data Processing in August 1968. The Association will provide a centralized agency to develop and co-ordinate computer usage and solve common problems.

Japan is becoming more aware of the value of computers. Japan National Railways use them for operating the new Tokaido high-speed service and also have computer-controlled yards and reservation systems, the Ministry of Postal Services makes use of optical reader systems and 63 banks are now connected by a data communications network with an on-line real-time system. Steel companies, automobile manufacturers and department stores use computers in their everyday operations. The Government has employed computers to control river levels and automobile traffic in Tokyo.

Nippon Telephone and Telegraph will give the industry a boost when it spends Cdn.$470 million on a data information service with 24,000 teletype terminals. This service will eventually be available not only to business and industry but also to the general public on a subscription basis.

Japanese manufacturers have been exporting small units to the U.S.S.R., the Philippines, Bulgaria, Romania, Greece and Taiwan. In an effort to increase exports, JECC will conduct market studies in Southeast Asia, Central and South America, Australia, and New Zealand. MITI proposes to help Japanese firms become more competitive through the standardization of components and by concentrating production of nine types of equipment including typewriters, and card-reading and tape-reading machines. The Agency of Industrial Science and Technology plans for the development by 1970 of super-efficiency computers utilizing LSI.

Markets in Brief

ISRAEL

Area: 7,993 square miles.

Population: 2,841,000 (1968).

Climate: Mediterranean; mild winters, hot dry summers, rainy season November-March, but wide variation in precipitation between north and south. High evaporation-transpiration rates require extensive irrigation for crop production.

Language: Hebrew and French, but English and German widely used.

Currency: Israel pound, divided into 100 aguret. After devaluation in November 1967 U.S.$1.00 equals I£3.50, Cdn.$1.00 equals 1£3.26.

Weights and measures: metric system.

Foreign exchange and import controls: on January 1, 1969, the changes in the Government's policy on import control became effective. As of that date only a list of restricted imports will be published, all other products are freely imported. A few items will remain subject to import licences. The main commodity areas remaining on the restricted list are food which is subject to tbe Jewish dietary laws, agricultural produce and a few items competing with local industry.

Capital: Jerusalem.

Chief ports: Haifa, Eilat, Ashdod.

Marketing centers: Metro Tel Aviv (population) 700,000, Haifa 225,000, Jerusalem 200,000.

Economy: in the 21 years of its existence, Israel has rapidly advanced as an industrial nation. The GNP increased by an average 9 per cent a year in the period 1950-1966. During 1966 and the first half of 1967 tbe growth rate was slower. After the Six Day War the economy regained momentum. The GNP rose by 14 per cent in 1968 and is expected to increase in 1969. It now stands at U.S.$1,100 per capita. Exports were U.S.$604 million in 1968, an increase of 8.2 per cent over 1967. Tourism, donations, loans and investments contributed to a favorable balance-of-payments.

Total Israel imports: 1968—U.S.$1.05 billion; 1967—U.S.-$784 million.

Chief imports: (per cent) 1968—raw materials 71, investment goods 19, consumer goods 10.

Chief suppliers: (per cent) 1968—United States 23, Britain 20, West Germany 11, France 5, Netherlands 5, Italy 5.

Value of imports from Canada: 1968—Cdn.$9.8 million, 1967—Cdn.$6.6 million.

Chief imports from Canada: (Cdn.$ million) 1968—barley 2.8, asbestos 1.2, aluminum 1.4, sulphur 0.5, commercial communications equipment 0.4.

Total Israel exports: 1968—U.S.$604 million; 1967—U.S.$558 million.

Chief exports: (per cent) 1968—polished diamonds 38, citrus 15, other agricultural 4, other industrial products 43.

Chief markets: (per cent) 1967—United States 19, Britain 11, West Germany 9, Belgium 6, Netherlands 5.

Value of Canadian purchases: 1968—Cdn.$12.9 million; 1967—Cdn.$9.2 million.

Chief Canadian purchases: (Cdn.$ million) 1968—gem diamonds 3.6, food 1.8, textiles 2.0, wearing apparel 1.2.

Dollar exchange: readily obtainable for liberalized imports and for products imported under licence. Local currency is not convertible.

Prices: quote in U.S. dollars, f.o.b. wherever possible.

Usual terms of payment: letter of credit terms common.

Samples: exempt from duty if of no commercial value; subject to import duties if of any commercial value.

Visas: no visa required for holder of passport. **Inoculations:** smallpox.

Trade agreements: both Israel and Canada are contracting members of GATT and exchange with each other most-favored-nation treatment under its provision.

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

Correspondence: airmail only; letters 25 cents per half ounce.

For detailed information on this market write to: Asia and Middle East Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, or Commercial Secretary, Canadian Embassy, P.O. Box 20140, Tel Aviv, Israel.

TURKEY

Area: 296,503 square miles (97 per cent in Asia, 3 per cent in Europe).

Population: 33.8 million (1967); increasing by 2.8 per cent a year.

Climate: dry hot summers and cold winters in Central Anatolian plateau; severe winters and relatively short warm summers in extreme east; relatively warm dry summers and mild winters in coastal areas with most rain in Black Sea region.

Topography: high barren mountain ranges and wide plateaus in north and east; fertile coastal strips in Aegean and Black Sea areas.

Language: Turkish; English, French and German used by senior government officials and business community.

Currency: lira; one lira equals Cdn.$0.1196 (March 1969). Special 33⅓ per cent premium for tourists and business visitors, effective April 1968.

Foreign exchange and import controls: import of all luxury items and most consumer goods forbidden. Excbange freely available for commodities on "Liberalized" list issued annually in early January. Quota list issued twice yearly in January and July. Import licences for some items on both lists subject to approval of various ministries or Chamber of Commerce.

Weights and measures: metric system.

Capital: Ankara.

Chief ports: Istanbul (handles 75 per cent of imports), Izmir (handles 50 per cent of exports), Mersin, Iskenderun, Samsun, Trabzon, Izmit.

Marketing centers: Istanbul (estimated population in thousands based on 1966 census) 2,000, Ankara 700, Adana 250, Bursa 180, Samsun 80, Mersin 60, Trabzon 50, Iskenderun 35.

Economy: primarily agricultural (cereals, cotton, tobacco, dried fruits and nuts, livestock) although emphasis now on industrial development which presently covers iron and steel, oil refining, pulp and paper, textiles, vehicle and electronic equipment assembling, cement, tanning and leather, household equipment, food processing, alcoholic beverages and cigarettes. Second Five-Year Plan (1968-72) calls for large expansion in thermal and hydroelectric power generation, oil refining, mining development, pulp and paper production, setting up of a petrochemical industry and accelerated switchover from assembly to actual manufacture in many secondary industries.

Total Turkish imports: 1967—U.S.$684.0 million; 1966—U.S.$724.6 million.

Chief imports: (U.S.$ million) 1967—machinery, plant and parts 227.8; iron and steel and manufactures thereof 64.7; transportation equipment 59.7; petroleum products 53.5; chemical products 48.2; textile and raw materials thereof 42.0; chemical fertilizers 37.3; pulp and paper products 20.7; rubber and rubber products 19.4; plastic materials 18.1; optical and measuring equipment 16.3; photographic materials 14.4; paints and dyestuffs 12.0; earth porcelain and glass products 9.4; miscellaneous metal products 6.7; fats and oils 5.2; hides, leather and leather products 5.2.

