JUNE 7. 69

FOREIGN TRADE

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE, OTTAWA

One of the Department's most successful methods of trade promotion is the entering of displays in trade fairs abroad. Early in April, 18 Canadian companies, under the Department's sponsorship, showed their products at the Utrecht Building and Heating Exhibition held at Utrecht in the Netherlands. This was Canada's fifth appearance at this fair and our cover gives an over-all impression of the display. We'll have more pictures and a report on this fair in a forthcoming issue of the magazine.

Many Canadian firms make full use of the export drawback legislation designed to help them compete in foreign markets. Newcomers to the export field may not be aware of its provisions and the article on page two, written by a staff member of the Customs Drawback Division of the Department of National Revenue, is designed especially for them.

Our April 12 issue, devoted to trading with Eastern Europe, carried on the cover a picture of Lake Ritsa in the Caucasus region of the Soviet Union. Last week a letter arrived from Roger Bull, our Commercial Counsellor in Moscow. Roger says: "It was nice to see Ritsa on the cover. I was down in Georgia at the beginning of April and took advantage of the drive between Sukhumi and Sochi to go up there. It was a sunny day, the surrounding mountain peaks were still snow-covered, the road was good, and the tourist buses were only just starting. I think it is the most beautiful thing I have seen in the Soviet Union and on a par with places like Moraine Lake in the Rockies.

Incidentally, that April 12 number has proved so popular that we have run completely out of copies. We had to scramble to find one for the assistant professor, Department of Marketing, at California State College in Long Beach. He wrote: "Seeking the finest materials for our students of international trade and development, I have found the April 12, 1969, issue a veritable fountain of knowledge on the Comecon countries."

Coming on June 21 is an issue devoted entirely to the market in Italy. A leading article will discuss development and trade in Italy, and a section on methods of doing business in Italy will follow. Finally, our contributors from Rome and Milan will suggest opportunities in specific commodity fields.

FOREIGN TRADE

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Export Drawbacks

what they are; how they can help you compete

J. S. ACHESON, *Chief, Claims Investigation Section*
Customs Drawback Division, Department of National Revenue

■ Every Canadian exporter interested in developing or expanding export markets should be aware of assistance offered through the Export Drawback program administered by the Customs and Excise Division of the Department of National Revenue.

The legislation under which the drawback program is administered provides the Canadian exporter with the opportunity of obtaining drawback of 99 per cent of customs duties and excise taxes paid on imported goods that are exported, or on imported materials or parts used in Canada in the manufacture of goods exported. This recovery of duties and taxes, which otherwise would become part of the cost of the exported goods, places the Canadian manufacturer in a more favorable competitive position in world markets.

Canadian manufacturers of taxable goods normally operate under a sales tax licence permitting the purchase of raw materials without paying the tax, but requiring the collection of tax, when applicable, on goods sold in the domestic market. However, Canadian-manufactured goods exported do not attract excise taxes and therefore may be offered for sale abroad at prices exclusive of excise taxes. This exemption, combined with drawback recovery of customs duties paid on imported goods or materials, may make the difference between a marginal and profitable export order.

The prime purpose of export drawback is thus to assist Canadian exporters to compete with foreign suppliers in world markets.

Although there are special regulations covering other types of export drawback, such as goods supplied as ships' stores, rubber goods manufactured and exported, goods supplied to the Canadian Commercial Corporation for export, spirits exported, new motor vehicles used temporarily in Canada and exported, and goods returned to the country from which they were imported, the two main types of export drawback are: 1. goods manufactured or produced in Canada and exported; 2. goods imported into Canada and exported.

1. Goods Manufactured or Produced in Canada and Exported

The Canadian manufacturer offering goods in export markets may make a drawback claim to recover from the Department of National Revenue 99 per cent of the duties paid on the quantities of imported parts or materials used in the manufacture of the exported products. This means that he can quote export prices virtually free of duties and taxes and thus become more competitive. This drawback applies to anything that becomes part of the manufactured goods exported—such as sugar used to make confectionery, yarn used in weaving fabrics, steel bars made into forgings, or motors attached to Canadian appliances.

In addition, the claim may include materials used up in the manufacturing process but which do not become part of the finished product. Examples are solvent used to swab rubber plies in tire building, chemicals used in the production of newsprint, or bleach used to obtain an acceptable color standard in a product. In dealing with the question of what may be claimed as "consumable material", however, the Customs Act specifically excludes fuel and plant equipment. This precludes claim on coal or other fuels as well as on items of plant equipment such as grinding wheels, dies and drills.

