MAY 24. 69

FOREIGN TRADE

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE, OTTAWA

Ten Million Curies

The Canton Spring Fair ended on May 15, so Canadian companies interested in the Chinese market can't profit immediately from the advice that R. G. Godson, Trade Commissioner in Hong Kong, gives in the leading article in this issue. But the Fall Fair opens on October 15. That gives you ample time to get in touch with the state trading corporations and to make use of the "open door" which the Canton Fair provides.

Since his posting to Hong Kong nearly two years ago, Mr. Godson has spent much of his time exploring trade opportunities for Canadians in China and has become a regular visitor to the Canton Fair. Last winter he toured Canada to meet businessmen, arouse interest in his territory and answer questions. Some of the things businessmen most frequently asked about are explained in the article on page 2.

Our cover shows a "Therasim" being assembled. This Canadian development enables surgeons to study tumors three-dimensionally and program the treatment on computer cards. The technicians in the picture are testing one of the components electronically for smoothness. For more about Canada's success in marketing radioisotopes, turn to page 8. Other enterprising exporters on page 12.

In the May 10 issue of "Foreign Trade" we neglected to give a list of the Canadian products shown at the German Building Exhibition (DEUBAU) in Essen, West Germany. The following Canadian products were exhibited: sheet vinyl floorings; carpeting; insulation; asbestos-cement siding shakes, shingles and sheeting; asphalt shingles and roofing papers and flooring tiles; decorative and acoustical ceiling tile; pipe insulation; floor sealers and finishes and specialized coatings; aluminum siding; warm air registers, grilles, diffusers and vents; wooden doors; vinyl components for windows; a door closure system; aluminum windows and doors; Western red cedar siding, shingles, shakes and decking, and Douglas fir plywood.

"Foreign Trade" has planned a number of interesting issues for the late spring and early summer. On June 21, we shall examine the market in Italy, one of our best trading partners within the EEC. The articles will discuss specific trade opportunities, the country's economic background, and methods of doing business there. Later we shall look at the Arab Middle East.

FOREIGN TRADE

Estoblished in 1904. Published fortnightly by the Deportment of Industry, Trode ond Commerce.
The Hon. JEAN-LUC PEPIN, Minister; the Hon. OTTO LANG, Minister without Portfolio; J. H. WARREN, Deputy Minister

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MAY 24, 1969
VOL. 131 No. 11

ARTICLES

DEPARTMENTS

SUBSCRIPTIONS

**$5.00 a year in Canada, $7.00 abroad.
Single copies 25 cents each.
Please forward all orders, with cheque or money order made out to the Receiver General of Canada, to the Queen's Printer, Ottawa, Canada.**

On a rural commune near Hangchow, a young Chinese girl picks the top leaves of the famous Superior Dragon Well tea. Richard Harrington of Toronto took the photo.

Selling agricultural commodities for export is one of the main purposes of the Canton Trade Fair. Above is the foodstuffs pavilion.

A general view of the Canton waterfront. Chinese trading corporations generally prefer to meet foreign businessmen in this city.

A 3,000-hp. diesel-electric locomotive built by the Talien Locomotive and Rolling Stock Plant hauls a passenger train up a gradient on the Peking-Paotow railway.

Doing Business with the People's Republic of China

China is an unknown market to most Canadian businessmen. Our Trade Commissioner in Hong Kong answers below some of the questions commonly put to him about the proper approach to trading with the Chinese trading corporations.

R. G. GODSON
Trade Commissioner, Hong Kong

We have read a good deal about the People's Repuhlic of China. Are conditions favorable for developing husiness there?

During the past few months greater attention has been paid to economic considerations in China and to the development and expansion of its industry and commerce. Our mutual trade is showing promising and gradual expansion but it takes time and patience to develop successful business relations with the Chinese. Now is a good time to make an initial approach.

How should such an approach he made?

China's foreign trade, both import and export, is managed exclusively by a group of 12 state trading corporations. You will find these corporations listed on page 4, together with the products which each handles. The first step is to select the corporation which deals in your product and to make a proposal to it.

Is it possihle to make contact with the end-users of our products and to negotiate directly with them?

Your dealings will be with officials from the trading corporations only. They assume the responsibility for approaching end-users and consumers for their reaction and comment on your products. Each corporation has many branch offices throughout the country and maintains direct contact with industry.

What should he included in our approach?

You should include as much detail as possible about your product and your company. Photographs, brochures, specifications and full descriptive material should be enclosed. The Chinese tend to think of our industry as invariably tied up with the United States. You should therefore emphasize your Canadian identity, both as a company and in your products. At least four sets of literature should be submitted for distribution to end-users for study and assessment. Your correspondence should refer to the country as the People's Republic of China.

How should we quote?

Your quotations can be in Canadian dollars, but preferably pounds sterling, both c.i.f. Shanghai and f.o.b. Canadian ports, particularly Vancouver. The reason for this is that the Chinese have a very large chartered fleet and whenever possible prefer to arrange their own shipping. Many of these ships call in at Vancouver in connection with the grain trade and are in a position to carry other cargo.

Can we expect to receive information on the corporation's reaction to our proposal?

If the corporation is not interested, it may or may not reply. If it does reply, it will more than likely state that it has no requirement for the specific commodity at the present time. It is unlikely that you will receive any other information. Nevertheless, you should continue to make proposals at regular intervals, say every six months. In this way up-to-date information on your company and your products is before the corporation and the end-users. Should the former theo receive a request from industry for your type of product, it will be in a position to ask for firm quotations from you.

Should we keep you advised?

Yes. Our office is able to assist you in a number of ways. We atteod the Canton Trade Fair regularly and visit China on other occasions to meet with the corporations. We also maintaio cootact with the corporations' representatives in Hoog Kong. Keeping us informed makes it possible for us to follow up oo your behalf.

Yon mentioned that if a trading corporation is not interested in a certain prodnct, it will state it has no need for it at the preseot time. What are the Chinese interested in huying from Canada?

Although our sales to China are domioated by wheat, other products such as zinc, oickel, radioactive elements and isotopes, scrap iron and steel, aod laboratory, optical and scieotific equipmeot have found a market. In the past we have also sold such things as syothetic rubber, chemical fertilizers, wood pulp, and leather. During the most receot Canton Trade Fair the Chinese expressed interest in a variety of Canadian products. They invited quotations from Canadian suppliers of industrial chemicals, minerals, semi-fabricated copper and brass products, synthetic fibers and yarns, aod such items as live mink and deer horns.

The products you have mentiooed are mainly raw materials or commodities which require further processing. Is there any opportunity for consumer goods?

Very little. The Chinese attempt to be as economically self-sufficient as they can. In the department stores and other retail outlets in China you will seldom see an imported item. Their buying is restricted to those commodities which

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they consider essential both for food processing and for the development primarily of industries which produce exports to hard currency areas.

If the Chinese show an interest in our products, what is the next step?

The Chinese prefer to negotiate business with firms who are known to them. They could invite you or one of your representatives to attend the Canton Trade Fair to discuss the matter further. On the other hand, if they have an immediate requirement, they could negotiate with you by correspondence or cable. Under these circumstances, once you have agreed on terms they will send you a contract.

How do they pay?

Normally by letter of credit. It has been our experience that once a contract for purchase has been signed, its terms will be honored.

You have mentioned the Canton Trade Fair. What is it?

It is called officially the Chinese Export Commodities Fair and is held in Kwangchow (Canton) twice each year from April 15 to May 15 and from October 15 to November 15. At this fair, representatives from the import and export divisions of all the trading corporations from Peking and the many branch offices throughout the country are in attendance to discuss business with importers and exporters from over 70 countries. Many millions of dollars of contracts, both buying and selling, are completed at each fair.

What arrangements do we have to make in order to attend the fair?

It is necessary to have an invitation from one of the state trading corporations with which you have established previous contact. If they are interested in what you have to offer or in your intention of buying certain items from them, they will issue you an invitation. You can make your offer or intention to buy known by writing to the corporation. The Chinese encourage overseas businessmen to attend their fair and, provided there is mutual interest, invitations are readily given.

FOREIGN TRADE CORPORATIONS AND THE PRODUCTS EACH HANDLES

Located at
82 Tung An Men Street, Peking

China National Cereals, Oils and Foodstuffs Import & Export Corp.
Cereals, edible vegetable and animal oils and fats, vegetable and animal oils and fats for industrial use, oilseeds, seeds, oilcakes, feedingstuffs, salt, edible livestock and poultry, meat and meat products, eggs and egg products, fresh fruits and fruit products, aquatic and marine products, canned goods of various kinds, sugar and sweets, wines, liquors, spirits of various kinds, dairy products, vegetables and condiments, etc.

China National Animal Byproducts Import & Export Corp.
Bristles, horse tails, feathers, down, feathers for decorative use, rabbit hair, wool, cashmere, camel hair, casings, hides, leathers, leather products, leather shoes, fur mattress, fur products, carpets, down products, living animals, etc.

China National Light Industrial Products Import & Export Corp.
Paper, general merchandise, stationery, musical instruments, sporting goods, toys, building materials and electrical appliances, etc.

China National Textiles Import & Export Corp.
Cotton, cotton yarns, raw silk, steam filature, wool tops, rayon fibers, synthetic and man-made fibers, cotton piecegoods, woollen piecegoods, linen, etc.

China National Tea & Native Produce Import & Export Corp.
Tea, coffee, cocoa, tobacco, bast fiber, rosin, feedingstuffs, timber, forest products, spices, essential oils, nuts and dried vegetables, patent medicines and medicinal herbs, as well as other native produce.

China National Garments & Wearing Apparel Import & Export Corp.
Garments and wearing apparel, knitted goods, cotton and woollen manufactured goods, ready-made silk articles, etc.

China National Arts & Crafts Import & Export Corp.
Pottery and porcelain, drawn works, human hair, pearls, precious stones and jewellery, ivory and jade carvings, lacquerware, plaited articles, furniture, artistic handicrafts and other handicrafts for daily use.

Located at
Erh Li Kou, Hsi Chiao, Peking

China National Chemicals Import & Export Corp.
Rubber, rubber tires and other rubber products, petroleum and petroleum products, chemical fertilizers, insecticides and fungicides, pharmaceuticals, medical apparatus, chemical raw materials, dyestuffs, pigments, etc.

China National Machinery Import & Export Corp.
Machine tools, presses, hammers, shears, forging machines, diesel engines, steam turbines, boilers, mining machinery, metallurgical machinery, compressors and pumps, hoists, winches and cranes, transport machinery (motor vehicles and parts thereof, vessels, etc.), agricultural macbinery and implements, printing machines, knitting machines, building machinery for other light industries, ball and roller bearings, tungsten carbide.

China National Instruments Import & Export Corp.
Electric machinery and equipment, telecommunications equipment, electric and electronic measuring instruments, scientific instruments.

China National Technical Import Corp.
Complete industrial plants, technical knowhow, etc.

China National Metals & Minerals Import & Export Corp.
Steel plates, sheets and pipes, steel sections, steel tubes, special steel, railway materials, metallic products, pig iron, ferroalloys, non-ferrous metals, precious rare metals, ferrous mineral ores, non-metallic minerals and products thereof, coal, cement, hardware, etc.

—Richard Harrington

This is a blast furnace worker at Anshan, northeast China.

If we are not able to attend the fair, is it possible to obtain a visa to visit the trading corporations in Peking or Shanghai?

This is more difficult. Only after you have established a firm business relationship with the corporations or when they have a very real interest in your product will they invite you to carry on discussions in cities other than Canton during the fair. They prefer to meet you in Canton.

Is there any other way to obtain an invitation to the fair?

If you or one of your representatives is in this area at the time of the fair and comes to Hong Kong we will introduce your company to the corporations' representatives in Hong Kong. After your meeting with them, they may well agree to issue you an invitation. You will then be able to go up to Canton a few days later.

Why a few days later?

Visas must be arranged through China Travel Service which is China's official travel agency in Hong Kong. This procedure normally takes three to four days because the visa is issued in Canton, not in Hong Kong. Once your visa has been received, you can proceed to Canton.

How long does this take?

You should set aside one day for travel by train from Hong Kong to Canton and one day for the return journey. Although Canton is only 90 miles from Hong Kong there are formalities which must be observed at the border, including a change of trains.

How long should we spend at the fair?

This depends of course on the range of products which you are interested in buying from or selling to the Chinese. Negotiations with officials of the corporations are usually hard, protracted and thorough. Traders who have established relations with them can do their business in two or three days. The majority stay for a week and many who have extensive business attend for the entire month.

Are there other ways to enter China to attend the fair rather than through Hong Kong?

Air France and Pakistan International Airways have regular air services to China. If you wish to travel via Europe, your travel arrangements can be made through the offices of these airlines in Canada. If you have an invitation to the fair, it can be presented at the Chinese Embassies in such cities as London, Paris or Berne for a visa.

What conditions prevail at the Fair?

You will find the atmosphere friendly and businesslike and you will be treated as a guest.

Do many Canadians attend the fair?

At the Fall Fair in 1968 there were over 35 Canadian businessmen, many of whom had dealt extensively with the Chinese and others who were making initial contact. In general, they seemed satisfied with both their reception and with much of the business which they were able to conclude. A Trade Commissioner from this office is also at the fair to help in making introductions and supplying market and other information.

You mentioned spending a week at the fair. This seems a long time to negotiate business.

As you can gather from the above, Chinese business techniques are considerably different from those with which you are familiar in Canada—and take more time.

Suppose we cannot arrange a visit to the fair, what then?

In that case you could consider appointing firms, usually European-based with offices in Hong Kong, which deal extensively with the Chinese. They could represent your interests in China. Our office will be pleased to approach such firms on your behalf. Should you decide to deal directly, then the written approach as outlined above should be adopted. In this way your products will become known to the trading corporations and through them to end-users and consumers.

Although it is called an Export Fair, obviously the Chinese buy as well.

Yes, although this is primarily an Export Fair considerable import business is concluded. To attract interest in your offers, you should remember that the trading corporations are primarily interested in selling their own products, and your ability to assist them in this would perhaps enhance the chances of your company obtaining an invitation.

You imply that doing business with the Chinese requires considerable experience.

This is true. Most of the successful overseas suppliers have acquired extensive knowledge in and placed considerable importance on their trade with China. In many instances businessmen will not achieve results until their second or third visit to the fair. It should be remembered, however, that a market as large as China is worth the time and effort it takes to develop it. Its growing import requirements and the variety of products which it will need in the future make it potentially a most interesting market for Canadian exporters. The first thing to do is to test their reaction and see whether they are interested in developing business relations with you. It is worth a try.