Chief suppliers: (U.S.$ million) 1967—West Germany 134 (19.6 per cent of total), United States 123 (17.9), Britain 88 (12.8), Italy 50 (7.3), France 27 (3.9).

Value of imports from Canada: 1968—Cdn.$13.2 million; 1967—Cdn.$5.0 million.

Chief imports from Canada: (Cdn.$'000) 1967—aluminum 1,436, aircraft assemblies equipment and parts 1,415, chemicals and related products 331, asbestos 307, combine reaper-threshers and parts 178, zinc 114, navigation instruments 112.

Total Turkish exports: 1967—U.S.$523 million.

Chief exports: (U.S.$ million) 1967—cotton 132, fruit and nuts 131, tobacco 118, minerals 29, livestock 9.

Chief markets: (U.S.$ million) 1967—United States 93 (17.8 per cent of total), West Germany 84 (16.1), Italy 37 (7.1), Britain 34 (6.5), France 29 (5.5).

Value of Canadian purchases: 1968—Cdn.$1.7 million; 1967—Cdn.$1.5 million.

Chief Canadian purchases: (Cdn.$'000) 1967—filberts 647, cotton linters 224, tobacco 163, chrome ore and concentrates 121, manganese ore and concentrates 67.

Prices: quote in U.S. dollars c.i.f. Istanbul for private trade. Quotations on f.o.b., f.a.s., as well as c. & f. and c.i.f. Istanbul basis often required for State sector purchases.

Usual credit terms: payment for all "Liberalized" list items by letter of credit only. Settlement for Quota list imports may be by letter of credit, against documents (CAD) or after clearance of goods (CAG). When CAD or CAG terms specified importer must arrange 50 per cent cash deposit with commercial bank.

Samples: dutiable only if of commercial value; travellers' samples admitted under refundable deposit on re-export.

Visas: visa required for stay of over three months. **Inoculations:** none.

Correspondence: airmail essential; letters 15 cents per half ounce.

Trade agreements: Canada and Turkey accord each other most-favored-nation treatment under an exchange of notes dated March 15, 1948, and also under GATT, to which both countries are signatories.

Import controls, documentation, customs tariff, marking and labelling: contact the Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

For detailed information on this market write to: Asia and Middle East Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa,
or
Commercial Counsellor, Canadian Embassy, 31 Vassilissis Sophias Avenue, Athens 138, Greece.

What's the market for . . .

Geological and Mining Services and Equipment in Argentina

W. L. B. PERKINS
Commercial Assistant, Buenos Aires

■ Exploration for mineral fuel and ore deposits is increasing in importance in Argentina. This is mainly the result of encouragement and assistance from the federal and provincial Governments, which have given high priority to the development of Argentina's oil and mineral industries.

Petroleum and gas resources in Argentina have not been fully developed up to now, mainly because the state oil company (YPF) has not been able to carry out the task alone. To help Argentina develop its oil resources a new Petroleum Law was issued in June of 1967. Under the law the Government gives private and foreign firms the right to explore certain areas in a search for oil and grants them priority in concessions for the extraction and marketing of oil if their prospecting proves successful. It also allows YPF to contract with private firms to help with its operations.

The advantages of this law and the confidence resulting from the over-all improvement in the Argentine economy have attracted a large number of worldwide oil companies to compete for tenders for exploration permits, both for offshore and inland areas. In 1968 Argentina granted permits to 16 oil companies, including Kerr McGee, Union Oil, Phillips Petroleum, Sinclair Oil and Esso. They are committed to spend some $60 million on exploration in the next two to three years. Some have already begun their projects. If successful they will increase their investments in successive stages of exploration.

Fabricaciones Militares, Argentina's military industrial organization, is encouraging private enterprise to participate in the development of mineral resources. With the help of the United Nations Development Program it carried out Argentina's first over-all geological study. A $2.8 million survey known as "Plan Cordillerano", it covered 130,000 square kilometers in the central part of the Argentine Andes. A number of surface manifestations of copper porphyry mineralization were found and this led to a second UNDP-assisted program costing $2.2 million. It involved specific area studies including concentrated geophysical surveys and diamond drillings. Rich copper deposits were found and international tenders will soon be called by Fabricaciones Militares for their exploitation.

A second over-all mineral survey, the Plan Cordillera Norte, is now being carried out jointly by Fabricaciones Militares and the Instituto Nacional de Geologia y Mineria in the northern part of the Andes. It includes aerial photography, photomosaics and geological mapping, geophysical and geochemical analysis, and exploration drilling of promising areas. The results of these surveys, plus the incentives and taxation facilities now available for mining investments and the proposed new Mining Code to improve private developers' rights, are expected to attract private enterprise. The rate of development in Argentina's mineral industry should then accelerate rapidly.

This changing situation in Argentina offers many opportunities for Canadians. These include:

- Exploration of petroleum and mineral reserves and participation in international tenders.
- Supply of services and technical assistance to the state entities concerned with petroleum and mineral development.
- Provision of similar services to private firms which have already been awarded exploration rights.
- Supply of equipment and materials for geological exploration activities. Most of this equipment must still be imported.

Furniture in Jamaica

J. P. LEFEBVRE, *Assistant Commercial Secretary, and*

E. G. BRODBER, *Commercial Officer, Kingston*

■ The Jamaican Government decided in 1939 to encourage local industry to service the home market. Protected by import regulations, furniture manufacturing in the island grew and diversified. This short survey focuses on gaps in the product range, components bought abroad, and opportunities for joint ventures or licensing arrangements.

Household Furniture

Local manufacturers make a wide variety of products. The Caribbean Free Trade Agreement has enlarged the market and encouraged further investment in the industry. The main products, with imported components in brackets, are:

- Coffee and dining tables and chairs (plastic laminates, aluminum siding for dining tables, aluminum chair legs and foam cushioning are imported)
- Living room suites (upholstering materials)
- Prefabricated kitchen cabinets (because of a local chipboard plant, plywood imports are restricted)
- Vanities (plastic laminates, mirrors and decorative pulls)
- Chests of drawers
- Wooden beds, metal bedsprings and mattresses.

Distribution is done through dealers catering to different segments of the market. Most furniture stores operate their own woodworking shops and only buy from other sources to fill out their lines. These stores offer easy terms to customers, financed by the banks or one of the three financing companies. Home appliances are usually sold at furniture stores as well.

Office Furniture

The local industry is about seven years old and consists of three firms

which make office desks, chairs, filing cabinets, credenzas, and office tables. Imports are restricted but there is a small market for metal office desks and filing cabinets.

The most popular size for an office desk in Jamaica is 60 inches x 30 inches. Top executives like semicircular mahogany desks. There are seven office furniture dealers in the island who buy direct from local and overseas manufacturers and price competition is keen. The local industry is vigorously promoting wooden desks with chipboard and burn-resistant plastic laminate tops and these types seem to be capturing the market from metal desks, which are subject to import quotas. Prices of double-pedestal desks (60 inches x 30 inches) are Cdn.$221-$260 for imported steel desks, Cdn.$91-$104 for local mahogany desks, and Cdn.$130-$156 for desks with chipboard and plastic laminate tops. Single-pedestal desks run about Cdn.$169-$182 for imported metal ones, Cdn.$65-$78 for local mahogany, and Cdn.$89-$99 for local chipboard. Stenographer's single-pedestal L-shaped metal desks are Cdn. $208-$221, mahogany ones Cdn.$91-$117, and mahogany chipboard Cdn. $130-$156. Office chairs in Jamaica are usually upholstered in vinyl with foam plastic seats and backs. Executive chairs sell for Cdn.$195-$257, clerk's and typist's chairs Cdn.$65-$130.

The Trade Commissioners in Jamaica have had inquiries for leatherette, castors, bases for executive chairs, pulls for filing cabinets, and drawers. Manufacturers should write to them for details.

Hotel Furniture

The boom in hotel-building is likely to strain the local furniture industry's resources. Forty hotel projects involving 5,000 beds are planned for the next three years and the boom is expected to continue for ten. Manufacturers are seeking arrangements with overseas firms to produce contract furnishings for hotels. There are four large companies supplying the present requirements and the Trade Commissioners have had inquiries for Canadian affiliation. Should local industry not be able to meet the demand, there is a chance that import restrictions may be lifted to help the hotel trade.

School and Hospital Furniture

There are no specialized producers of furniture for schools in Jamaica. Volume and profit margins tend to be small and the work is mainly attractive to small woodworking shops. Contracts for the current government school expansion program are already let. The next phase of the Government's plan is expected to be at the high school level.

Two new government hospitals are to be built, bringing the number of beds in the island's government and private hospitals to 5,500. The initial furniture for the new hospitals will be put out to tender. Because the Canadian International Development Agency is one of the sources of financing, Canadian suppliers will be favored. The replacement business is small and is generally handled by local manufacturers and agents of overseas suppliers selling by catalogue.

Defining the Market

Plastic laminates are imported from the United States and Canada and these imports total about Cdn. $110,000 a year. The c.i.f. price for one hundred 8 x 4 foot 1 mm. sheets is Cdn.$4.42 and Cdn.$4.94 for 1.2 mm. and 1.3 mm. On quantities of 250 and 500 sheets there is a discount.

Aluminum siding is usually two inches wide and is used on tables with plastic laminate tops and tubular aluminum legs. The potential is believed to be Cdn.$16,000 a year but the opening of an aluminum extrusion plant in the island may lead to import restrictions. Aluminum siding is sold in 12-foot lengths at Cdn.$1.17 per length c.i.f.

The market for upholstering materials is estimated at Cdn.$150,000 a year. Most fabrics now come from Canada, Britain and the United States. Import restrictions are not anticipated. C.i.f. prices vary considerably—from Cdn.$0.91 to $1.82 a square yard.

The import of decorative pulls is restricted. The sales potential in Jamaica is estimated at Cdn.$10,000 a year.

About 6,000 mirrors are imported each year; Belgium and Britain are the main suppliers. Popular sizes are 30 inches diameter (circular) at a price of about Cdn.$1.43 c.i.f., and 36 x 30 inches at Cdn.$1.69 c.i.f.

Tariffs and Licences

A specific licence is needed to import wooden or metal furniture, both upholstered and not upholstered. The regulations cover a wide range of products, including shelves, clothes and change room lockers, cupboards, cabinets, trolleys and their components. Applications for an import licence have to be submitted to the Trade Administrator. He may consult the Canadian manufacturer or his agent before he decides whether similar items or substitutes are made locally. He also sets a quota for individual importers, based on past performance.

JAMAICAN TARIFFS ON FURNITURE

Tariff Item	*Description*	*Carifta*	*Preferential*	*General*
		(per cent ad valorem)		
	Furniture and fixtures			
821-01	Wood furniture and fixtures	36¼*	36¼	42½
821-02	Metal furniture and fixtures (including metal office cabinets)	36¼*	36¼	48½
	Furniture and fixtures, n.e.s. (including mattresses and mattress supports of all materials)			
821-09.1	Mattresses of rubber	30¼*	30¼	36¼
821-09.9	Other	36¼*	36¼	48½
	Carpets			
657-01	Carpets, floor rugs, mats, matting tapestries of wool and fine hair	free	20	30
657-02	Carpets, rugs, mats, tapestry of textile fibers other than wool and fine hair	free	20	30
657-03	Carpets, floor rugs, mats, matting and tapestry of vegetable plaiting materials	free	20	30

*Progressive elimination within five years by member territories (Trinidad and Tobago, Guyana, Barbados, and Jamaica) and within ten years by less developed territories (Dominica, Grenada, Montserrat, St. Kitts, Nevis, Anguilla, St. Lucia, and St. Vincent).

The current rates of duty on furniture entering Jamaica are set out in the table on page 24. Jamaica has a three-column tariff:

1. CARIFTA—the Caribbean Free Trade Association agreement provides essentially for the removal of tariffs on all trade between signatories, with the exception of products specified in a "Reserve List" which includes furniture and mattresses in part. Member territories (the developed members of CARIFTA—Trinidad and Tobago, Guyana, Barbados, and Jamaica) have five years to abolish tariffs on items in the "Reserve List" but the less-developed territories have ten years.

2. Preferential—this applies to imports from Commonwealth countries, including Canada.

3. General—this applies to imports from countries which are neither members of CARIFTA nor of the Commonwealth.

In addition to duty, furniture imports are subject to a tonnage tax and surtax. The tonnage tax is one shilling (about Cdn.$0.13) for 56 pounds or less, two shillings for 56 to 112 pounds, four shillings for 112 to 448 pounds, and one shilling for every 112 pounds after that. The surtax is 20 per cent of the duty on madeup furniture and carpets and 10 per cent of the duty on components. In addition, an internal consumption tax of 5 per cent of the duty-paid value is levied on most household furniture.

Exporters shipping furniture to Jamaica must complete an ocean bill of lading or airway bill, a commercial invoice (U.S. C-23 form), and a certificate of value and origin to qualify for the preferential tariff.

In some cases, the rate of duty or the import restrictions make it very difficult to sell from Canada. A joint venture or licensing production know-how and designs may be attractive alternatives and provide a way into the larger CARIFTA market. The Trade Commissioners in Kingston can explore these possibilities for you if you write to: Commercial Secretary, Office of the High Commissioner for Canada, P.O. Box 1500, Tobago Road, Corner Trafalgar Road and Knutsford Boulevard, Kingston 10, Jamaica.

In our issue of December 7, 1968, we published the text of the pamphlet put out by the Asian Development Bank covering the uses of consultants by the Bank and its borrowers. Here is the companion pamphlet on guidelines for procurement under ADB loans made from the Bank's ordinary capital resources.

Guidelines for Procurement under Asian Development Bank Loans

Published by Information Office, Asian Development Bank
Commercial Center P.O. Box 126 Makati, Rizal, Philippines
Tel. No.: 88-87-81; Cable: ASIANBANK, Manila

Purposes and Objectives

The purpose of these guidelines for procurement under Asian Development Bank loans is to set out the procurement procedures which should generally be observed by borrowers from the Bank. The guidelines are not intended to apply to the procurement by borrowers of the services of consultants. This matter is the subject of a separate set of guidelines entitled *Uses of Consultants by Asian Development Bank and its Borrowers.*

It is intended that these guidelines should be applicable where the proceeds of a loan by the Asian Development Bank (hereinafter called "the Bank") from its ordinary capital resources are to be used to finance the supply of goods or the provision of services in the form of work to the project being financed. Where the project involves several contracts, and the carrying out of one or more of these contracts will not involve use of the proceeds of the Bank's loan, the borrower may adopt its own procurement procedures for the latter contracts, provided that the borrower satisfies the Bank that these procedures will fulfill its general obligation to cause the project to be carried out with due diligence and efficiency, and in conformity with sound engineering or other appropriate practices. The Bank's procurement procedures must be followed in respect of any contract under which the proceeds of the loan will be used to finance either the whole or part of the contract.