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New Zealand Awaits a Minerals Boom

Exploration for mineral deposits is speeding up; several countries, including Canada, are taking part. Government is providing incentives.

H. A. HEYN, *Assistant Commercial Secretary, Wellington*

■ Mineral prospecting is receiving a hitherto unknown amount of publicity in New Zealand even though it has yet to produce concrete results. About 15 per cent of the country's 1967-68 imports, or $80 million worth, consists of minerals or mineral products. Major finds would thus significantly improve the balance of payments and earn valuable foreign exchange through exports. As an important supplier of minerals to New Zealand (see Table I) Canada's position could be affected but new opportunities would be created in mining and processing ventures.

Interest in the latest mineral exploration dates back to 1965 when, at the Eighth Mining and Metallurgical Congress held in New Zealand, geologists and mining experts analyzed the country's potential. They observed that the small amount of mineral exploration and development was due primarily to a lack of systematic exploration, the absence of sophisticated equipment, and a shortage of capital to finance prospecting.

More recently the important finds in Australia bave done much to quicken interest in this area and many overseas companies prospecting and processing in Australia believe that there may be similar possibilities across the Tasman Sea. The geological mapping of New Zealand on a scale of 1:250,000 (four miles to the inch) has been completed by the Geological Survey Department and selected areas have been mapped to 1:63,360 (one mile to the inch) thus facilitating exploration.

The Government has formed a Mineral Resources Committee to co-ordinate the work of government agencies and the universities in providing basic material for mineral research and to draw the attention of the Government to those fields where work should be extended. The committee has already had considerable success. The government agencies involved are the Department of Mines and the Geological Survey Department, the Geophysical Survey, and the Chemistry Division of the Department of Scientific and Industrial Research. The resources of manpower and equipment for all these have been strengthened.

It is the Mineral Resources Committee that forms the nucleus of the Mineral Development Steering Committee, one of the committees setting goals to be discussed at the upcoming 1969 National Development Conference. Its principal role within the Conference is to determine what should be done to encourage investment in and exports by the mineral industry. Tax incentives will certainly be increased because a taxation review committee has already pointed the way. It recommended among other things that mineral and petroleum producing companies should not pay income tax until gross revenue from sales exceeded accumulated development and running costs. They then should be taxed at a concessional rate of two-thirds of that applied to other companies.

TABLE I

CANADA EXPORTS THESE MINERALS TO NEW ZEALAND

	1966	*1967*	*Jan.-Nov. 1968*
	(Cdn.$'000)		
Sulphur	1,421	2,385	4,056
Asbestos	976	805	720
Iron and steel	2,287	2,097	1,222
Aluminum and alloys	4,158	5,967	5,515
Copper and alloys	3,476	3,791	1,978
Nickel and alloys	321	215	112
Zinc and alloys	—	—	67
Others	8	18	20
Total	**12,547**	**15,278**	**13,691**

TABLE II

NEW ZEALAND'S MAJOR MINERAL IMPORTS

	1966	*1967*	*1968*
	(N.Z.$'000)		
Sulphur	3,345	4,459	5,494
Other minerals*	2,287	2,351	2,135
Iron and steel	62,539	60,112	50,950
Silver and platinum	591	575	648
Copper and alloys	14,251	14,073	12,164
Nickel and alloys	526	668	462
Aluminum and alloys	5,384	7,103	5.973
Lead and alloys	1,644	1,153	887
Zinc and alloys	1,359	1,225	1,106
Tin and alloys	1,440	968	796
Total	**93,366**	**92,706**	**80,615**

*Includes bitumen, bitumen-shale, asphalt, clays, salt, talc, asbestos, feldspar and chalk.

Incentives Offered

Although the present system provides some incentives, they apply only at initial prospecting stages and discriminate against overseas-based companies. The principal incentive is that the taxable income of a mining company is taken as one half of the dividends paid to shareholders during the year until total dividends paid exceed twice the amount of the company's original capital.

Further tax incentives relate to capital recovery and depletion allowances. A mining company can recover its capital tax-free before tax is payable on the full amount of dividends paid to shareholders during the year. The capital returned to shareholders is not treated as a dividend and is thus tax-free. The depletion allowance comes to about 33⅓ per cent. Overseas-based companies who obtain the greater part of their income from outside New Zealand (even though their New Zealand income comes primarily from mining) and New Zealand companies whose principal income comes from activities other than mining do not qualify. Petroleum companies are assessed on a hypothetical income based on dividends paid to shareholders during the year. No tax is payable until the total dividends paid exceed the total amount of irrecoverable expenditures. Again this incentive is limited to New Zealand companies primarily engaged in exploiting petroleum. Furthermore, individual prospectors and technicians

from overseas are taxed at regular New Zealand rates after six months in the country.

Locating the Minerals

Geological and geophysical research has indicated that there are greater chances of economic mineral occurrences in the Longwood Rock complex in West Otago and in Nelson and Westland, in Southland, and in Northland and the Hauraki Peninsula in the North Island. The former regions include most of New Zealand's areas of granitic, ultramafic and ancient carbonate rocks, the latter its young but extinct mineralized volcanos.

Of the metallic minerals, copper, lead, and zinc show the most encouraging potential at this time. Department of Scientific and Industrial Research investigations estimate the largest copper deposit at Coppermine Island, off the coast of Northland, at between 8 and 30 million tons, mineralized possibly to the extent of 0.5 per cent copper. Substantial lead and zinc deposits of 100,000 tons have been indicated at Te Aroha, near Hamilton; the ore is shipped to Japan as a concentrate at this time. Pending further evaluation there is also potential for uranium, antimony, chromium, tungsten and nickel in the South Island and manganese, mercury, silver and gold in the North Island.

Non-metallic minerals appear to be in more ample supply. The principal ones indicated are up to 5 million tons of asbestos, approximately 50 million tons of dolomite and 300 million tons of talc near Nelson, 13 million tons of bentonite near Canterbury, close to 30 million tons of sulphur averaging 7 to 8 per cent divided between the North and South Islands, and substantial deposits of limestone and phosphates equally in various locations. To date low prices and negligible domestic demand for these still inhibit large-scale exploitation. Mining costs must first be cut to make operations profitable. Significant supplies of diatomite, magnesite and wollastomite in the South Island and perlite in the North Island appear to warrant exploitation also.

Mining and Exploration

The Mineral Resources Committee recently stated that in terms of the effort of major mining companies, New Zealand is currently more active than ever before in mineral exploration. It is necessary, however, to divide the companies into those actually mining and those in the exploration stage. There are two main New Zealand companies actually mining. The major one is Lime and Marble Limited, Mapua, Nelson, mining mainly base metals, copper and non-ferrous minerals in the South Island. The company works in conjunction with various overseas companies such as American Smelting and Refining Co. Limited of the United States, Rutile-Zircon Mines (Newcastle) Limited of Australia and Conwest Exploration Company of Canada. Lime and Marble Limited also owns Buller Minerals Limited (mining ilmenite), Buller Uranium Limited, and Canterbury Bentonite Limited. It is the latter operation that is showing most progress at this stage. The bentonite deposits in Canterbury, with their consistent quality and thickness of seam, are recognized to be of world significance. The expenditure for initial mine development was $400,000; the initial capacity of the plant will be about 25,000 tons a year but this could easily be trebled if satisfactory export markets develop. It will be used domestically for pelletizing the titaniferous ironsands at Waikato for the New Zealand Steel Limited plant in North Auckland. In its latest move, Lime and Marble Limited has applied for warrants covering 69,600 acres near Nelson in the South Island, seeking copper-nickel, lead-zinc, molybdenum, tin, tungsten, iron and sulphur.

The other New Zealand company is the Consolidated Silver Mining Company (N.Z.) Limited, mining silver, gold, zinc, copper and tellurium in the Maratoo Valley near Auckland in moderate quantities.

Australian companies form the largest contingent from overseas, but most of their operations are so far limited to prospecting. Carpentaria Exploration Limited, a subsidiary of Mount Isa Mines Limited, is about to set up a titanium production plant on the west coast of the South Island and has established laboratory facilities to assess the quality of the ilmenite beach sands. C.R.A. Explorations Proprietary Limited of Melbourne, part of the Conzinc-Rio Tinto group, has moved into copper on Coppermine Island in the Bay of Islands and is drilling three diamond drill holes there. The Broken Hill Proprietary Company Limited has applied for a mineral prospecting concession over 9,600 acres to search for copper, molybdenum, silver, lead and uranium near Nelson. Antilope Exploration Proprietary of Sydney is prospecting in a concession of the same size for copper, lead, antimony, molybdenum, bismuth, nickel and sulphur in the Coromandel Peninsula.

Several American companies are also active, particularly the Cyminex Corporation, a subsidiary of the American Cyanamid Company of New York, which has been drilling volcanic sulphur deposits near Taupo in the center of the North Island. Preliminary studies by the company indicate supplies of over six million long tons of sulphur averaging 20 per cent sulphur content. Other U.S. participants are Kennecott Explorations (N.Z.) Limited, prospecting for base metals, and the Marine Mining Corporation of New Jersey investigating phosphate deposits off the Chatham Islands.

The Japanese Mitsui Mining and Smelting Company is the only firm from that country working here. It was granted a concession of 15,400 acres similar to Antilope's in the Coromandel Peninsula.

Apart from Canadian participation in Lime and Marble Limited, McIntyre Mines of Canada Limited, a subsidiary of Falconbridge, is mining base metals in Nelson and is Canada's only venture here. Cominco, however, has recently begun showing interest and has sent out a geologist.

It is too early to tell whether all this prospecting will achieve results. The significant problem appears to be reducing mining costs to a figure consistent with mineral availability. It is questionable whether New Zealand will ever warrant really large-scale operations like those in Australia but with tax incentives and continuing studies by the Department of Scientific and Industrial Research, several ventures could become feasible and profitable. That stage has not yet been reached, but the Mineral Resources Committee hopes that it will be eventually.

Ten Million Curies

Exporting has built up AECL's commercial business. Today ninety per cent of its products are sold abroad.

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

■ This month, Commercial Products, Atomic Energy of Canada Limited, shipped its ten millionth curie* in a consignment of cobalt for radiotherapy units in Japan. The division's sales volume is now more than $12 million a year, with exports making up 90 per cent of the business. This remarkable performance reflects Canadian leadership in fields as diverse as nuclear physics, medicine and metal fabrication, to mention some of the disciplines required for the successful production and marketing of radioisotopes and cobalt therapy units. Very often, in fact, the knowhow and hardware represent a much bigger portion of the selling price than the radioactive source does.

AECL's cancer therapy units—the "Theratron" and the "Eldorado"—can be found in almost every country of the world. There are about 700 in use, operating anything up to 15 or 16 hours a day. For some cancers, there is already a cure. Others can be held in check and lives prolonged. But a great deal more basic research remains to be done before a major advance is likely.

Three years ago, AECL displayed the prototype of its "Therasim" at the Radiological Society of North America's show in Chicago and the first production models are now being installed. The "Therasim" is an X-ray simulator that lets the surgeon study the cancerous tumor three-dimensionally. He can program and record every detail of the treatment on computer cards. This makes it easier to plan and co-ordinate the patient's treatment. It also opens the way to more exact statistical analysis and a better comparison of cases and procedures in clinics throughout the world. In modern medical research, the statistician often plays the crucial role.

AECL is deeply involved in two other medical areas. It has developed a cobalt 60 sterilizer for medical instruments and supplies which is particularly useful for materials that cannot be resterilized by conventional means. The division also produces and markets a range of diagnostic pharmaceuticals. This is a very competitive business because AECL products have to sell against those based on radioisotopes which some other governments subsidize.

Medicine, however, is not the only use for AECL's cobalt 60 and in years to come it may not even be the major one. AECL has at present two mobile units which undertake special assignments in the United States as well as in Canada. One is used to irradiate foodstuffs and agricultural products—gamma radiation increases shelf life, controls sprouting in potatoes and seeds, and kills insect pests. The other is a portable industrial laboratory equipped to carry out complicated process analyses and similar investigations on the spot. An example explains this best. The St. Regis Paper Company wanted to find out what was happening inside two large continuous digesters at its plant. AECL technicians studied the problem and devised a solution. They prepared simulated wooden chips containing a radioative source with a half-life of 40 hours (if some disintegrated in the operation, there would be no permanent radioactive hazard) and fed them into the system. The progress of the chips was followed by geiger counters and carefully recorded. The results provided the client's engineers with data which they could not have obtained by any other means.

Both mobile units operate commercially but industry tends to use them only in exceptional circumstances. The day is not far off, however, when radiation techniques will be accepted as a normal production tool. Already AECL has started to rent out equipment. Hiring a radioactive source may eventually become as commonplace as hiring a computer.

Still in the experimental stage is the sterilization of all hospital materials, including highly infectious organic waste. Work on the project is being done with the University of Western Ontario and a pilot plant is being built in London. AECL hopes that it will find a practical method of sterilizing air as well which would cut down the growing hazard of cross-infection in hospital wards.

Even now, radiation-induced and radiation-assisted chemical reactions are reducing the cost of certain polymers and organic products. Materials which today are made in the laboratory at great expense might also be produced on a commercial scale. An interesting possibility is the development of nuclear batteries to power remote lighthouses or weather stations for long periods of time, practically eliminating the need for human supervision. Pollution control is yet another promising field.

Past research and the research which will be done in the future have both to be paid for and the division, like any other commercial enterprise, must in the long run sell its products at a profit. Technical leadership does not automatically produce sales; there has also to be a first-class marketing organization that will create increasing business year after year.

Selling radioisotopes and related equipment calls for the qualities you find in any good salesman: imagination, energy and an understanding of people. The men who sell AECL's products in the medical field usually (but not always) have had previous experience of selling to the medical profession. Those who sell to industry tend to have an engineering background. But an AECL salesman does

*A unit of radioactivity. A curie is equivalent to the radioactivity produced by one gram of radium.

▲ **Turning the head of a** Theratron **therapy unit on a lathe in AECL's extensive workshops at South March, Ottawa. It will later be lined with a lead shield.**

▶ **Gamma-rays will be directed with an accuracy of one millimeter by the** Theratron **shown undergoing its final calibration tests. The** Therasim **(on the front cover) can be used in conjunction with it.**

▼ **There are 700 Canadian cancer therepy units in use around the world. This one is an** Eldorado 6 **in an Indian city. For some cancers there is already a cure.**

▲ **Protective packaging and handling procedures have been developed to a fine art. The ten-millionth curie was shipped this month to Marubeni Lida, AECL's agent in Japan, in a crate like this. Ninety per cent of sales of radioisotopes and equipment now go abroad.**

not need to be a technician; his main job is to interpret the product's use to non-technical purchasing agents at the hospital or factory. He calls in an expert from headquarters, if necessary, to advise on the precise application. The salesman works closely with the local agent too for business is normally routed through him and he provides the service.