Borrowers may use the proceeds of a loan only for procurement in member countries of goods and services produced in member countries, except in any case in which the Board of Directors determines otherwise under Article 14(ix) of its Articles of Agreement (hereinafter called "the Charter"). In certain cases, the use of the proceeds of a loan in the currency of particular member countries may be subject to restrictions under Article 24 of the Charter.

The Bank is required by Article 14(xi) of the Charter to ensure that the proceeds of any loan are used with due attention to considerations of economy and efficiency. Accordingly, the Bank requires its borrowers to obtain goods and services on an international competitive basis,

unless in special circumstances another procedure more appropriate to the circumstances has been agreed between the Bank and the borrower.

The detailed arrangements between the Bank and the borrower regarding the use of the proceeds of the loan, and the extent to which procurement documents are subject to Bank review or approval, will be set forth in each case in the contractual documents for the loan. Generally, borrowers will be requested to enter into supplemental agreements in the form of side letters recording such arrangements and incorporating the borrower's acceptance of these guidelines with any particular modifications or departures agreed upon between the parties.

International Competition and Advertising

On all contracts for supply of goods or for work which merit international competition, all appropriate member countries of the Bank should be canvassed for bids to an extent satisfactory to the Bank. Invitations to bid or to prequalify bidders should be transmitted to local official representatives of these countries and advertised in an appropriate manner in the borrower's country. In countries where some of the Bank's members who are potential suppliers have no official representation, invitations to bid or prequalify should be sent promptly to the foreign offices of such countries, or to such other agency as may be designated by any such country through the Bank. For large and important contracts, in particular, advertisements should be placed in well-known technical magazines and trade publications of wide international circulation.

Prequalification of Bidders

When a contract is to be let for work involving considerable expense for the preparation of bids, a list of prequalified bidders should be prepared in order to save the cost of bid preparation to those who would fail to qualify in any case. Prequalification should be based upon ability to perform satisfactorily, taking into account: (i) the experience of the firm on similar work, (ii) its capabilities with respect to personnel, equipment and plant, and (iii) its financial position. Advertisement of the prequalification procedure should be carried out along the lines of the procedure described in the preceding paragraph. Abbreviated specifications should be made available to contractors desiring to be considered for qualification.

It is not normal practice to require prequalification for suppliers of goods or equipment.

Size of Contracts

In order to foster widespread competition, individual contracts should be of an appropriate size to attract bidders. On the other hand, if the project can reasonably be divided into contracts of a specialized character, it should be so divided. Turnkey contracts (i.e. those involving engineering, supply of equipment and construction by a single firm) are acceptable in special circumstances when it may be appropriate, after discussions with the Bank, to invite package bids for the component sections or the whole of the project. In all cases, proper consideration should be given to the requirements of due economy and efficiency specified in Article 14(xi) of the Charter.

References to Bank

If it is necessary and appropriate to refer to the Bank in bidding documents, the following language is suggested: " . . . (name of borrower) . . . has received a loan from the Asian Development Bank in various currencies toward the cost of (name of project), and it is intended that proceeds of this loan will be applied to payments under the contract (contracts) for which this invitation to bid is issued. Payments by the Asian Development Bank will be made only upon approval by the Asian Development Bank of an application presented by (name of borrower) in accordance with the terms and conditions of the Loan Agreement and will be subject in all respects to the terms and conditions of that Agreement".

Language, Interpretation

Under the Charter, the working language of the Bank is English. Tender invitations, specifications and contracts should be prepared in English and such other language as may be appropriate. Where more than one language is used, a ruling language should be indicated.

Specifications

Clarity of Specifications—Every effort should be made by the borrower to ensure that specifications and conditions of contract are clearly drawn to include all necessary details and conditions and that drawings are consistent therewith. They should be so worded as to permit and encourage the widest possible competition.

Standards—If particular standards to which equipment or materials must comply are cited, the specifications should state that goods meeting other authoritative standards, which ensure an equal or higher quality than the standards mentioned, will also be accepted.

Specifications of Equipment—Descriptions contained in specifications should not prescribe brand names, catalogue numbers, or types of equipment of a specific manufacturer unless it has been determined that this is necessary to ensure inclusion of certain essential features. In such a case the reference should be followed by the words "or equal". The specifications should, as a rule, permit offers of alternative equipment, articles or materials which have similar characteristics and provide equal performance and quality to those specified.

Currency Clauses—Currency used for payments—except as the Bank and the borrower otherwise agree, the Bank requires that borrowers make reasonable efforts to ensure that payment for goods and services procured under Bank loans be made in the currency of the country from which the goods or services are procured.

Indication of currencies—whenever expenditures in both local currency and foreign currency are involved, the tender documents should require that the amounts of these expenditures be shown separately.

Currency equivalents for bid comparison—under contracts requiring expenditures in more than one currency or in cases where it is expected that bidders from several countries will submit bids expressed, in part or in whole, in their national currencies, it will be necessary that, for the purpose of comparison of bids, all currencies be con-

verted into one specified currency at a specified rate (or rates) of exchange. Such rates should be fixed as of a reasonable date (say 30 days) prior to the date fixed for the opening of the bids and the borrower should make arrangements whereby all prospective bidders may receive notification of such rates at a reasonable time (say 15 days) before the date fixed for the opening of the bids.

Exchange risks—where a payment to be made to a contractor or supplier is based upon a conversion of local currency into foreign currency, the exchange risk should not be borne by the contractor or supplier. The manner in which this can best be effected will depend on the precise payment provisions of the contract and no attempt is made here to deal with the different ways in which the matter can be handled.

Bid Bonds—bid bonds or other bidding guarantees are a usual requirement, but they should not be set so high as to discourage suitable bidders. Bid bonds or guarantees should be released to unsuccessful bidders as soon as possible after the bids have been opened.

Performance Bonds—Specifications for construction works should require performance bonds or other surety adequate to guarantee that the work will be carried on to completion. The amount required varies with the type and magnitude of the work, but should be sufficient to protect the borrower in case of default by the contractor in performance. The life of the bonds or surcty should extend sufficiently beyond completion of the contract to cover a reasonable warranty period. If necessary, performance bonds or sureties may be required in connection with contracts for the supply of equipment.

Insurance—The specifications should state precisely the types of insurance, if any, to be provided by the successful bidder. The Bank will require to be satisfied that no undue restrictions have been placed on the procurement of insurance, and that due attention has been paid to considerations of economy and efficiency.

Transportation—The cost of imported goods financed by the Bank will generally include the cost of importing the goods into the country where the project is to be carried out. In such cases, the Bank will require to be satisfied that, taking into account the provisions of these guidelines and the Loan Regulations, no undue restrictions have been placed on the procurement of transportation, and that due attention has been paid to considerations of economy and efficiency, including the avoidance of losses as a result of non-availability of suitable transportation services.

Bid Opening, Evaluation, Award of Contract

Time Interval between Advertising and Bid Opening—The time allowed for preparation of bids will depend to a large extent upon the magnitude and complexity of the contract involved and the remoteness of the project from areas from which bids may be expected. The time allowed should be adequate in relation to the circumstances of each project. Where large civil works are involved, generally at least 90 days should be allowed for contractors to conduct investigations at the site.

Bid Opening Procedures—The date, hour and place of bid opening should be announced in the invitations and all bids should be opened publicly at the stipulated time. Bids received after this time should be returned unopened. The amounts of each bid should be read aloud and recorded.