AECL employs all the familiar sales techniques, and does it supremely well. Industrial shows and trade fairs play a large part in the promotion program. Seminars, films and talks to schools build up a receptive market for tomorrow's products. Public relations and selling are closely intertwined in this business. But ask an AECL man what he thinks really sold those ten million curies and he will probably tell you: attention to detail.

Attention to detail, which is important in any business, is vital when dealing with radioactive materials. AECL designs safety into every stage: protective packaging and handling procedures have been developed to a fine art. The result is that now most radioisotopes can travel by road or sea and be treated in much the same way as any heavy item.

In some cases, the customer can recharge the equipment and put in the new radioactive material himself. Otherwise, a technician will fly out to do the job. Simplicity of operation makes AECL equipment easy to manage and avoids a lengthy familiarisation period. Typical data curves are calculated on AECL's computer and made available to customers, cutting down the time needed to set up experiments or interpret results.

The products which AECL markets are a little different, to be sure, but the ingredients of export success seem strangely familiar.

Iceland Struggles to Recover

Poor fish catches and low prices have sharply reduced export earnings, affected imports. Market outlook poor for the short term, more hopeful in the long term.

DENNIS B. BROWNE, *Assistant Commercial Secretary, Oslo*

■ Iceland is still struggling to bring itself out of the worst economic crisis since the thirties—a crisis which brought about two devaluations of Icelandic currency in twelve months. The economic difficulties resulted mainly from poor fish catches and falling fish prices on world markets. The Government is working hard to correct the situation, but ultimate recovery will depend to a large extent on improved fishing.

Iceland depends far more heavily than most countries on export earnings for its gross national income. Because of limited natural resources, it has traditionally relied almost entirely on exports of fisheries products to earn the foreign exchange it must have to buy the many things needed to maintain a good standard of living. Consistently bad fishing and declining prices combined to produce a decline of 44 per cent in export earnings from 1966 (U.S.$140.6 million) to 1968 (U.S.$79 million). Real gross national income declined by 9.5 per cent in 1967 and a further 6 to 7 per cent in 1968.

In an attempt to correct the deteriorating situation, the Icelandic currency has been devalued twice—first by 24.6 per cent on November 24, 1967, and then by 35.2 per cent on November 12, 1968. In the interim the Government found it necessary to impose a 20 per cent levy on the c.i.f. value of all imports and on purchases of foreign exchange for travel abroad. This measure was in effect from September 1968 until the second devaluation. The country has also changed its tax and subsidy structures in order to shore up some of the more vulnerable sectors of the economy.

The first step in Iceland's economic recovery must be a revitalization of the fishing industry. Beyond that the Government hopes to gain economic stability through greater industrialization and reduced dependence on the fisheries for national income. It is recognized that industrial diversification will not be easy but there has been some progress with the establishment of a diatomite plant and an aluminum complex which will bring its first benefits in 1969-70. It should also be possible to establish other industries based on cheap electricity and the island's geothermal resources. The Government also hopes to widen the fish processing and fish-related and perhaps the wool and pelt industries.

A major segment of the Government's plan to realize future economic stability is its recent application for membership in the European Free Trade Area (EFTA). EFTA membership would bring some immediate trade benefits through greater access to certain European markets for Icelandic fisheries products. Long-term benefits are more important, however. The hope is that duty-free access to major European markets will encourage more foreign investors to establish industries in Iceland.

The economic crisis has seriously affected Icelandic imports. In 1968 there was a sharp decline in "general" imports—that is, excluding ships, planes, and those connected with the aluminum project—largely because of devaluation and a sharp curtailment in domestic investment and consumption. The drop for the period January to June was 21.5 per cent (consumer goods 14 per cent, investment goods 33 per cent).

Imports Still Shrinking

This year consumer prices are expected to rise considerably, private consumption in real terms to fall by

about 7 per cent, and investment, especially in imported machinery, to decline by about 12.5 per cent. Unemployment may rise sharply, especially in the winter months, and real disposable income is expected to be greatly curtailed. Imports of general goods are expected to decrease by about 10 per cent and special imports will also drop sharply because projects related to the aluminum plant are ending. Total imports are expected to decrease 21 per cent.

Importing firms have, of course, been hit hard by devaluation and reduced purchasing power. Practically all Icelandic businesses are suffering from an acute shortage of working capital. Most Icelandic importers have traditionally operated in a less favorable working capital situation than is common in comparable Canadian companies. The general shortage of working capital has been compounded by the requirement that businesses should offer pre-devaluation inventory at pre-devaluation prices. This has prevented profiteering in the name of devaluation, but has also placed the increased inventory costs resulting from devaluation squarely on the importer. The result is that inventory levels have had to be reduced by up to 50 per cent and many importing firms are experiencing serious difficulty in maintaining their present lines.

Canadians Affected

In the light of the above, prospects for Canadian exporters are not good. In the past few years Canadian export figures have gone up because of contracts for aircraft and for prefabricated housing for workers at the aluminum plant site. These contracts are now completed and comparable ones are not likely to be forthcoming during 1969. Thus our exports should revert from a high of $10.5 million in 1964 to a more normal $300,000 in 1969.

Although the short-term outlook is bleak, long-term prospects are reasonably promising in some areas. Much will depend on the Canadian exporter's willingness to maintain existing contacts through the lean years. As Iceland works itself out of its present difficulties, those Canadian products that are now well established —such as apples, whisky, aluminum fabrications, plastics, and tires—should regain their previous sales volume. Other products such as road-graders, runway sweepers and light STOL aircraft appear to have reasonable prospects, once financing is available. Industrial diversification should bring opportunities for selling equipment and perhaps raw materials.

Canadian exporters wishing to sell to Iceland should remember that it is a small market (population 200,000) and minimum shipping quantities must accordingly be small. Air freight connections are fairly good but there is no direct shipping between Canada and Iceland. Most goods must be shipped via non-Canadian ports or transshipped through British or other European ports. Icelandic importers generally prefer to receive quotations f.o.b./f.a.s. New York in U.S. funds or c.i.f. European port of transshipment. Shipping small quantities may in some instances be overcome by using bonded warehouses (see *Foreign Trade* of March 1, 1969).

International Loans Announced

Tanzam Highway—The World Bank, the International Development Agency (IDA) and Sweden are lending Tanzania U.S. $30 million to rebuild 310 miles of the Tanzam Highway which provides an alternative route to the sea for Zambian goods and links southwest Tanzania to the capital, Dar es Salaam. The present road is for most part dirt or gravel but it will be converted to a two-lane paved highway along its entire length of 1,000 miles. Britain is helping to rebuild 357 miles in Zambia; U.S. AID is helping to rebuild 150 miles in Tanzania. The Roads and Aeroports Division of the Tanzanian Ministry of Communications will execute the latest project and contractors will be selected on the basis of international competitive bidding.

Steel production in Argentina—The International Finance Corporation, the World Bank affiliate which invests in private business, will provide a $3 million standby loan to Dalmine Siderca S.A. Five financial institutions are participating in the IFC commitment, including the Royal Bank of Canada. Dalmine Siderca plans to raise $6 million in new capital. It will use part of it for a 50-ton electric arc furnace which will bring its steel production capacity up to 300,000 tons a year. The company now has capacity to produce 140,000 tons of seamless steel pipe and is the only producer in Argentina.

Highways in Central African Republic—International Development Association (IDA) will provide a credit of $4.2 million for building a 64-mile highway from Bangui, the capital of the Central African Republic, to M'Baiki in Lobaye Province. The road will open up the area to agriculture and enable vast stands of timber to be exploited. The highway is scheduled for completion early in 1972 at a total cost of $5.6 million. The IDA credit covers foreign exchange costs; construction contracts and the supply of maintenance equipment will be open to international competitive bidding.

Urea and compound fertilizers in India—The International Finance Corporation, the World Bank affiliate which invests in private business, will make its largest commitment in India when it provides $16 million towards financing a urea plant in Goa. U.S. Steel Corporation and the Birla Group are supplying over half the equity. They will set up a new company, Zuari Agro Chemicals Limited, to build and operate the plant which will produce 340,000 tons of urea a year from naphtha. Some 60,000 tons a year of this urea will be mixed with 90,000 tons of diammonium phosphate to make compound fertilizers.

Kraft pulp and paper in Brazil—The International Finance Corporation, the World Bank affiliate which invests in private business, has announced that it is taking up $1.1 million in debentures issued for Papel e Celulosa Catarinense S.A.'s new mill. The mill is at Lajes in Santa Catarina Province, has a capacity of 57,000 tons, and goes on stream early this year.

Enterprising Exporters

Tender for Ticonderoga

■ A North Vancouver firm owned and managed by Canadians recently won a contract to design and build eight heat exchangers for use in the United States. The International Paper Company is expanding its mill at Ticonderoga in New York and was seeking a competitive supplier of this equipment. The exchangers are to be delivered in September.

The winner of this contract, Sandford Pearce Ltd., was established seven years ago to specialize in manufacturing tubular heat exchangers, pressure vessels, and heat transfer equipment for process industries. Much of its business has come from the oil, gas and chemical industries in Western Canada, and also from food processing and pulp and paper firms. Late in 1967 the company began looking for export markets with the aid of the Vancouver office of the Department of Industry, Trade and Commerce. It has already succeeded in selling in the United States, Jamaica, Chile, Argentina, and Australia. At the moment it is completing work on equipment to be used in the Rajasthan atomic power project in India.

Sandford Pearce first heard about the potential business at Ticonderoga from a Vancouver consulting engineering firm which had done some work for International Paper. (Many of its leads come to it from major international consultants and contractors.) The company quickly followed up this hint and eventually won the order for the heat exchangers on the merits of its design and the competitiveness of its prices.

The company has made a modest start in the exporting field but as Donald Simpson, a Sandford Pearce sales representative, says "As knowledge of the quality and versatility of our design and manufacturing capability becomes more widespread, we anticipate a substantial expansion." The company makes use of the General Electric computer center in Seattle, thus cutting down considerably the time its engineers need to make the necessary and complex calculations. This in turn helps in competitive pricing.

Mr. Simpson is realistic about the future; he doesn't see a quick and spectacular expansion in the firm's export business but rather a steady growth. "The special significance of our success so far," he adds, "is that a relatively small Western Canadian engineering company can compete successfully in international markets, provided that it takes time to develop and to offer a unique and high-quality service."

Swan Wooster Invests in the Future

■ Two young engineers from Central America are going back home to help build and operate better-equipped ports in their own countries. They are taking with them special expertise acquired in Canada.

Francisco Roque (left) of El Salvador and Luis Gomez (right) of Honduras, both graduate engineers and government employees, have been taking on-the-job training in port and harbor works at Swan Wooster Engineering Co. Ltd. in Vancouver. D. W. Russell, the company's vice-president for development (center, showing the trainees a port model) emphasizes that the firm offers "experience on the job as opposed to a formal training course. However, we try to bear in mind that they are trainees and as such we make every effort to give them a fairly broad picture—that is, visits to as many projects in the field as possible and moves within the company organization as much as practical."

Swan Wooster is the consultant for the expansion of the port of Acajutla in El Salvador that is now going forward, financed by the Canadian external aid program through the Inter-American Development Bank. Two Vancouver construction companies also won contracts at Acajutla. Francisco Roque, a mechanical and electrical engineer, is employed by the Comision Ejecutiva Portuaria Autonoma of El Salvador and the maintenance of the modern automated bulk terminal at Acajutla, 50 miles from the capital, San Salvador, will become his responsibility. He spent four months with Swan Wooster, mainly checking the shop drawings for Acajutla but also studying similar terminals now in operation in British Columbia.

Luis Gomez, a civil engineer, works for the Empresa Nacional Portuaria of Honduras. He is completing twelve months of training in Swan Wooster's marine department, learning the essentials of port work and storing up knowledge that will be useful to him when he returns to Honduras.

"My primary interest", he says, "is in the master planning of ports. At the present time we have one major deepsea harbor in Honduras, Puerto Cortes on the Caribbean. In the near future there will be a need to develop a Pacific port at Boca de Henecan, near our capital city of Tegucigalpa, and perhaps another Caribbean port farther to the east. I am sure that at the end of my stay in Vancouver, I will have many new ideas to take home with me to assist in the development of these ports."

(Luis will be taking something else home with him—a taste for the winter game of curling, to which he was introduced at a company curling night.)

The expenses of this training are shared. The Central American employers of the two young engineers paid their travel expenses and the Canadian company is paying their salaries wholly or partially at the going Canadian rate during their stay.

Swan Wooster looks upon this training as a "very practical way to give meaningful assistance to the developing countries." At tbe same time, its management realizes that it must be done slowly. "Although we are enthusiastic about this approach," says Mr. Russell, "there cannot be too many trainees involved at one time or this would defeat the idea of having an individual learning while working amongst a group of well-developed and experienced engineers."

Francisco and Luis were the first trainees to come to this Vancouver firm but they certainly will not be the last. And the contacts thus created should help to foster goodwill and even promote trade between Canadians and other industrializing countries.

Manners—the Silent Language

■ The Export Study Club of Ontario, one of seven such clubs across Canada managed by the Canadian Manufacturers' Association, invited *Foreign Trade* to its April meeting. In the course of the evening, four marketing experts spoke of the cultural aspects of selling abroad, a matter of prime importance to every Canadian exporter. Mr. Derek Groves, marketing manager of the Consumer Goods Division of Supreme Aluminum Industries Ltd., was in the chair.

One member of the panel summed up the problem neatly. "After 15 years in the Far East, I know that I have still a lot to learn about Asia. But the average export manager covers this part of the world and Europe, Africa, Latin America and the Mideast as well. He needs a lot of tact and imagination to be acceptable in each of these markets. Moreover, the overseas buyer these days has a choice; he doesn't have to deal with someone he doesn't like."

Hans Baehr, export manager of Timberjack Machines Ltd., reminded the meeting that, despite the close business ties between Europe and North America since the war, there is still no satisfactory equivalent in the French language for such words as marketing, promotion and management. Nor has our informality been adopted in Europe—the breezy, Christian-name approach doesn't go down well in England and it is definitely frowned upon in France and Germany. It is a good idea to let people know that you are a Canadian; they will then forgive an occasional lapse in manners. Mr. Baehr illustrated his point with an anecdote.