Clarification or Alterations of Bids—No bidder should be permitted to alter his bid after the bids have been opened, but clarifications not changing the substance of the bid may be accepted. The borrower may ask any bidder for a clarification of his bid but should not ask any bidder to change the substance of his bid.

Procedures to Be Confidential—Except as may be required by law, no information relating to the examination, clarification and evaluation of bids and recommendations concerning awards should be communicated after the public opening of bids to any persons not officially concerned with these procedures before the announcement of the award of a contract to the successful bidder.

Examination of Bids—Following the opening, it should be ascertained whether material errors in computation have been made in the bids, whether the bids are fully responsive to the terms of the specifications, whether the required guarantees and sureties have been provided, whether the documents have been properly signed, and whether the bids are otherwise generally in order. If a bid does not substantially conform to the specifications or is not otherwise substantially responsive to the invitation, it should be rejected. A technical analysis should then be made to evaluate each responsive bid and to enable bids to be compared.

Rejection of Bids—Tender documents usually provide that owners may reject all bids. Such rejection is justified where bids do not meet the intent of the specifications or where there is evidence of lack of competition. Calls for new bids solely for reasons of price are discouraged in cases where the bid prices are only slightly higher than the original cost estimates. However, borrowers may, after consultation with the Bank, reject all bids if the lower bids exceed the cost estimates by an amount sufficient to provide a reasonable justification for such action. In such cases, new bids should be requested from all who were invited to submit bids in the first instance and a reasonable amount of time should be allowed for the submission of the new bids.

Evaluation of Bids—In analyzing bids, apart from price, other factors such as the efficiency and reliability of the equipment offered by various bidders, the time of delivery, the time of completion of construction and the availability of service and spare parts should also be taken into consideration (being expressed in monetary terms wherever possible) for the purpose of determining the lowest evaluated bid.

Postqualification of Bidders—In the absence of prequalification, the borrower should determine whether the bidder whose bid has been evaluated the lowest has the capability and financial responsibility effectively to carry out the contract concerned. If the bidder does not meet that test, his bid should be rejected.

Award of Contract—The award of a contract should be made to the bidder whose bid has been determined to be the lowest evaluated bid and who meets the appropriate standards of capability and financial responsibility. Such bidder should not be required, as a condition of award, to undertake responsibilities or work not stipulated in the specifications.

The Bank and the borrower shall agree on appropriate procedures for consultation before an award of a contract is made.

Contracts

Procurement under Contracts—Contracts should contain provisions appropriate to give effect to the requirements of these guidelines, with any particular modifications or departures agreed upon between the Bank and the borrower.

General Conditions of Contract—Contracts should contain general conditions which should cover, inter alia, definitions, the contractor's general obligations, provisions for bonds, indemnities and insurance, penalties and bonus, percentage of payments to be retained, termination, advances to be made and how payment is to be made for work. When appropriate, the general conditions should also cover the duties and responsibilities of the engineer, arrangements for engagement of labor, special risks, variation orders, and any special situation at the site of the work.

Advance Payments—The percentage of the total payment to be made in advance upon signature of the contract for mobilization expenses should be reasonable. Other advances to be made, as for example for materials delivered to the site for incorporation in the works, should also be clearly described in the contract documents.

Escalation Clauses—In appropriate cases, provision may be made for adjustment (upwards or downwards) in the contract price in the event that changes occur over which the contractor has no control in the prices of the major cost constituents of the contract, such as labor and important materials.

Retention Money—The percentage of the total payment to be held as retention money and the conditions for its ultimate payment should be stipulated in contract documents.

Penalty Clauses—Provisions for penalty, sometimes called liquidated damage clauses, should be contained in contracts when delays in completion will result in extra cost, loss of revenues, or inconvenience to the borrower. A bonus may also be paid to contractors for completion of contracts ahead of time either in the form of a lump sum if completion is by specified dates or in the form of a periodic rate.

Force Majeure—It is desirable that the general conditions of contract contain clauses, when appropriate, stipulating that failure on the part of the parties to perform any of their obligations under the contract shall not be considered as default in the performance of such obligations insofar as such failure is the result of an event of Force Majeure (to be defined in the general conditions of contract).

Settlement of Disputes—It is desirable that provisions dealing with the settlement of disputes be included in contract documents, but the Bank should not be named arbitrator nor asked to name an arbitrator.

foreign tariffs and trade regulations

Ecuador

IMPORT REGULATIONS—The import customs deposits regulations published in *Foreign Trade* of March 15, 1969, have recently been amended. The deposits to be paid to the Central Bank are now as follows:

Essential imports (List I) are subject to a deposit of 35 per cent of the c.i.f. value, to a deposit of 15 per cent of customs duties, and to an exchange surcharge of 10 per cent of the c.i.f. value.

Less essential imports (List II) are subject to deposits of 70, 100, 130 or 190 per cent of the c.i.f. value; a deposit of 70 per cent of the duties; an exchange surcharge of 20 per cent of the c.i.f. value, and a special tax of 10 or 15 per cent of the c.i.f. value depending on the merchandise.

For goods on List I imported under credit terms between 720 and 360 days from the arrival of the merchandise the prior deposit is reduced to 15 per cent. The provision for the exemption from prior deposits for purchases by certain government and other official organizations and for imports of goods under credit terms of more than 360 days has not been changed.

The following items that were moved from List II (non-essentials) to List I (essential) may be of interest

to Canadian manufacturers: abrasive paper, abrasive cloth, aluminum tubing 2 inch to 12 inch for irrigation purposes only, aluminum couplings for the above tubing, fishing rods.

New Zealand

IMPORT POLICY—A further reduction in the number of commodities under import licensing and a slight increase in allowances for items remaining under control are features of the 1969-70 Import Licensing Schedule for New Zealand. Further information may be obtained from the Commonwealth Division, Office of Area Relations Department of Industry, Trade and Commerce, Ottawa.

South Africa

SALES DUTY—The South African Government recently announced the imposition of a new sales duty that is to be applied on an extensive range of locally produced or imported goods. The new duty became effective on March 26, 1969.

The new duty is an indirect duty on selected commodities (mainly luxuries, semi-luxuries and durable goods) described in terms of the Brussels Nomenclature and will be collected at one stage only, namely, on removal from the local factory or on import.

Sales duty is an internal duty with a countervailing duty at the same rate on imported goods of the same class and will be levied on the open market wholesale value of the goods in South Africa, the value of imported goods being adjusted to a comparable place in the local market.

There are three rates: a standard rate of 10 per cent and rates of 5 per cent and 20 per cent in particular cases.

Further information regarding the rates applied to particular goods may be obtained from the Commonwealth Division, Office of Area Relations, Department of Industry, Trade and Commerce.

trade lines

U.S. converts cellulose into food

Engineers at Louisiana State University are designing the first pilot plant in the U.S. to convert cellulose waste products into high-protein food. It will be capable of making food out of any cellulose material, including sugarcane bagasse, corn cobs, rice straw and husks, grass, leaves, sawdust and logs. The edible end product will contain more than 50 per cent protein, about 40 per cent cellulose, some carbohydrates and a little fat. The plant will go into operation this fall and turn out up to 50 pounds of high-grade protein a day —New Orleans.