"I speak German fluently," he explained. "It is always an asset to have another language but I should have known better than to speak it without an accent. I am too Canadian in my habits. Feeling tired and thirsty, I went into the station restaurant in Duesseldorf for a quick cup of coffee. It's the natural thing for a Canadian to do. But no well-bred German would go into an expensive place and just order coffee. The waiter made it quite plain that he considered me his social inferior.

"The Germans are inclined to be formal," Mr. Baehr continued. "This is epitomized in the way they introduce a person: Dr. X, our research director—title, name, relationship to the speaker, position in the management hierarchy. They have an elaborate series of unwritten rules. How far the host accompanies his visitor when he is leaving and who goes first through a door are indications of relative standing. The Canadian can usually avoid making a faux pas if he moves a little more slowly than normal and keeps his eyes open for clues.

"These little things become even more important when you are setting up a local branch and employing local staff. A casual gesture on your part may be interpreted as a severe reprimand to an employee; no one will be more surprised than you when he announces his decision to quit.

"Anotber feature of the German market which Canadians find difficult to understand is the relationship between dealer and principal. Give your dealer precise instructions and he will carry them out to the letter. On the other hand, if the factory makes a mistake, the dealer demands compensation in full and he is quite prepared to sue you for it: in his book, factories should be infallible.

"It is quite the reverse in West Africa. There you are not expected to be perfect. Only Allah is perfect. The best pitch is that your product is just a little bit better than your competitor's."

William Pogson, co-ordinator of overseas promotion for Project Planning Associates Ltd., then took up the theme. "In the Mideast, ritual is important. Before you set out, do your homework. Only by showing a deep respect for his religion and culture can you hope to become an Arab's friend. You will find the business tempo slower. Personal relationships count at least as much as economic factors. Don't be disturbed if there

are long delays while the buyer ponders on the deal and weighs up the merits of the various sellers. It is usually well worth being patient, provided the presentation was sound in the first place. Kuwait, for example, will be earning $2 billion a year from oil by 1975 and Iran is entering a period of explosive economic growth. At present, Canada is getting only a very small part of the trade. The Nortb African markets are attractive too and, despite the political problems, there are interesting opportunities in Egypt.

"It is a good idea to look up the *Economist Diary* or the CMA circulars when you are planning a trip to the Mideast. There is a variety of religious holidays to steer clear of. Bear in mind that in places like Kuwait the working week starts on Saturday, with half Thursday and all Friday as holidays.

"Don't go with preconceived notions about wbat people will buy. The Kuwaitis have one of the highest per capita incomes in the world. Consumer goods pay only an ad valorem duty of 4 per cent; stereo and hi-fi are cheaper there than in New York."

Peter Macgowan was born and bred in Latin America. He is now with the Canadian Coleman Company Ltd. as regional export manager for Latin America, Spain and Portugal. He advised businessmen dealing with Latin America to make it known that they are Canadian and to point out that Canada is also a new and developing country. This helps to counter the antipathy towards North Americans who in the past have been excessively clumsy in their dealings with the southern hemisphere. It also identifies Canadians with the Ministerial Mission to Latin America which put our country in the public eye.

"The Latin businessman is formal, devout and reserved," Mr. Macgowan explained. "He doesn't like the familiarity of North Americans. He keeps business and family life apart; should he invite you to his home, don't talk business unless your host introduces the subject. You'll find that he enjoys good food; cuisine is part of his culture. Show your appreciation of the local specialties and you will be popular.

"Business is leisurely and important decisions are often deferred. Accept the fact; high-pressure salesmanship will get you nowbere. There may be good reasons for delay—in Latin America, statistics are often inadequate or unreliable, whicb makes decisions more difficult than in Canada.

"Don't discuss religion and, most particularly, don't talk politics. And in case you dismiss this caution as obvious, let me remind you that criticism of Customs, inefficiency at the airport, poverty or the hotel service can very quickly land you in a political discussion. You may win the argument but you will lose the customer."

Jobn Meyerstein, president of J. Meyerstein Canada Ltd. (Export Sales Consultants) was the last speaker of the evening. "Asians think of us as rather rough people," he said. "Understand this and you will see why it is so important not to imply in any way that you are superior to your counterpart. Although the Asian will probably treat you politely and say nothing should you offend him, he will certainly remember it for a long time.

"Westerners are trained to be independent. In Japan, society is organized on a group basis. The staff sit at group tables in the office, not at individual desks. Loss of face is important—to make a clear-cut decision oneself implies losing face on behalf of subordinates and superiors who were not consulted. And it is difficult to get a direct answer to a direct question because the Japanese fears loss of face should he prove to be wrong.

"On the other hand, the Japanese expects the Westerner to have all the answers. There is something wrong if a Canadian has to keep checking with the home office. The man the firm sends should therefore be a senior person and well briefed on all the export basics, with his prices broken down into the cost, freight and duties, etc.

"In Japan, you don't dine and wine. Rather you visit and sell. Few Asians have acquired Western habits because they haven't had the money to visit other countries. This makes it all the more important for you to get as much information as possible on their social customs before you set off. Manners here maketh the successful businessman."

Listening to these speakers certainly made us appreciate the importance of the unspoken language and in the coming months, *Foreign Trade* will publish more on this subject. Meanwhile, we would be very pleased to hear from readers about their own experiences. Please write to us.

International Loans Announced

Telecommunications in Upper Volta—The International Development Association (IDA) will lend U.S.$800,000 to expand and improve the telecommunications system in Upper Volta. The loan will also help the country to use more effectively equipment put in recently with the help of the French Fonds d'Aide and U.S. AID. This is the first World Bank loan to Upper Volta. Equipment requirements will be open to international competitive bidding.

Water distribution in Tunisia—The World Bank will lend U.S.$15 million and Sweden will lend U.S.$5 million to enable Tunisia to improve water supplies in tbe Tunis and Sahel (Sousse) regions and in the Nabeul and Hammamet tourist areas on the coast. The project will be carried out by the Société Nationale d'Exploitation et de Distribution des Eaux (SONEDE). It will include a 76-mile pipeline from the Oued Kassel Dam to Tunis which will double the city's drinking water supply, development of groundwater sources and modernization of distribution systems in the Sahel area, and wells, reservoirs and interconnections for the Nabeul-Hammamet resorts. Metering equipment will be installed throughout all systems. The entire project will cost U.S. $32.8 million. Contracts for the construction and procurement of equipment will be let on the basis of international competitive bidding.

Industrial development in Ecuador—The International Finance Corporation, the World Bank affiliate which invests in private business, is committing $250,000 towards the $500,000 equivalent increase in Compania Financiera Ecuatoriana de Desarrollo S.A.'s share capital. COFIEC invests in a wide range of enterprises in Ecuador.

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J. B. Montgomery, Commercial Secretary (Agriculture)
C. Reoaud, Assistant Commercial Secretary
C. D. Miller, Assistant Commercial Secretary

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D. T. Wismer, Vice Consul and Assistant Trade Commissiooer
B. M. White, Vice Consul and Assistant Trade Commissiooer

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Telex: 31368 (CANTRACOM MILAN)
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R. E. Pedersen, Assistant Commercial Secretary
G. M. Wansbrough, Assistant Commercial Secretary
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Territory: Afghanistan

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D. J. Browne, Assistant Commercial Secretary

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D. S. M. Baker, Consul and Assistant Trade Commissiooer
R. A. Fairweather, Vice Consul and Assistaot Trade Commissiooer

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Telex: 3252 (DOMCAN PN 3252)
Territory: Republic of China (Taiwan)

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Canadian Embassy
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P. A. Savard, Commercial Counsellor

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Wm. Jones, Trade Commissioner
M. A. Brault, Assistant Trade Commissioner

Cable: CANADIAN *Phone*: 834-6521
Telex: 7189 (DOMCAN J 7189)
Territory: Provinces of Natal, Orange Free State, Transvaal.
Other countries: Angola, Botswana, Lesotho, Malagasy, Mauritius, Mozambique, Reunion, Swaziland

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

H. W. Richardson, Trade Commissioner

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

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G. W. Green, Commercial Counsellor
W. F. Hillhouse, Commercial Counsellor (Agriculture)
H. C. Armstrong, Commercial Counsellor
G. H. Musgrove, Assistant Commercial Secretary (Agriculture)
J. D. Belisle, Assistant Commercial Secretary

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C. J. Van Tighem, Deputy Consul General (Commercial)
S. B. McDowall, Consul and Assistant Trade Commissioner
W. G. Roberts, Coosul and Assistant Trade Commissiooer
R. J. G. Ledoux, Vice Coosul and Assistant Trade Commissioner
D. Keddie, Vice Consul and Assistant Trade Commissioner
C. K. Marchant, Vice Consul and Assistant Trade Commissiooer
D. J. V. Bachand, Vice Consul and Assistant Trade Commissioner

Cables CANTRACOM *Phone*: 586-2400 (Area Code 212)
Night Line: 586-2321
Telex: 00126242 (DOMCAN NYK)
Territory: States of Connecticut, New Jersey (twelve northern counties), New York. Other countries: Bermuda.

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C. A. Carruthers, Consul and Trade Commissioner
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Telex: 0094567 (DOMCAN BSN)
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J. A. Doyle, Consul and Trade Commissioner
P. D. Donohue, Consul and Trade Commissioner
K. G. DeWolf, Vice Consul and Assistant Trade Commissioner
A. J. G. Dallaire, Vice Consul and Assistant Trade Commissioner

Phone: 427-1031 (Area Code 312)
Telex: 00254171 (DOMCAN CGO)
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J. C. Bradford, Consul and Assistaot Trade Commissioner
J.-G. M. Tardif, Vice Consul and Assistant Trade Commissioner

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Telex: 00732637 (DOMCAN DAL)
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D. M. Lawson, Vice Consul and Assistaot Trade Commissioner

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Telex: 00674119 (DOMCAN LSA)
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(continued)

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Telex: 0058237 (DOMCAN NLN)
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R. D. P. Lee, Consul and Assistant Trade Commissioner
J. N. Grantham, Vice Consul and Assistant Trade Commissioner

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Commercial Division
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Territory: Netherlands Antilles

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Z. W. Burianyk, Commercial Secretary

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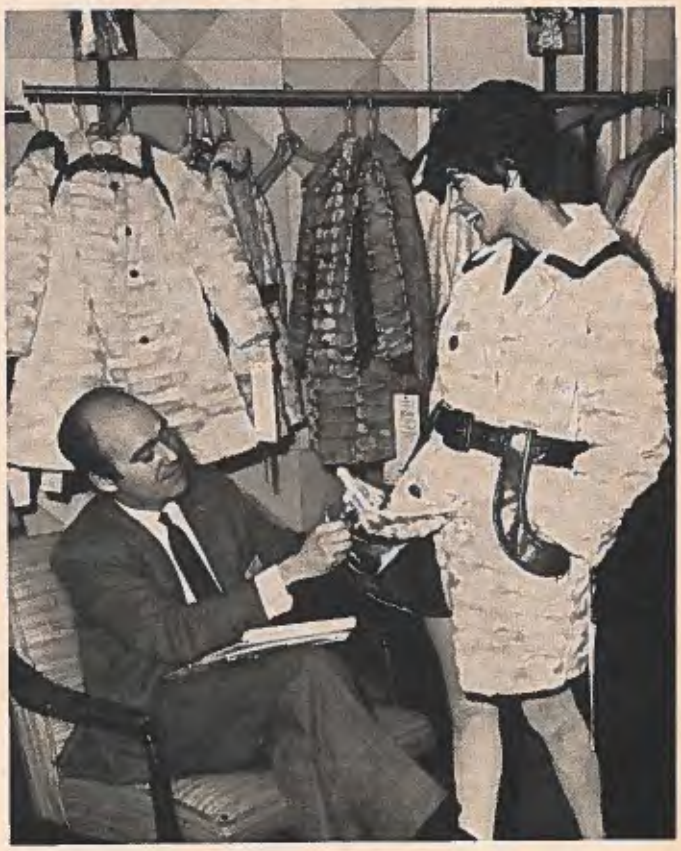
Liverpool and Belfast Offices Closing

Effective June 30, 1969, the offices of the Trade Commissioner Service at Liverpool and Belfast will be closed. Because this closing operation is already under way, businessmen who have been doing business with either of these offices should redirect their inquiries. Correspondence formerly sent to Liverpool should be addressed to the office in London and with Belfast to the office in Glasgow. Their addresses are given in the directory above.

Show of the Month

Nineteen Canadian producers of women's outerwear moved into the McAlpin Hotel in New York on April 14 for a four-day showing to U.S. buyers. It was all part of a continuing campaign organized by the Department of Industry, Trade and Commerce to win a firm footbold in the rich U.S. market. (Right) Monique Archambault, Commodity Officer with the Department, is interviewed by Simone Auger, the well-known T.V. producer for the CBC Frencb network in New York. (Below, left) Mr. and Mrs. Saymen of Cincinnati, Ohio, appraise a leather and bleacbed raccoon coat made by Crown Leather Garment Mfg. of Montreal; the bottom trim can be removed and it becomes a two-piece suit. (Below, right) Horst J. Witthalt, buyer from Pawtucket, R.I., examines a fun fur coat of wild rabbit print, leather-trimmed, made by Etlin Cloak Co. of Toronto. The same companies will be showing their fall and winter lines to U.S. buyers from across the country for two weeks in June, also at the McAlpin Hotel, a commercial location.



The Containerization Movement: Rotterdam

D. J. S. WINFIELD
Assistant Commercial Secretary
The Hague

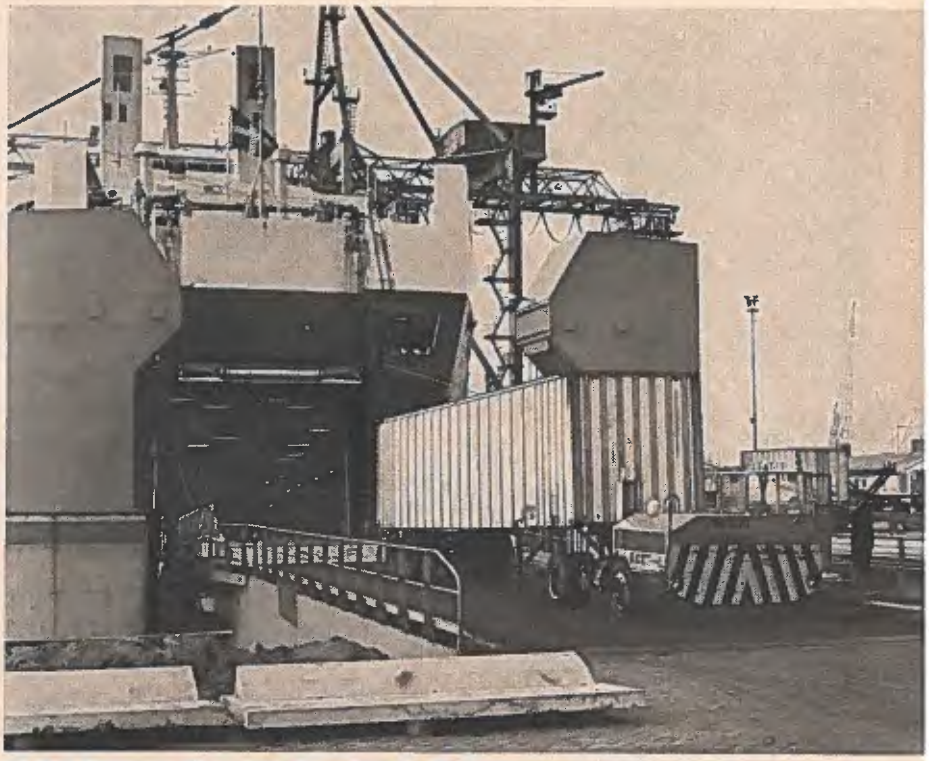
■ Rotterdam captured the title of the world's busiest port in 1966 and intends to keep it in the container age. The port has excellent road, rail and river connections with an industrial hinterland where 160 million people live. What's more, the city's businessmen are determined to exploit every advantage that geography gives them.

Since the early 1950's, Rotterdam has handled roll-on roll-off traffic from Britain in an ever-increasing volume. It is also the terminal of the British Rail North Sea container service. But it was not until May 1966 that the first containership from North America arrived in the port, heralding the regular Sea-Land service which in 1968 had a throughput of 19,200 containers.

A year after Sea-Land's first vessel docked, European Container Terminus N.V. started operations at Prinses Margriet Haven. ECT originally consisted of the Netherlands Railways and two stevedoring companies but later three other stevedoring firms joined. It has been the driving force behind the establishment of deepsea container facilities at Rotterdam. Other companies there have concentrated on the North Sea trade which is currently larger.

ECT's first facilities for handling Sea-Land containers at the Prinses Beatrix Haven were on a 10-acre site belonging to N.V. Quick Dispatch. There is a Paceco crane there and the site can handle 325 thirty-five-foot regular and some refrigerated containers.

The Prinses Margriet Haven terminal, which is a joint venture between ECT and the Holland-America Line, was opened in August 1967. It is much larger (45 acres) and has roll-on roll-off as well as container facilities. Up to 2,000 forty-foot containers and 170 cold storage units



At the European Container Terminus in Rotterdam a special tractor hauls a semi-trailer ashore over the adjustable roll-on roll-off bridge. The port also has lifting gear for containers and expects to handle annually 200,000 containers by 1970.

can be parked on the site. Terminal buildings have been built, including a 4,000-square-meter platform shed for consolidating and repacking and a 4,200-square-meter general cargo shed. There is good road and rail access. At present two container cranes are in operation (35-ton and 45-ton) and a 50-ton crane was to come into operation in March 1969. Mobile cranes, tractors, weighbridges and 300 terminal chassis complete the present equipment.

ECT believes that its 800-meter quay with depth alongside of some 40 feet, options on more land, and the present construction of a new terminal and a fourth berth at Prins Willem Alexander Haven will enable it to keep pace with the rapid development of deepsea container traffic.

In its first full year of operation, ECT moved 57,000 containers of all kinds. About 80,000 passed through the terminal in the calendar year 1968 and, all being well, this figure will rise to 120,000 in 1969 and perhaps 200,000 in 1970. The increase is expected to come both from more vessels using the terminal and more shipping lines calling there.

However, the imbalance between incoming and outgoing traffic is causing problems. In the first six months of 1968, 50,000 containers were unloaded in Rotterdam and Amsterdam: 15,000 from the U.S. and 33,000 from North Sea ports, mainly Britain. In the same period, some 44,000 containers were shipped from Dutch ports—36,000 to North Sea ports and 8,000 to the U.S.

In addition to its regular and refrigerated container traffic, Rotterdam established a unique service of postal containers in 1968. In that year, 138

SHIPPING LINES USING EUROPEAN CONTAINER TERMINUS, ROTTERDAM

Service Started	Company	Destination and Frequency
1966 May	Sea-Land Service Inc.	United States, weekly
	Sea-Land Service Inc.	Britain, twice weekly
1967 August	Atlantic Container Line Ltd.	United States, weekly
September	Moore-McCormack Lines Inc.	United States, weekly
1968 May	United States Lines Operations Inc.	United States, weekly
June	British Railways	Britain, daily
October	Hapag/Lloyd Container Line	United States, weekly
1969 April	Canadian Pacific Steamships Co.	Canada, fortnightly

of these containers left Rotterdam for the U.S. and Canada and 110 arrived from North America. Similar services are expected to develop between Rotterdam and Australia, Japan and South America. As a matter of interest, the Rotterdam district post office is planning to build the first postal container loading and unloading facility in Europe at a cost of some $75,000. This is expected to produce a saving of some $18,000 a year.

Inland Distribution

Under the name of Contrex N.V., 30 Dutch forwarders have formed a consortium to handle the inland movement of container traffic. ECT and several Rotterdam firms have set up facilities close to the terminal to manufacture, repair and maintain all types of containers. The American Transport Pool Inc. has opened a subsidiary in Rotterdam, Transport International Pool N.V., to rent containers, chassis and semitrailers. Maintenance and servicing facilities are readily available for all equipment used in container traffic.

Rotterdam's road, rail and inland waterway connections are all excellent but at present about 85 per cent of containers handled by ECT make the journey to and from the terminal by road. The proportion is expected to decline although the actual number of containers going by road will increase. Dutch haulers handle about 40 per cent of all interstate road transport in EEC and have sufficient capacity to meet the expected growth in container traffic. A group of haulers has already organized a consortium, COMBICOM, so that they can deal with the business more efficiently.

Rail takes most of the 15 per cent of container traffic not moved by road. The national railways of 15 European countries act as agents for Intercontainer, the joint organization they set up at the beginning of 1968. The Netherlands Railways looks after the Rotterdam-Milan service which operates twice weekly in both directions and passes through the Ruhr.

There are three other services now and more are planned. One links Amsterdam/Rotterdam with Antwerp/Zeebrugge. The second runs three times a week in each direction between Rotterdam and Frankfurt am Main, Mannheim and Ludwigsburg (near Stuttgart). Trans-Europe Express Marchandises (TEE) trains run from Rotterdam/Amsterdam to Copenhagen via Bremen and Hamburg.

But the way is by no means all clear. Disagreements over rates have developed between the Netherlands and German authorities. Then there is the problem of reconciling the German Railway's desire to favor German ports with the need for efficient use of rollingstock on the Rotterdam run.

The inland waterways have not ignored potential container business. A Rotterdam company began a Rhine container service last May, followed by a joint venture with an Amsterdam firm which resulted in a scheduled service between Rotterdam/Amsterdam and Basle in Switzerland.

Then in February 1969 the Rhine Container Line was established, a joint venture of 13 inland shipping companies in the Netherlands, Germany, France, Belgium and Switzerland. With over 1,000 vessels at its disposal, it is able to provide daily sailings from Amsterdam, Rotterdam, Antwerp and ports along the Rhine. Conventional barges will be used at first but later specially constructed ones will be brought into service.

New Link with Canada

ECT and the inland carriers are expanding their services and making long-range plans for future development. These are based on an increase in traffic from the five lines now using Rotterdam and the expectation that other lines will also use the port. For example, it is hoped that Japanese and Australian interests will choose ECT as their container gateway to Europe. Container Transport International Inc. (CTI) of New York and Canadian Pacific have both announced they will use ECT for their containerships.

Canadian Pacific Steamships has chartered two container vessels to begin the North Atlantic run in April of this year. They will sail on a weekly schedule between Quebec City, London and Rotterdam. It has also placed a $20-million order with Cammell Laird & Co. Ltd. of Birkenhead, England, for three 14,000-ton vessels capable of carrying 700 containers each. They will be specially constructed to withstand ice and in winter will be able to use St. Lawrence ports other than Quebec City should the need arise. The company will spend $6 million on ISO containers and about $5 million on railcars, terminal handling facilities and track, etc., at Quebec City. As a result, Canadian Pacific will be able to offer an integrated service, including road or rail haulage between the ocean terminal and points in the Maritimes, Ontario and Quebec, the United States and Western Canada.

Moreover, the integrated container service which it is creating now could develop in the 1970's into the new route from Europe to Japan, using Canada as a land-bridge between the two oceans.

However, this lies in the future. Canadian exporters who are considering containerized shipments to Europe should realize that they can now ship from Canada through Rotterdam to practically any point in Europe. Apart from the obvious advantages of containerization, they are also offered a fast, regular and safe service to Europe from their own plant.

Chemicals in Argentina

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

■ Argentina still has a strong and growing demand for imported chemicals, despite the rapid expansion of its chemical industry in the past ten years and the high level of development it has achieved. In 1967, for example, imports of chemicals totalled U.S.$150.4 million, a 13 per cent increase over 1966. Over the past few years the emphasis has shifted from finished to intermediate and basic products as a result of a tariff structure designed to promote Argentine self-sufficiency.

Inorganic Chemicals—Major imports in 1967 totalled U.S.$16.3 million. Leading ones were phosphorous, silicon, impure sodium hydroxide, aluminum hydroxide, titanium oxides, ammonium chloride, Solvay soda ($5.4 million) and sodium bichromate ($1 million).

Organic Chemicals—Purchases in 1967 totalled U.S.$76.7 million and demand remains high. Over half of the total Argentine chemical imports consist of organic chemicals and these offer the best opportunities for Canadian exporters. Hydrocarbons represent a $3.3 million import market and alcohols and derivatives another $4.8 million, although some of these alcohols will be produced in a recently opened petrochemical plant which is making three alcohols and three ketone-functions. Phenols, pheno-alcohols and derivatives account for another $1.4 million and glycol ethers for $800,000 in foreign purchases. Demand for organic acids and their derivatives is exceptionally strong, particularly for vinyl acetate monomer ($1.2 million), acrylic acid ($1.5 million), acrylic polyacids ($2.4 million), and dimethyl terephthalate ($2.6 million).

Other significant organic chemical imports include the nitrogen function compounds—hexamethylene diamine ($3 million), acyclic polymers and amino acids, sulfamides ($1.3 million), and caprolactams ($2.5 million).

Agricultural Chemicals—Argentina became a $10 million market for fertilizers in 1967 but because of the coming on stream of the Petrosur ammonia plant in 1968, the import market for nitrogenous fertilizers will gradually decrease. However, there is a market for raw materials such as KCl, phosphorus and diammonium phosphate.

With few exceptions, pesticides, herbicides, fungicides, etc., sold in Argentina are formulated within the country, using imported raw materials worth about $4 million in 1967. The United States is the major exporter. Local plants satisfy domestic consumption of HCH, DDT, copper sulphate and 2-4-D.

Pharmaceuticals and Medicinal Chemicals—More than 95 per cent of the pharmaceutical products marketed domestically are manufactured or compounded in Argentina. Subsidiaries of the large United States and European firms dominate the market, which is protected by high import surcharges on finished products. Much of this sector's requirements are for the fine chemicals and other raw materials used to compound pharmaceuticals, though original drugs developed in Canada could be marketed. This office has received a number of inquiries on fine chemicals from agents selling to Argentine pharmaceutical firms.

Local production of penicillin and most tetracyclines completely satisfies local consumption, but imports of antibiotics totalled $3.6 million in 1967, with enthromycin, oleandomycin and novobiocime, mainly from the U.S. and Panama, comprising almost half of these imports. Materials for vitamin preparations worth U.S.$2.1 million in 1967 constituted the next largest category of imports. Vitamins B1, B2, Panthenol, B6, C, and PP were the most significant items. Imports of hormones and vegetable alkaloids and salts were each worth U.S.$1 million in 1967. Pharmaceutical imports as defined by the Argentine customs nomenclature accounted for an additional $3.1 million, with glands and other organs, human vaccines, vitamin preparations, prolonged liberation capsules and pesticides the major items.

Making Sales—Sales are best made through a local agent who is familiar with the market and able to expedite shipments through Customs. Personal contact is also important in this Latin American market and a good agent with good connections can contribute a great deal to effective sales promotion. Canadian companies now selling to the international chemical firms in Canada should also investigate the possibility of selling the same materials to their Argentine subsidiaries.

Protective Clothing in Britain

W. H. G. METCALFE
Commercial Officer, Liverpool

■ The wise employer realizes that modern industry demands the most stringent safety regulations and the best possible protection of workers. Unions and safety officers strongly insist on protection against all hazards and the market for specialized protective clothing and equipment is constantly expanding. This provides an enterprising manufacturer in this field with many new openings. Some of them are described in the paragraphs that follow.

Industrial Gloves

The Far East, particularly Hong Kong, is responsible for supplying nearly 50 per cent of the industrial gloves used in Britain. British manufacturers, faced with competition from such a large volume of inexpensive merchandise, are concentrating their efforts on selling more sophisticated industrial gloves in the upper price bracket. Thus, although domestic production in Britain is only slightly greater than imports, its value is nearly three times higher. Available figures indicate that Britain exported approximately 1.25 per cent of its total production of industrial gloves.

At one time Canada had a substantial share of the British protective glove market but changing economic conditions, coupled with the wide range of inexpensive merchandise of-

fered by other suppliers, reduced our sales. Table I indicates how large a part of the protective industrial glove trade goes to Hong Kong manufacturers. The reason for this is low price. Although Canada only enjoys approximately 5 per cent by value and 2 per cent by volume of this market, we continue to be a leading supplier.

Goggles and Spectacles

Some $2 million worth of protective goggles and spectacles are imported annually into Britain. Italy, France, Japan and West Germany are the main suppliers. The Canadian share of this trade amounted to only $1,298 in 1967.

Safety and Protective Footwear

Boots and shoes with steel toecaps and sometimes fitted with a middle steel sole are generally classified as "miners' boots" or "general safety" boots and shoes. Domestic production in Britain exceeds 250,000 pairs a year; about 2.6 per cent is exported. Imports of this type of footwear just about balance exports.

Protective footwear (such as industrial boots, Wellingtons, overshoes, three-quarter boots and bootees) is generally made from rubber or plastics. British manufacturers produce approximately 7.5 million pairs of this type of footwear annually and sell practically all of it on the domestic market. Thirty-two firms are licensed by the British Standards Institution to manufacture protective footwear under BSI 870 (Part 1).