West Germany spends more on asbestos industry

Asbestos products made in West Germany were worth DM325 million (Cdn.$87.8 million) in 1968, an increase of 24 per cent over 1967. Part of the increase was due to higher raw material costs and the rise in wages. The industry consists of 37 manufacturers with a labor force of 9,000. Some 60 per cent of production goes to the automobile industry. West Germany's imports of asbestos products were worth some DM30 million (Cdn.$8.1 million) in 1968 and exports amounted to some DM70 million (Cdn. $18.9 million) —Hamburg.

Yugoslavia steps up steel production

The Fund for Reconstruction and Development of Skopje has granted a Cdn.$11.5 million credit to the Skopje Iron and Steel Works to build the third phase of its mill. This will be completed by the end of 1970 and will increase its capacity to 940,000 tons a year from the present 600,000—Belgrade.

Macedonia strikes oil

The Yugoslav petroleum enterprise, NAFTAGAS, has discovered oil in Macedonia. The first strike was made at a depth of some 1,500 feet. The size of the deposits has yet to be determined but geological evidence is encouraging—Belgrade.

British Leyland moves to increase car sales to EEC

British Leyland Motor Corp. will spend $9.6 million in Belgium in an effort to increase car sales to Common Market countries. Some $2.4 million of this will be used to purchase the Belgian plant at Seneffe which has assembled the Corporation's cars for the last three years. The remainder will be used for an expansion program including the construction of a new factory, financed locally, to increase capacity from 22,000 to

100,000 cars a year. British Leyland now has one factory in Belgium, the Leyland Triumph plant at Malines, which will produce 17,000 Triumph cars in 1969. In 1968, the Corporation exported 210,000 cars to Europe (123,000 went to the EEC), an increase of nearly 50 per cent over 1967—Brussels.

Power generation increases in Venezuela

The number of power plants in Venezuela dropped to 214 in 1967 from 286 in 1966 but power generated went up by over 709 million kwh. from 6,468 million kwh. in 1966. In 1968, the number of power plants increased to 225 and power generated increased by some 1,282 million kwh.—Caracas.

Spain builds second uranium concentrator

The Instituto Nacional de Industria (INI) and the Spanish Nuclear Energy Board (JEN) will build a uranium concentrator in Ciudad Rodrigo, near Salamanca, to produce some 450 tons of concentrates a year from local ore. Spain now has one such plant which has produced 65 tons of uranium oxide (U_3O_8) a year since 1959 using ore from Cordoba and Badajoz. Requirements for uranium concentrates will continue to increase. Spain has one nuclear power plant in Guadalajara, two now under construction, and more planned—Madrid.

Ohio steps up industrialization

The often-heard claim that Ohio leads the U.S. in industrial expansion seems to be supported by the 1969 programs of five major companies. These include a $397 million expansion program by the Cleveland Illuminating Company, a plant expansion in the Cuyahoga River Valley by the Republic Steel Corporation, a $175 million program by Standard Oil Company of Ohio, a $50 million expansion at the Ford engine plant in Cleveland, and the construction of two new General Motors' plants at Lordstown which represent an investment of about $100 million and will provide employment for some 3,000 people—Cleveland.

Swiss firm plans factory in Belgium

Alusuisse and the Belgian Government are discussing plans for a factory at Amay, Belgium, representing an investment of some $56 to $70 million. It would have a capacity of 66,000 tons of primary aluminum products and begin production in 1972—Brussels.

Renault and Peugeot build factory near Lille

Renault and Peugeot, in their first joint venture, will build a factory in the industrial area of Douvrin-La Bassée to produce mechanical products, primarily motors. The plant will go into production in 1971 and is expected to employ 6,000 to 8,000 workers. It will be on a par with the largest European units specializing in this field—Paris.

German packaging industry prospers

The total consumption of packaging materials in West Germany is expected to be worth DM11.8 billion (Cdn.$3.2 billion) in 1970, DM14 billion (Cdn.$3.8 billion) in 1973, and DM22.8 billion (Cdn.$6.2 billion) in 1983. Consumption per capita in 1983 will reach Cdn. $89 in West Germany, compared with Cdn.$98 in the United States then—Hamburg.

Swiss build flour mills in Singapore

Buhler Bros. Ltd. of Uzwil, Switzerland, will build two flour mills for Prima Flour Mills Ltd. of Singapore. The complex will have a capacity of 1,500 metric tons of wheat a day and will be one of the largest in the world. There will also be 50,000 tons of silo capacity and equipment capable of unloading 500 tons an hour from vessels—Berne.

Renault sets up machine tools division

Renault is setting up a division to research, produce and market special processing machines and automatic assembling machines. The demand for these from customers and Renault plants is increasing. The division will employ 1,500 and will have a turnover of some FF.90 million in 1969, half of it coming from exports. The new division will make Renault the second largest manufacturer in this field in France—Paris.

Boston installs dockside freezer

Boston recently installed a one million cubic foot dockside freezer. It can receive from five ships at once and has a capacity of 10 million pounds of frozen goods. About 85 per cent of the products stored will be meat from Australia and New Zealand and the remainder fish and other perishables. The facility will be used for both imported goods and goods awaiting export and is expected to revitalize the port. It will especially help Boston's exports which are now about one-tenth of imports—Boston.

Britain to develop another potash mine

Last spring two large British firms, Charter Consolidated Ltd. and Imperial Chemical Industries Ltd., announced plans to develop a potash mine in Yorkshire with a capacity of 1.0 to 1.5 million tons of potash a year. Now the Rio Tinto Zinc Corporation through its subsidiary, Yorkshire Potash Ltd., has announced plans for a potash mine in the same area. It will have a capacity of a million tons a year and will cost some $65 to $78 million to bring into production. Britain's

present consumption of potash is 700,000 tons a year, most of which is imported from West Germany—Liverpool.

East Pakistan paper mill nears completion

The East Pakistan Industrial Development Corporation's paper mill at Paksey in East Pakistan is expected to be completed in 1970. It represents an investment of some Rs.120 million (Cdn.$28 million), of which the foreign exchange component is Cdn.$11.5 million. The mill will use bagasse from sugar mills and will produce 90,000 tons of high-grade writing and printing paper, resulting in annual foreign exchange savings of some Rs.20 million. West Germany, Italy and France are providing suppliers' credits—Islamabad.

Canadian firm discovers gold in Venezuela

J. R. Mowat & Associates Ltd., an Ottawa consulting firm, has recently completed an extensive two-year program of mining exploration in the El Callao goldfields in the State of Bolivar, Venezuela, under contract to the Venezuelan Ministry of Mines and Hydrocarbons. The project resulted in the discovery of some two million tons of gold ore. The Canadian firm, under contract to the Corporacion Venezolana de Fomento, is now undertaking a feasibility study of the ore bodies—Caracas.

Canadians participate in Indonesian nickel project

Sherritt Gordon has a 10 per cent participation in an Indonesian venture to explore and develop nickel laterite deposits in the Waigeo and Cyclop areas of Irian Barat, formerly Dutch New Guinea. Other participants in P.T. Pacific Nikkel Indonesia are the U.S. Steel Corporation (43 per cent), a Netherlands firm (22), Newmount Mining Corporation (15), and Wm. H. Muller & Co. N.V. (10). If the feasibility studies and the metallurgical tests by Sherritt Gordon are favorable, a mining operation and a refinery to produce some 50 million tons of pure nickel a year will be set up. The refinery would use the SG laterite process to produce pure nickel powder and briquettes.

Trade Commissioners on Tour

In Canada

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

Ottawa—Department of Industry, Trade and Commerce

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

Japan—J. A. Stiles, Minister (Commercial) in Tokyo:

Vancouver—May 19-24
Calgary—May 26
Edmonton—May 27-28
Fort Murray, Pine Point, Yellowknife—May 29-31
Regina—June 2
Winnipeg—June 3-5
Toronto—June 6-15
Montreal—June 16-19

Temporary Duty in Ottawa

The following will be on temporary duty in Ottawa and may be contacted through the Trade Commissioner Service, pbone 995-8022 (area code 613).

K. R. Hlgham, Assistant Trade Commissioner in Liverpool, England, May 7-16.

H. J. Horne, Commercial Counsellor in Sydney, Australia, May 12-23.

In Territory

Bulgaria, Hungary, Romania—Trade Commissioners in tbe 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.

Barbados—D. J. McJanet, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Barbados May 18-24.

Cyprus—an officer from the Tel Aviv, Israel, office will visit Cyprus every month on at least three days, usually in the second half of the month.

Guyana—J. M. C. Lavoie, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Georgetown May 14-16.

Leewards—D. J. McJanet, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Dominica and Antigua May 18-24.

Netherlands Antilles—J. H. Bailey, Commercial Counsellor in Caracas, Venezuela, will visit Curacao June 4-6.

Paraguay—J. M. Vincent, Assistant Commercial Secretary in Caracas, Venezuela, will visit Asuncion May 26-30.

Turkey—Trade Commissioners in the Athens, Greece, office visit Istanbul and Ankara approximately every six weeks.

Venezuela—F. M. G. Sullivan, Assistant Commercial Secretary in Caracas, will visit Maracaibo May 26-29.

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

Foreign Exchange Rates

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

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

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

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

Country and Currency	Value of Foreign currency unit in Canadian dollars	Value of Canadian dollar in foreign currency units
	April 25	
Algeria Dinar	.2164	4.62
Argentina Peso (free)	.0031	322.58
Australia Dollar	1.199	.8340
Austria Schilling	.0416	24.03
Bahamas Dollar	1.054	.94
Belgium and Luxembourg Franc	.0214	46.72
Bermuda Pound	2.567	.38
Boilvia Peso	.0903	11.06
Brazil Cruzeiro (official free)	.2697	3.70
Britain Pound	2.570	.38
British Honduras Dollar	.6425	1.56
Burma Kyat	.2258	4.42
Ceylon Rupee	.1807	5.53
Chile Escudo (bank rate)	.1276	7.84
(free)	.1135	8.81
China, Republic of New Taiwan Dollar (official)	.027	37.04
Colombia Peso (fixed)	.063	15.87
Congo (Kinsbasa) Zaire	2.151	.4651
Costa Rica Colon	.1623	6.15
Cuba[1] Peso	.....	.....
Czechosiovakia Koruna	.1493	6.68
Denmark Krone	.1428	6.98
Dominican Republic Peso	1.075	.93
Ecuador Sucre (official)	.0597	16.72
(free)	.0535	18.65
El Salvador Colon	.4301	2.32
Fiji Pound	1.235	.80
Finland Markka	.2560	3.90
France, Monaco, etc.[2] Franc	.2164	4.62
Franco-African Republics[3] Franc	.0043	232.5
Frencb Pacific[4] Franc	.0119	84.03
Germany D Mark	.2692	3.71
Gbana New Cedi	1.054	.94
Greece Drachma	.0358	27.93
Guatemala Quetzal	1.075	.93
Guyana Dollar	.5377	1.86
Halti Gourde	.2151	4.64
Honduras Lempira	.5377	1.86
Hong Kong Dollar	.1774	5.62
Hungary Forint (official)	.0921	10.85
Iceland Krona (official)	.0122	81.96
India Rupee	.1420	7.00

Country and Currency	Value of Foreign currency unit in Canadian dollars	Value of Canadian dollar in foreign currency units
	April 25	
Indonesia[5]		
Rupiah	.....	.....
Iran		
Rial	.0141	70.42
Iraq		
Dinar	3.011	.33
Ireland		
Pound	2.570	.38
Israel		
Pound	.3072	3.25
Italy		
Lira	.0017	588.23
Jamaica		
Pound	2.570	.38
Japan		
Yen	.0030	333.33
Kenya		
Shilling	.1526	6.55
Lebanon		
Pound (free)	.3333	2.99
Malaysia		
Dollar	.3513	2.85
Mexico		
Peso	.0860	11.60
Morocco		
Dirham	.2125	4.69
Netherlands		
Florin	.2959	3.37
Netherlands Antilles		
Florin	.5702	1.75
New Zealand		
Dollar	1.203	.82
Nicaragua		
Cordoba	.1536	6.50
Nigeria		
Pound	2.998	.33
Norway		
Krone	.1507	6.63
Pakistan		
Rupee	.2258	4.42
Panama		
Balboa	1.075	.92

Country and Currency	Value of Foreign currency unit in Canadian dollars	Value of Canadian dollar in foreign currency units
	April 25	
Paraguay		
Guarani (free)	.0086	116.28
Peru		
Sol (free)	.0247	40.65
Philippines		
Peso (free)	.2746	3.63
Poland		
Zloty (fixed basic rate)	.2687	3.71
Portugal & Colonies[6]		
Escudo	.0374	26.66
Saudi Arabia		
Riyal	.2066	4.84
Sierra Leone		
Leone	1.501	.66
Singapore		
Dollar	.3513	2.85
South Africa		
Rand	1.501	.66
Spain & Dependencies		
Peseta	.0154	64.93
Sweden		
Krona	.2081	4.79
Switzerland		
Franc	.2492	4.01
Syria		
Pound (free)	.2814	3.55
Thailand		
Baht (free)	.0521	19.15
Trinidad & Tobago[7]		
Dollar	.5392	1.85
Tunisia		
Dinar	2.048	.48
Turkey		
Lira	.1195	8.35
United Arab Republic		
Pound (official)	2.473	.40
United States		
Dollar	1.075	.92
Uruguay		
Peso (free)	.0043	232.56
Venezuela		
Bolivar (official free)	.2394	4.17
Yugoslavia		
Dinar (official)	.0860	11.61

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

businessman's bookshelf

Organizotian

Ernest Dale *$12.00 ($8.00 to AMA members)*

The author's point de départ is the study of organization in 166 U.S. companies of various sizes that was carried out by the American Management Association some years ago. His purpose is not just to rehash the AMA's work but to take it a step farther and see how present-day practice compares with the classical theories of organization. The result is a very clear and practical guide which the progressive manager can use. (A French translation was published in October 1968 by Entreprise Moderne d'Edition, 4 rue Cambon, Paris 1e, France. The title is *Comment sont organisées les entreprises américaines* and the price is FF 103.)

Order from: Canadian Management Center, Suite 1538, 630 Dorchester Boulevard West, Montreal, Quebec.

British Tastes—an inquiry into the likes and dislikes of the regional consumer

D. Elliston Allen *256 pages* *$9.00*

The rising cost of launching a new product nationally in Britain has led to the extensive use of test markets where the whole marketing concept—product, packaging, pricing and promotion—can be systematically evaluated. One of the keys to applying the results successfully is being able to compensate for differences in attitudes and habits between the test market and the national market. It is no longer good enough to say: "If they'll buy it in Gateshead, they'll buy it anywhere." Regional likes and dislikes have to be identified and their effects assessed quantitatively.