Protective Headgear

The British Standards Institution also sets standards for protective headgear and issues licences to use BSI certification on the merchandise. Licences are only issued after the Institution is fully satisfied that the protective helmet complies with one of the following specifications: BS2001, BS1869, BS2495, BS2826 or BS2095. The first three give specifications and requirements for protective, crash and racing drivers' helmets and the last two for industrial safety helmets. For the period October 1967 to June 1968 there were 138,000 protective helmets to specification BS2001 and 47,000 crash helmets to BS1869 produced for sale on the home market. A substantial increase of approximately 16.6 per cent in the production of industrial helmets to BS2826 and BS2095 specifications was achieved in 1967 and the total for that year reached 700,000. Only nine firms, eight British and one Italian, have been licensed to use the British Standards Institution certification mark indicating compliance with BS2001, BS1869 and BS2495. Thirteen firms, including one from Australia and one from Germany, are licensed to use BS2826 certification, and two are also included in the nine firms mentioned earlier. Under the BS2095 certification, only twelve firms are licensed

BRITISH IMPORTS OF PROTECTIVE CLOTHING 1967

GLOVES	Dozen Pairs	Total Value (Cdn.$)	Average Value Dozen Pairs (Cdn.$)
Textile fabric			
Total imports	909,558	1,424,782	.....
of which			
Hong Kong	880,839	1,314,920	1.49
Canada	13,053	66,249	5.07
India	4,430	10,335	2.33
Malta	3,802	5,572	1.46
United States	2,763	7,306	2.64
Spain	2,075	4,911	2.36
Other countries	2,596	15,489	.....
Leather or composition leather			
Total imports	135,444	533,964	.....
of which			
Hong Kong	124,340	441,345	3.55
Canada	7,860	40,961	5.21
Irish Republic	1,967	32,166	16.35
India	566	3,683	6.51
Portugal	255	5.847	22.92
Japan	124	604	4.86
Australia	83	1,182	14.23
United States	50	1,753	35.06
Other countries	199	6,423	.....
Knitted or crocheted gloves, mittens or mitts, not elastic			
Total imports	256,924	343,902	.....
of which			
Hong Kong	241,508	316,914	1.31
Malta	7,165	10,892	1.52
Belgium	4,300	3,968	.92
Canada	2,248	8,468	2.57
France	1,450	1,683	1.16
Sweden	150	663	2.57
United States	78	1,121	14.36
Other countries	25	193	.....

GOGGLES AND SPECTACLES	Total Value (Cdn.$)
Italy	732,602
France	551,018
Japan	301,297
West Germany	117,403
Hong Kong	62,533
United States	53,728
Switzerland	40,932
Australia	39,485
Total other countries, including Canada ($1,298)	104,010
Total all countries	**2,003,008**

APRONS, OVERALLS, SIMILAR GARMENTS	No. of Garments	Value (Cdn.$)	Average Value (Cdn.$)
Total imports	**1,612,596**	**3,081,773**	.....
of which			
Hong Kong	1,071,024	1,877,313	1.75
Irish Republic	394,306	1,066,586	2.71
Republic of South Africa	29,159	54,253	1.86
Canada	1,104	2,884	2.84
Other countries	117,003	80,737	.....

Source of information: Statistics Division—Board of Trade.

to use this mark, four of which are also licensed to use BS2001, BS1869 and BS2495, and nine licensed to use BS2826. In total, there are only 21 firms, including one each from Australia, Germany and Italy, manufacturing protective headgear under BSI certification.

British Standards Institution licences are issued to manufacturers who submit three helmets for testing from every batch of 200 manufactured. If these are approved, the manufacturer is permitted to affix the 'Kite' symbol, the mark of certification, to each helmet in that particular batch. The use of this Kite symbol considerably influences sales because the British industrial buyer is well aware of the stringent tests the merchandise must undergo before winning BSI approval. The Kite mark can be compared to hallmarking, certifying that the merchandise conforms to the high standards of quality set by the Institution. Canadian manufacturers who wish to submit their products for test should first write to: Certification Mark Section, British Standards Institution, British Standards House, London, W.1, England.

It is well known that many manufacturers advertise their wares as 'To BSI standards' or as 'To BSI specifications', but this carries little weight with the British buyer unless the product also bears the Kite symbol.

The normal life of protective headgear is said to be long provided the helmet is not abused. We understand that only a small proportion of helmets sold under British Standards Institution certification go to the replacement market. There appears to be an expanding market for new protective headgear acceptable to the industrial buyer.

Overalls

For many years Ireland has supplied the British market with aprons and overalls and at one time was the leading source of these garments. Some fifteen years ago manufacturers in Hong Kong realized the potential, and with the price advantage of these 'Empire' manufactured garments, quickly established themselves as leading exporters to Britain. In 1967 Britain imported nearly three times as many aprons and overalls from Hong Kong as from the Irish Republic, altbough the total cash value of these garments was less than twice the value of the Irish imports. Again, the reason was price.

The average British workman is conservative and overalls and coveralls designed for the North American market are not readily accepted here. The Canadian share of the total overalls market in Britain in 1967 was approximately 0.06 per cent.

The British Standards Institution in specifications BS1907 and BS1954 provides details of measurements and quality for different types of boiler suits and overalls and the minimum standards of manufacture.

Certain sections of industry, particularly those engaged in atomic energy work, have begun to take a deep interest in disposable overalls. Britain has only one known producer of these garments but several firms are making disposable underwear and some of these, it is believed, are also planning to make overalls. This factory has a potential output of 10,000 pairs a year and sells to government departments requiring inexpensive garments which can be used and easily destroyed.

Various factors hamper the universal acceptance of disposable overalls. The most important is the cost, approximately $1.22 for a garment which, with care, may last a mechanic three or four days. On the other hand, two pairs of overalls made from conventional material and costing approximately $4.61 each and with laundry charges of about 38 cents per week cost less than half the outlay for disposable overalls over one year.

Tariffs and Taxes

Protective clothing that does not contain manmade fibers is imported into Britain duty-free under Commonwealth preference, provided it has the prescribed Commonwealth content. In general, the qualifying content for overalls, spectacles and headwear is 25 per cent, and for boots 50 per cent. The goods must be manufactured in the Commonwealth, which means that the essential character must be acquired as a result of work done in the Commonwealth. A mere finishing process, even though it may be expensive and add substantially to the cost, may not qualify the product for preference. Articles containing over a certain amount of manmade fiber, or tbose not qualifying for duty-free entry under preference, are subject to import duty which varies with the type of article and the material from which it is made. Exporters are strongly advised to contact the Commonwealth Division, Office of Area Relations, Department of Industry, Trade and Commerce which will if necessary obtain a firm ruling from H. M. Customs & Excise if there is any doubt about the tariff classification of their merchandise.

Under existing regulations, protective boots complying with British Standards Institution specification BS1870 and marked with the name or trademark of the manufacturer and having the Kite mark affixed are exempt from purchase tax.

Helmets designed to protect the head from injury are also free of purchase tax. This applies to helmets fitted with an inner cradle (crash helmets) firemen's helmets, miners' helmets and all similar types of protective headgear. Helmets for use in sports are charged purchase tax.

Eye shields and face shields of the kind used for industrial purposes are also exempt, but industrial gloves, overalls, coveralls, disposable protective clothing and boots not complying with BS1870 are subject to the 13¾ per cent purchase tax.

Channels of Distribution

Purchasing departments tend to seek the cheapest sources for these garments without taking into account the possible longer life of more expensive and more durable protective clothing. Price competition is keen and in order to keep selling costs to a minimum, the majority of large British manufacturers operate dual distribution lines. They sell direct to the main industrial users and employ a number of wholesalers to service the smaller accounts.

Most of the large wholesale distributors import protective clothing on their own account but there are also a few firms in Britain which import the merchandise in volume and resell at small margins to the wholesalers.

There are a substantial number of small manufacturers making a variety of different garments who also act as wholesalers or jobbers to other small manufacturers of allied products.

Opportunities for Canadians

Canadian imports in this field sell on quality and durability. Canadian manufacturers must prove that the initial cost of their article is actually less expensive in the long run because of its longer life. This calls for hard selling.

One section of the protective clothing market not exploited by the mass production manufacturers is classified as "specialized protective clothing". Here the main consideration is the protection of human life. Atomic energy establishments, gas and oil undertakings, fire brigades and aircraft rescue teams are a few examples; they generally place quality and reliability before cost. Water-conditioned suits, hot-entry suits, ionizing radiation and sodium protective clothing are examples of this type of specialized clothing.

There is also an increasing demand for flame-resistant clothing at a competitive price. The nationalized gas organization supplies all operators who handle naphtha with Proben (flame retardant) treated overalls but all garments must conform to BSI specifications. The British Standards Institution BS1537 and BS1959 set the minimum requirements for flameproof industrial clothing and the methods of testing such material. It also specifies the materials from which the clothing may be made and the details of design.

trade lines

Canadian-Dutch company set up in Netherlands

Gebr. Geertjes of Assen in the Netherlands, an importer and exporter of heating apparatus and household articles, will produce air heating appliances for the Canadian firm W. H. Olsen Manufacturing Company Limited of Tilbury, Ontario. A new company to be known as Olsen International has been set up and both firms will invest 50,000 guilders each (some Cdn. $15,000). The location of the plant has yet to be determined. The Canadian firm has used Gebr. Geertjes as its European marketing organization for the last five years—The Hague.

Czechoslovakia exports shoes to U.S.S.R.

Czechoslovakia will export some 26 million pairs of shoes to the Soviet Union in 1969. This represents a quarter of its total shoe production—Prague.

Czechoslovakia modernizes airports

Czechoslovakian civil aviation authorities plan to improve passenger service facilities at Prague's new Ruzyne airport in the next few years. The Brno airport will also be modernized in the early 1970's—Prague.

Spain to build second nuclear power plant

IBERDUERO, one of Spain's major power utilities, will build a 500,000 kw. nuclear power plant at Lemóniz-Mungía in Northern Spain. The plant will use Spanish uranium concentrates and will come on stream in 1975. Spain now has some 10,000 metric tons of uranium reserves which will cover 80 per cent of its requirements until 1975 and some 40 per cent thereafter. Spain will have at least a 47 per cent share in the engineering work and the supply of equipment for the plant. Under Development Plan II (1968-1971) some $1.7 billion will be invested in power projects and nuclear power production is planned at 4.9 billion kwh. a year, some 7.5 per cent of total power production. By 1980 nuclear power will represent some 30 per cent of Spanish power production —Madrid.

Swiss machinery exports achieve a record

In the first nine months of 1968, Swiss machinery exports reached Cdn.$1,026 million, 40 per cent more than in the same period of 1967. Machinery's share in total Swiss exports remained unchanged at 32.2 per cent. Switzerland exports 70 per cent of its production of machinery, mainly to West Germany, the U.S., France, Britain and Italy. Canada's machinery imports from Switzerland consist mainly of steam turbines, piston engines, materials-handling devices, printing machinery, textile and sewing machines, and machine tools—Berne.

U.S. and Dutch firms build plants in Greece

With the introduction of supermarkets and the improvement in the standard of living in Greece, imports of baby foods have increased and totalled $600,000 in 1968. Gerber of the United States and Nutricia of the Netherlands have now applied to the Greek Gov-

ernment to build branch plants to produce baby foods. Gerber plans to invest $2.5 million in its project and Nutricia $900,000—Athens.

Low-rent housing shortage forecast in Venezuela

The shortage of housing for Venezuelans earning less than $100 a month will be 189,000 units in 1970, according to a recent forecast. Only some 70,000 units are scheduled to be built during the period 1969-70. Possible solutions to the problem include a decrease in the cost of construction and an increase in loans, etc., by the State and municipalities—Caracas.

Colombia gets World Bank loan

The World Bank has granted a U.S.$17.2 million loan to Colombia to help finance the construction of 507 kilometers of trunk roads and a major bridge, and pay for consulting services and further engineering studies—Bogota.

Ecuador studies light machinery plant

The Ecuadorean Development Center (CENDES) has recently completed a feasibility study for a plant to produce light agricultural machinery. It would cost some $200,000 and have an annual output of 456 machines, mainly reapers, sowers and threshers—Bogota.

Chile's oil production increases

Oil production in Chile increased by 10 per cent in 1968 compared with 1967, according to Empesa Nacional del Petróleo (ENAP). In 1968, 97 new wells were drilled; 51 of them produce gas and/or oil. At Cabo Negro work has begun on a refinery, oil and gas pipelines, refrigerated storage tanks and the port. This complex will be the largest single investment undertaken by ENAP—Santiago.

Europeans build industry in Singapore

European industrialists plan to open some 50 factories in Singapore in the next five years, representing an investment of about Cdn.$71 million. Norwegians are in the lead; they have already built two factories and plan two more—a $1.7 million hand tool factory and a $1 million chemical project—this year. U.S. investment in Singapore has created confidence among European investors who are being encouraged to put money into the electronics and timber industries here —Singapore.

Singapore builds more hotels

Singapore opened four new hotels with 742 rooms in 1968 and will complete an additional 20 first-class hotels (7,000 rooms) by 1971. It now has 58 tourist hotels (2,570 rooms) and hotel capacity will increase 272 per cent by 1971. Local developers are providing most of the capital but several projects represent joint ventures. Hilton has one hotel under construction and another is planned; Intercontinental opened its Singapura Hotel a few years ago. Singapore welcomed 250,000 visitors in 1968, a 25 per cent increase over the 204,000 of 1967, and expects one million tourists a year by the mid-1970's. In 1968 tourist expenditures reached some $80 million. American Express has recently signed an agreement with a Singapore hotel chain to bring 15,000 U.S. visitors to Singapore this year and next.

Chile stocks its rivers

The Department of Fisheries of the Servicio Agrícola y Ganadero has recently completed the second stage of a four-year program to introduce salmon into some of the rivers in the southern provinces of Llanquihue and Chiloé. This required the sowing of 150,000 salmon eggs from Alaska. Previous attempts to introduce salmon in the early 1900's did not succeed but now the salmon eggs are flown from Alaskan rivers where conditions are almost identical. The success of this program will only be known after about four years of stocking—Santiago.

Major airport at Saltholm discussed

The Swedish and Danish Governments are discussing plans for a major airport to service jumbo jet and supersonic aircraft at Saltholm, a Danish island in Öresund, between Copenhagen and Malmö. Negotiations began in April after consultations with the other Nordic countries and the hope is to reach an agreement by July 15 of this year. A bridge-tunnel project via Saltholm connecting Denmark and Sweden for the first time is also planned. When completed, the Malmö-Copenhagen area will be one of the most important industrial and commercial centers in northern Europe —Oslo.

Czechoslovakia to increase car production

Czechoslovakia is studying plans to purchase knowhow and plant for the production of small passenger automobiles. British, Italian and Japanese companies have all shown interest. Czechoslovakia's Mladá Boleslav plant will turn out 135,000 passenger and utility vehicles this year, some 90 per cent of which will be Skoda MB models. Daily production of Skoda MB models will be 540 units—Prague.

French aeronautical industry prospers

The aeronautical industry in France received orders from abroad worth FF2.83 billion (Cdn.$616.6 million) in 1968; military equipment accounted for 74

per cent. The orders came from the EEC countries (37.5 per cent); South Africa, Australia, Canada, Israel, Japan, and New Zealand (27.5); EFTA (13); and the United States (6)—Paris.

The Soviet Union switches to diesel engines

The Soviet Union has withdrawn its last steam locomotive from service on its northern European lines. Large diesel engines designed to operate in low temperatures will serve the Moscow-Archangel and the Moscow-Vorkuta routes, and will cut some five hours from existing schedules. Photographs of a new experimental turbine-powered locomotive have just appeared in the Soviet press. It is said to be capable of travelling up to 180 kilometers an hour (112.5 mph.) and the hope is to increase this to 200 or 250 kilometers—Moscow.

Czechoslovakia needs service station equipment

Czechoslovakia has begun construction of a modern highway linking Prague and Brno and will complete it in the early 1970's. Several service stations are planned along the route, initially to serve construction vehicles and later for highway traffic. Another highway between Prague and Pilsen will be built in 1972. Czechoslovakia is holding an exhibition of service station equipment and other motorists' requirements in Prague this year and several foreign firms plan to participate. This fair will be held every two years—Prague.

Canadian bank extends European participation

The French bank, Hottinger and Cie (Paris), and the Dow Banking Corporation (Switzerland) will each take a 20 per cent interest in the Banque Canadienne Nationale (France). The Canadian bank subsidiary will now be known as the Banque Canadienne Nationale (Europe)—Paris.

Chile's record balance-of-payments surplus

Chile's balance of payments showed a surplus of U.S. $135 million in 1968, one of the largest in its history, according to the President of the Central Bank. He also said that the copper market was in a healthy state and other industrial exports had increased 75 per cent between 1964 and 1968. Non-traditional exports such as fish meal, frozen fish and shellfish, paper, cellulose, books and magazines, and vehicle components were worth U.S.$62 million in 1968, more than twice their value in 1964—Santiago.

Trade Commissioners on Tour

In Canada

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

Ottawa—Department of 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:

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

Australia—H. J. Horne, Commercial Counsellor in Sydney:

Montreal—May 24-June 3
Toronto, Woodstock, Brantford, Galt, Port Credit, Hamilton, Burlington—June 4-16
Winnipeg—June 17-18
Edmonton—June 19
Calgary—June 20
Kelowna—June 23
Vancouver—June 24-26, June 30-July 3
Victoria—June 27

In Territory

Bulgaria, Hungary, Romania—Trade Commissioners in the Vienna, Austria, office make frequent visits to these countries, but often there is not time to publisb 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, Windwards—D. Hobson-Garcia, Commercial Officer in Port-of-Spain, Trinidad, will visit Barbados, St. Lucia, St. Vincent, and Grenada June 22-28.

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

Guyana—J. A. Ahow, Commercial Officer in Port-of-Spain, Trinidad, will visit Georgetown June 18-20.

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

Paraguay—J. M. Vincent, Assistant Commercial Secretary in Buenos Aires, Argentina, will visit Asuncion May 26-30.

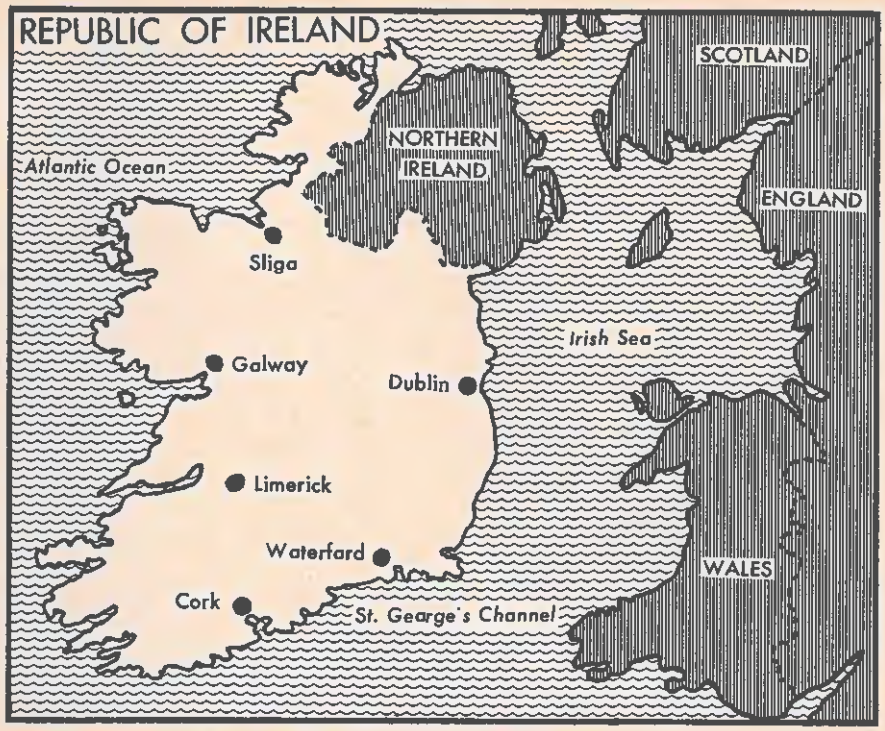
Turkey—Trade Commissioners in the Atbens, Greece, office visit Istanbul and Ankara approximately every six weeks.

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

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

Markets in Brief

IRELAND



Area: 27,136 square miles.

Population: 2,884,000 (1966).

Climate: moist, mild, free from extremes of heat and cold.

Language: English and Irish.

Currency: the Irish pound is maintained at parity with the pound sterling; the latter circulates freely. One pound equals $2.57 (May 1969).

Foreign exchange and import controls: an import licence is not necessary except for a few products.

Weights and measures: imperial standard.

Electricity supply: single-phase 220 volts, 50 cycles; power, three-phase 380 volts, 50 cycles.

Capital: Dublin.

Chief ports: Dublin, Cork.

Marketing centers: Greater Dublin including Dun Laoghaire (population 1966) 735,000, Cork 122,000, Limerick 56,000, Waterford 30,000, Sligo 13,000, Galway 24,000.

Economy: mainly agriculture and cattle; industry encouraged.

Total Irish imports: 1968—£489.5 million; 1967—£392.3 million (c.i.f.).

Chief imports: (£ million) 1968—machinery and transport equipment 119.1; manufactured goods classified by material 103.8; food and food preparations 54.1; chemicals 48.0; mineral fuels, lubricants and related materials 40.9; manufactured articles, n.e.s. 37.4; raw materials except fuels 36.5; live animals 15.1; beverages and tobacco 12.6.

Chief suppliers: (£ million) 1968—Britain 247.5, United States 36.1; West Germany 35.9, France 15.2, Netherlands 14.8, Canada 9.4, Sweden 9.0, Iraq 7.7, Italy 7.7, Finland 6.9, Belgium 6.6.

Value of imports from Canada: 1968—£9.4 million; 1967—£9.7 million.

Chief imports from Canada: (£'000) 1968—wheat 2,808.1; lumber 1,060.3; aluminum 885.2; newsprint 661.1; fish, canned 489.8; plastic and synthetic rubber and substitutes 399.6; tobacco 218.6; oats 139.8.

Total Irish exports: 1968—£323.4 million; 1967—$276.5 million (f.o.b.).

Chief exports: (£ million) 1968—food and food preparations 106.1, live animals 58.0, manufactured goods classified by material 43.2, manufactured articles n.e.s. 32.0, raw materials except fuels 21.8, machinery and transport equipment 19.5, beverages and tobacco 11.7.

Chief markets: (£ million) 1968—Britain 226.4, United States 31.8, France 9.9, West Germany 7.9, Belgium 5.1, Netherlands 4.4, Canada 4.1, Japan 2.1, Spain 1.8, Italy 1.7, Sweden 1.6.

Value of Canadian purchases: 1968—£4.1 million; 1967—£3.1 million.

Chief Canadian purchases: (£'000) 1968—tobacco 566.9, textile yarn thread and fabrics 390.3, professional scientific, etc., goods 367.9, chocolate crumb 353.1, antibiotics 280.5, footwear 207.6, lifting and loading machinery 187.1, clay and refractory construction materials 155.4, sweets and toffee 66.4, cheese 49.2, biscuits 44.1.

Dollar exchange: freely available for all permitted imports, especially raw or semi-manufactured goods; some subject to licensing or quantitative restrictions or forbidden entry.

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

Usual terms of payment: sight and 30, 60, 90 or 180 days, as arranged, depending on commodity.

Samples: deposit refunded or bond cancelled on re-export; maximum period 12 months.

Visa: visa is not required. **Inoculations:** none.

Trade agreements: preferential tariff treatment given Canadian products under agreement of August 1932 as modified by exchange of letters of December 1967.

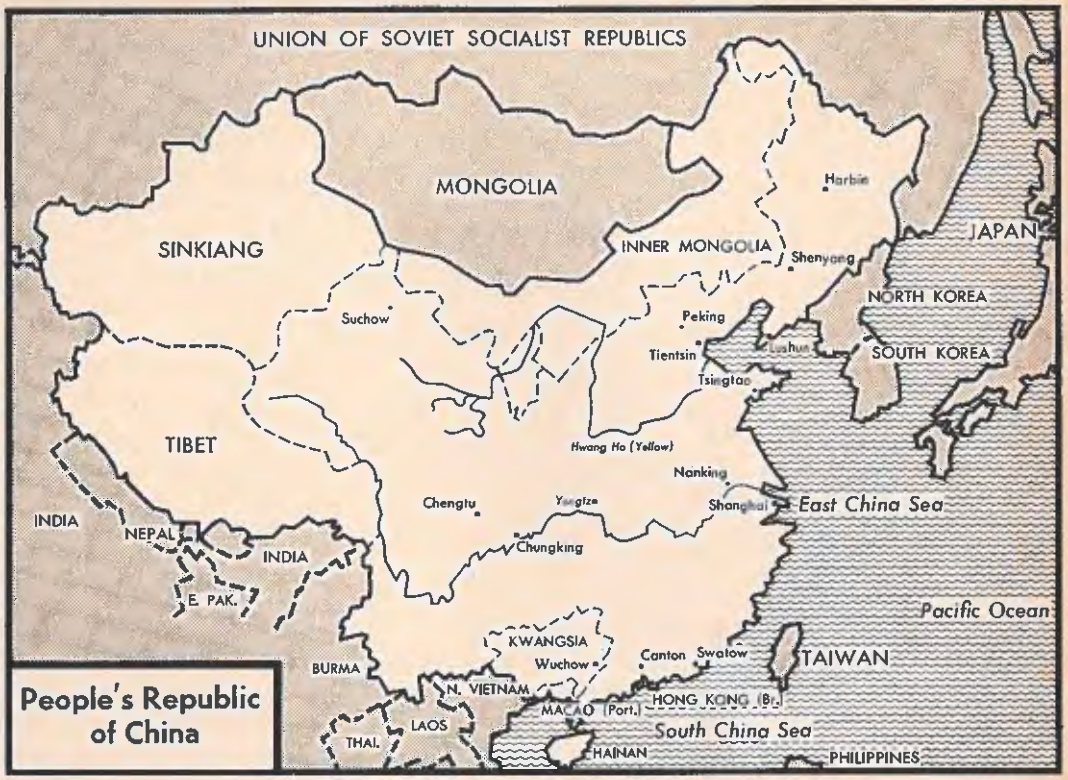
Documentation, customs tariffs, marking and labelling: consult the Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

Correspondence: airmail; letters, 15 cents per half ounce. (Surface mail takes three to eight weeks.)

For detailed information on this market write to: Commonwealth Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, or

Commercial Counsellor for Canada, Commercial Division, Canadian Embassy, 66 Upper O'Connell Street, Dublin 1, Republic of Ireland.

PEOPLE'S REPUBLIC OF CHINA



Area: 3,768,736 square miles.

Population: 750 million (estimated).

Climate: dominated by winter and summer monsoons; summer tends to be dry, winter wet, but annual and seasonal temperatures vary widely from the sub-tropical south to the northern continental regions of Inner Mongolia and Sinkiang.

Language: Chinese, Peking dialect (Mandarin). Foreign firms may correspond in English.

Currency: jen-min-piao (JMP); official rate: one JMP equals H.K.$2.486 equals Cdn.$0.440.

Weights and measures: metric system.

Electric supply: 50 cycles, single phase 220 volts, three phase 380 volts.

Chief ports: Shanghai, Tientsin and Swatow are main reception ports for cargo from Western countries.

Marketing centers: Peking, Shanghai, Canton and Tientsin.

Economy: based on agriculture; considerable industrialization in recent years witb biggest investment in light industry, chemicals and other branches of industry that have an agricultural application. Industrial production and trade are controlled by the state.

Total Chinese imports: 1968—U.S.$2.1 billion (estimated).

Chief imports: wheat, chemical fertilizer, iron and steel, cotton, agricultural chemicals, machinery.

Chief suppliers: (U.S.$ million) 1968—Japan 325, West Germany 161, Canada 163, Australia 89, France 88, Britain 68, Italy 55.

Value of imports from Canada: 1968—Cdn.$163.2 million; 1967—Cdn.$91.3 million.

Chief imports from Canada: (Cdn.$'000) 1968—wheat 157,745, zinc 4,059, scrap iron and steel 656, nickel 561, scientific instruments and parts 115.

Total Chinese exports: 1968—U.S.$2 billion (estimated).

Chief exports: agricultural produce and food products; metal ores and concentrates; clothing and made-up textiles; cotton, woollen and other piecegoods; light industrial products.

Chief markets: (U.S.$ million) 1968—Hong Kong 401, Japan 244, Singapore 142, Britain 83, West Germany 82, France 48, Australia 30.

Value of Canadian purchases: 1968—Cdn.$23.4 million; 1967—Cdn.$25.1 million.

Chief Canadian purchases: (Cdn.$ million) 1968—textiles, textile products, clothing 13.1; peanuts 3.6; walnuts 2.3; furskins .330; footwear .298.