British Tastes is extremely readable and will delight (or infuriate) your British friends. Although the author spent ten years in market research, he has managed to present a wealth of information without once resorting to diagrams, graphs or charts.

His book abounds in shrewd and often amusing observations. Britain's central heating, he tells us, is heavily concentrated at the warmest end of the country; umbrella ownership is also densest at the dryest end. Midlanders keep their figures; manufacturers who assumed that the "way-out" slips they sold in the region were bought by teenagers were amazed to learn that most of them in fact went to the teenagers' mothers.

Regional variations in work habits, housing, mealtimes and leisure activities often explain why a keen agent in one part of the country may sell less of a particular product than a lazy agent in another place. Put it another way, if marketing is based on meeting the average needs of the average Briton, the result will only be average. The exporter in particular should study carefully the markets within the market and concentrate his energies where his chances are best.

Order from: Nelson, Foster and Scott, 299 Yorkland Boulevard, Willowdale, Ontario.

Trade Associations and Professional Bodies of the United Kingdom

By Patricia Millard *442 pages* *$12.00*

The fourth edition of this useful guide to trade associations in Britain was published in January 1969. It begins by listing associations alphabetically, with their addresses and telephone numbers. Then come a subject index and an index by towns for those with headquarters outside London. Finally, there are lists of chambers of commerce, trade and industry and shipping, and of British offices of overseas chambers of commerce and international associations.

Order from: Pergamon of Canada Ltd., 207 Queen's Quay West, Toronto 1, Ontario.

1969 Exporters' Encyclopoedia

Dun & Bradstreet *832 pages* *$75.00 a year*

Not many manuals for the exporter can boast of 64 years of uninterrupted publication. The *Exporters' Encyclopaedia,* however, first appeared in 1904 and the 1969 edition (832 pages) has just arrived on our desk. It covers 220 world markets and also gives specific information on a variety of export procedures, from marine insurance to marking and labelling, documentary credits, trade terms, and export packing.

This Dun and Bradstreet manual has achieved a world-wide reputation for accuracy and for continuous updating of information. In fact, the subscription price of $75 a year includes bulletins twice a month giving changes or additions.

The rundown on each country includes general information, plus customs regulations, documentation, marking, mail and shipping services (from U.S. ports), ports and main trading centers, etc. Even tiny markets like Ascension Island and Macao are not neglected.

Naturally, certain parts are of little value to the Canadian exporter: the sections on export credit insurance, on drawbacks, and on AID financing, for example. But any serious exporter will want the Encyclopaedia within easy reach.

Order from: Dun & Bradstreet Publications Corporation, P.O. Box 3088, Grand Central Station, New York, N.Y. 10017.

Sheaffer fountain pens made in Canada—651,000 of them—are moving to Burma between mid-April and August. What are the Burmese going to do with all those pens? And why not ballpoints?

The pens will be going to Burmese schaolchildren as part of the campaign to encourage literacy. Ballpoint pens wan't do if you want to write an Oriental language. It calls for light and heavy strokes and a fountain pen is the answer.

Discussing this $389,000 order in the picture above is Neil Johnson (right) international trader, who represented Ontario Office Outfitters of Waterloo, the suppliers; Arnold Tedford (left), director of the Chemicals Branch, Department of Industry, Trade and Commerce, and Pierre Rolland, a Commodity Officer in that Branch who helped to bring the principals in the deal together.

Ontario Office Outfitters bid for and won the tender for these pens against international competition. The tender was issued by Myanma Export-Import Corporation, the Burmese state trading agency.

The Department is always putting foreign consumers and Canadian suppliers in touch with each other. It can help you too.

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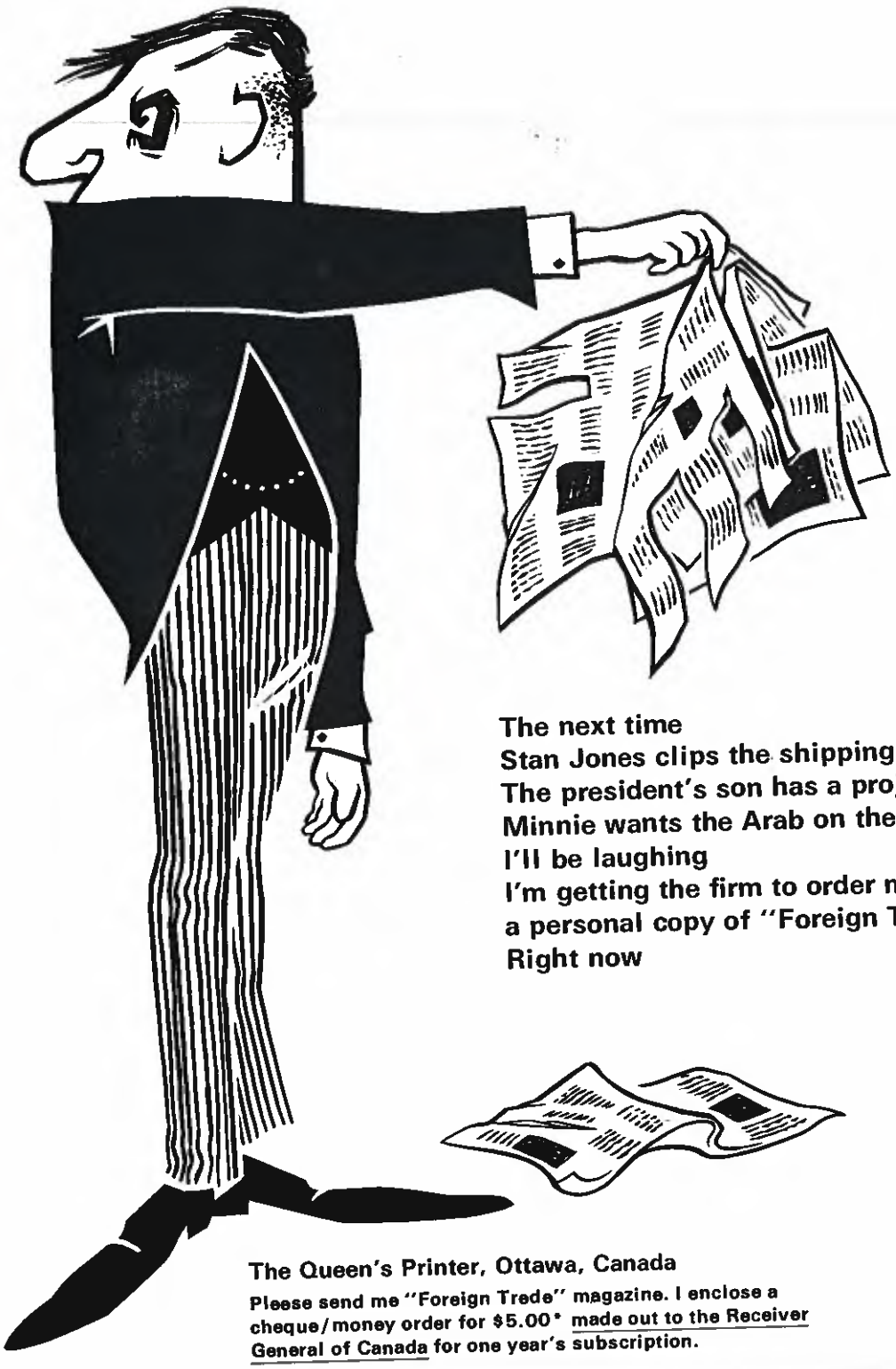

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