Foreign exchange: exchange control is an integral part of China's system of economic planning. Foreign trade with Western countries is carried on only in internationally accepted currencies, most often pounds sterling.

Price quotations: preferably in pounds sterling, c.i.f. Shanghai. However, because the Cbinese authorities often arrange their own shipping and insurance, quotations should also be given f.o.b. Canadian port.

Samples: samples may be sent to China but only after contacting the relevant state trading corporation in advance. Exporters should arrange to send samples via the state trading corporations' principal Hong Kong agent: China Resources Company, Bank of China Building, 2A Des Voeux Road, Central, Hong Kong, or via the China Travel Service (H.K.) Ltd., 6 Queen's Road, Central, Hong Kong.

Commercial inquiries: may be made through the Senior Canadian Government Trade Commissioner, P.O. Box 126, Hong Kong, and China Resources Company.

Correspondence: airmail letters 25 cents per half ounce; aerograms 10 cents each.

Import controls, documentation, custom tariffs, marking and labelling: consult 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

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

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 from 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 buying rate is that at which banks purchase exchange from exporters; the selling rate is that at which banks sell exchange to importers.

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

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

Country and Currency	Valne of Foreign currency unit in Canadian dollars	Canadian doliar in foreign currency units
	May 8	
Algeria		
Dinar	.2166	4.62
Argentina		
Peso (free)	.0031	322.58
Australia		
Dollar	1.197	.8340
Austria		
Schilling	.0416	24.03
Bahamas		
Dollar	1.056	.94
Belgium and Luxembourg		
Franc	.0214	46.72
Bermuda		
Pound	2.567	.38
Bolivia		
Peso	.0905	11.06
Brazil		
Cruzeiro (official free)	.2701	3.70
Britain		
Pound	2.566	.38
Britisb Honduras		
Dollar	.6415	1.56
Burma		
Kyat	.2262	4.42
Ceylon		
Rupee	.1810	5.53
Chile		
Escudo (bank rate)	.1258	7.95
(free)	.1122	8.91
China, Republic of		
New Taiwan Dollar (official)	.027	37.04
Colombia		
Peso (fixed)	.063	15.87
Congo (Kinshasa)		
Zaire	2.154	.4651
Costa Rica		
Colon	.1626	6.15
Cuba[1]		
Peso	.....	.....
Czecboslovakia		
Koruna	.1496	6.68
Denmark		
Krone	.1428	6.98
Dominican Republic		
Peso	1.077	.93
Ecuador		
Sucre (official)	.0598	16.72
(free)	.0535	18.65
El Salvador		
Colon	.4309	2.32
Fiji		
Pound	1.237	.80
Finland		
Markka	.2565	3.90
France, Monaco, etc.[2]		
Franc	.2166	4.62
Franco-African Repnblics[3]		
Franc	.0043	232.5
Frencb Pacific[4]		
Franc	.0119	84.03
Germany		
D Mark	.2717	3.68
Ghana		
New Cedi	1.055	.94
Greece		
Drachma	.0359	27.93
Guatemala		
Quetzal	1.077	.93
Guyana		
Dollar	.5386	1.85
Halti		
Gourde	.2154	4.64
Honduras		
Lempira	.5386	1.85
Hong Kong		
Dollar	.1777	5.62
Hungary		
Forint (official)	.0921	10.85
Iceland		
Krona (official)	.0122	81.96
India		
Rupee	.1427	7.00

Country and Currency	Value of Foreign currency unit in Canadian dollars	Value of Canadian dollar in foreign currency units
	May 8	
Indonesia[5] Rupiah	.....	.....
Iran Rial	.0142	70.42
Iraq Dinar	3.016	.33
Ireland Pound	2.566	.38
Israel Pound	.3078	3.25
Italy Lira	.0017	588.23
Jamaica Pound	2.566	.38
Japan Yen	.0030	333.33
Kenya Shilling	.1526	6.55
Lebanon Pound (free)	.3339	2.99
Malaysia Dollar	.3519	2.85
Mexico Peso	.0862	11.60
Morocco Dirham	.2129	4.69
Netherlands Florin	.2956	3.37
Netherlands Antilles Florin	.5712	1.75
New Zealand Dollar	1.201	.82
Nicaragua Cordoba	.1539	6.50
Nigeria Pound	2.998	.33
Norway Krone	.1508	6.63
Pakistan Rupee	.2262	4.42
Panama Balboa	1.077	.92
Paraguay Guarani (free)	.0086	116.28
Peru Sol (free)	.0246	40.65
Phlippines Peso (free)	.2750	3.63
Poland Zloty (fixed basic rate)	.2692	3.71
Portugal & Colonies[6] Escudo	.0374	26.66
Saudi Arabia Riyal	.2066	4.84
Sierra Leone Leone	1.499	.66
Singapore Dollar	.3519	2.85
South Africa Rand	1.499	.66
Spain & Dependencies Peseta	.0154	64.93
Sweden Krona	.2081	4.79
Switzerland Franc	.2489	4.01
Syria Pound (free)	.2819	3.55
Tbailand Baht (free)	.0522	19.15
Trinidad & Tobago[7] Dollar	.5392	1.85
Tunisia Dinar	2.052	.48
Turkey Lira	.1197	8.35
United Arab Republic Pound (official)	2.477	.40
United States Dollar	1.077	.92
Uruguay Peso (free)	.0043	232.56
Venezuela Bolivar (official free)	.2399	4.17
Yugoslavia Dinar (official)	.0862	11.61
	May 9	

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.

Spain Steps Up Power Generation

Canadians should look closely at Spain's electrical development program and seek out opportunities to sell their products.

L. A. CAMPEAU
Commercial Counsellor, Madrid

■ Spain's electricity production has risen by over 40 per cent in five years, from 29.5 billion kwh. in 1964 to 42.4 billion kwh. in 1968. As Table I shows, power from thermal sources more than doubled in the period. The first nuclear plant did not come into production until July 1968 so it did not make a significant contribution. Spain has agreements with its neighbors (France, Portugal and Andorra) for the interchange of electricity and in 1968 the balance was about 1.7 million kwh. in Spain's favor.

According to the forecast made in the Second Social and Economic Development Plan which was approved by Parliament in February, the total average production capacity in the next three years will rise from 52.7 to 66.2 billion kwh. Because hydro sources are almost fully utilized, a large part of the increase will come from new nuclear power stations (see Table II).

The capital investment forecast in the Plan is Cdn.$500.7 million in 1969, Cdn.$484.4 million in 1970, and Cdn.$476.7 million in 1971. The value of foreign content and knowhow is estimated at 5 per cent for conventional plant and 12 per cent for nuclear plant. Competition for this business is keen and leading foreign manufacturers and consultants have offices in Spain or are associated with Spanish firms. In the 1964-68 period, imports of electrical power plant, machinery and equipment averaged 21.9 per cent of consumption; Spain itself now produces over 80 per cent of its needs.

Looking a little farther into the future, the bulk of the hydro and thermal developments will be undertaken by the private companies in UNESA. Table 111 shows the additions to capacity year by year, with peaks in 1969 and 1972 and troughs in 1971 and 1973. In the past, Canada's share of the business has been rather small (Pts.71 million out of total imports worth Pts.13,259 million in 1966 and Pts.11 million out of total imports of Pts.11,854 million in 1967). Although subsidiaries in Spain tend to deal with foreign parents or associates when they need equipment that they cannot make economically, the fact remains that Canada could get more orders if our industrial potential and knowhow in power generation and transmission were better known.

Spanish production costs are high. Outdated equipment and, in many instances, outdated methods and low productivity tend to offset the advantage of the low (but rising) cost of labor. The majority of local manufacturers hold their own against foreign competition thanks to import barriers—high tariffs, import restrictions, and other forms of protection. The industry would be vulnerable if Spain were to become a full member of EEC before the Second Plan had succeeded in modernizing and rationalizing it. On the other hand, certain sections of the industry are already strong. For example, Spain now sells transmission equipment competitively in Latin America.

The once stringent import licensing system has been considerably relaxed over the years and meeting local and international competition is the big challenge. Customs duties for electrical goods are mainly listed under Chapter 85 of the Brussels Nomenclature and vary enormously from item to item. To the duty must be added an excise tax which is calculated on the duty-paid value of imports and runs from a few per cent up to 20 per cent. Other minor Customs charges add about 2 to 3 per cent to the c.i.f. value. You should consult the Europe Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, about how these apply to your product.

To sell electrical equipment in Spain, it is essential to have a competent and active agent. Be sure that the one you choose is capable of covering the whole country and has no other agencies which would conflict with your interests. The Commercial Counsellor, Canadian Embassy, Apartado 117, Edificio Espana, Avenida Jose Antonio 88, Madrid, can advise you on the choice of an agent or investigate further a particular section of the market for you.

TABLE I

SOURCES OF SPAIN'S ELECTRIC POWER

	Hydro	Thermal	Total
	(billions of kilowatt hours)		
1964	20.6	8.9	29.5
1965	19.7	12.0	31.7
1966	27.3	10.4	37.7
1967	22.6	18.0	40.6
1968	22.9	19.5	42.4

TABLE II

FORECAST AVERAGE PRODUCTION CAPACITY

	Hydro	Thermal	Nuclear	Total
	(billions of kilowatt hours)			
1969	29.4	22.3	1.0	52.7
1970	31.2	25.4	2.4	59.0
1971	33.1	28.2	4.9	66.2

TABLE III

PLANNED ADDITIONS TO CONVENTIONAL GENERATING CAPACITY

	UNESA		INI		
	Hydro	Thermal	Hydro	Thermal	Total
	(megawatts)		*(megawatts)*		
1969	1,718	965	—	8	2,69t
1970	75t	1,439	—	—	2,190
1971	230	695	25	330	t,280
1972	313	2,573	—	25	2,911
1973	463	1,141	—	—	1,604

This big fellow, stowed away in an Air Canada jet freighter, weighed nearly 10,000 pounds and is worth close to $40,000. It was on its way from Canadian producer to French customer.

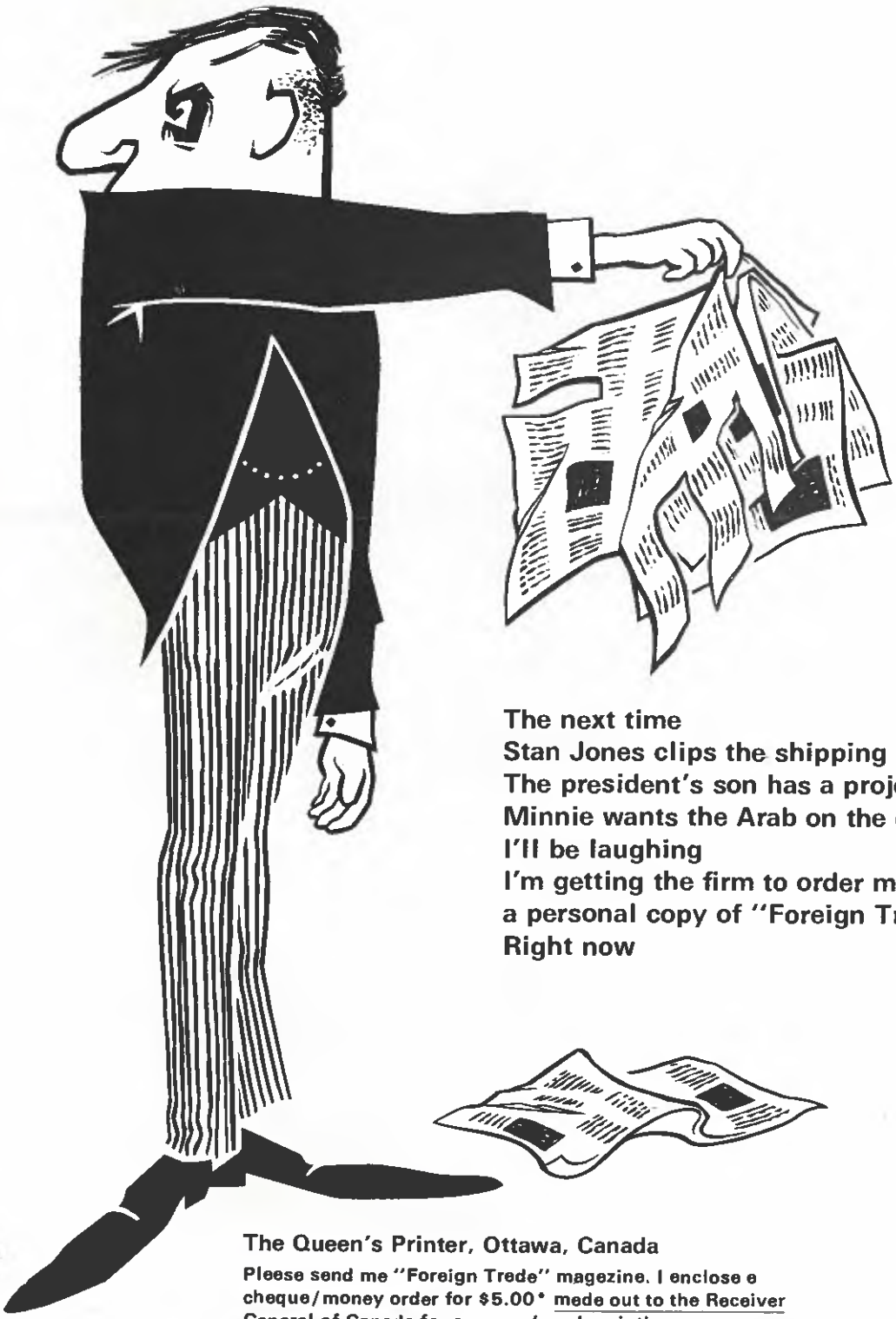
When it arrived at Imprimerie Poirier Murat at Neuilly sur Seine, France, it went to work turning out continuous business forms.

Big problem in making these big presses, according to Lawson-McMullen-Victoria Limited of Ottawa, the manufacturers, is the premium on accuracy. Both the printing and the edge perforation have to stay in perfect alignment through the run to meet the needs of high-speed, print-out computers.

This was the Ottawa company's first European order, but not its last. Another press will shortly be flown to Marseilles.

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

CANADA
POSTAGE PAID
PORT PAYÉ



The next time
Stan Jones clips the shipping services
The president's son has a project at school
Minnie wants the Arab on the cover
I'll be laughing
I'm getting the firm to order me
a personal copy of "Foreign Trade"
Right now

The Queen's Printer, Ottawa, Canada

Pleese send me "Foreign Trede" magezine. I enclose e cheque/money order for $5.00* mede out to the Receiver Generel of Canede for one yeer's subscription.

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