A rather interesting situation can arise when a claimant derives two or more products from the processing of the imported material. There may be an export market for one of the products or perhaps for a percentage of each product. In such cases, a drawback claim must be supported by a Relative Value Outturn Statement. This statement allocates the customs duty paid on the imported material to each product or byproduct derived on the basis of its value in relation to the value of all products produced.

Suppose that a firm imports and pays duty on corn which is processed into corn oil, starch and glucose, and the residue sold as cattle feed. The first step is to establish the quantity of each product derived and then the f.o.b. price of each. Then the total value of all products must be calculated by multiplying the quantity of each by its f.o.b. price. It is then necessary to establish the percentage of value of each product in relation to the total value of all. The customs duty is then allocated to each product by applying these percentages to the total duty paid on the corn. If only the quantity of starch was exported, drawback would be based on the customs duty allocated to that product. The rest of the duty, which was allocated to the products retained in Canada, would not be recoverable.

In some instances a claimant may use both imported and domestic materials of the same class to make similar goods, some of which are exported.

When this happens, drawback may be allowed on the imported material in quantity sufficient to produce the exported goods, provided that the imported material was used in the same plant during the twelve-month period before the manufacture of the goods exported.

Who May Claim?

Who may claim for and receive the drawback? The regulation states the whole of the drawback shall be paid to the manufacturer or producer or exporter of the goods as exported. The important phrase is *the goods as exported.* A Canadian company might manufacture complete motors and sell them to an appliance manufacturer who attaches them to Canadian-made appliances for export. The appliance manufacturer is the manufacturer of the goods as exported and he is the eligible claimant. His claim is not necessarily limited to duties paid directly by the claimant but may include also duties paid by Canadian suppliers of parts, materials or sub-assemblies. These goods may be supplied to the claimant as imported goods or as Canadian-produced goods containing imported components. In such cases, a well established procedure permits the claimant to recover duties paid by suppliers, upon receipt of the appropriate waiver.

Another possibility of drawback waiver exists when the finished goods are sold in Canada and exported by the purchaser. In these circumstances, either the manufacturer or the exporter of the finished goods could be the claimant. This is a matter to be negotiated between the two companies, but in such cases we require a waiver of drawback rights to be given by the non-claimant.

2. Goods Imported into Canada and Exported

The main purpose of this type of drawback is also to help Canadian suppliers to meet competition in foreign markets. In some instances a Canadian company receiving export orders may wish to supplement its line of products by importing certain types of goods for resale. As an example, a company might import from the United States limited-volume items which could not be produced economically in Canada and offer them for sale, together with Canadian-made goods, in world markets. The recovery of 99 per cent of the duties and taxes paid on such items assists the Canadian company to enter this type of export business. In this type of claim, the drawback may be paid to the importer or the exporter of the goods.

Preparing a Claim

The procedure for preparing drawback claims for types one and two above may vary from industry to industry but the production, inventory and accounting records that most companies maintain should be adequate to establish the validity of drawback claims. Occasionally a company will ask whether drawback is payable on materials imported after the export of the finished goods. For example, a firm might have made an export shipment in December 1968 of finished goods manufactured entirely from domestic material. It then imported in January 1969 sufficient quantities of raw material to replace its inventory and now seeks drawback recovery by relating the January 1969 imports to the December 1968 exports. This cannot be allowed.

Making out a drawback claim is not difficult and there are people ready to help you. For example, suppose an appliance manufacturer used a number of imported parts or materials in making the washing machines that he exported and wanted to prepare a drawback claim. He has had no previous experience with such claims. His best plan is to call the local District Drawback Office (see the list on page 4) to seek advice and guidance in preparing his first claim. Arrangements will be made for a member of the firm to visit the Drawback Office or, if necessary, a Drawback Investigator will go to the plant to show the staff how to prepare the claim and to see that there are adequate records to establish its validity. The close cooperation between the Drawback staff and the claimant serves two purposes: it helps the claimant, and it can save a great deal of time for the Drawback staff because the claim will be properly prepared.

In addition, the company would be informed by the District Drawback Office of the possibility of drawback recovery on motors, for example, purchased from a Canadian supplier. Although the motors may have been made in Canada, they could contain imported parts on which the supplier had paid duty. Naturally, the duty element in the cost of the motors would have been passed on in the selling price to the appliance manufacturer and ultimately would form part of the cost of producing the washing machines exported. If the appliance manufacturer is going to compete in export markets he would want to recover the duty paid on his direct imports as well as on articles such as the motors purchased in Canada. In these circumstances, he should request a waiver in the form of a certificate (form K 32A) from his supplier, and should include any duty applicable to the motors in his drawback claim.

While this waiver procedure may sound rather involved, I can assure you it works very well, and it represents sizeable amounts of drawback recovery to many exporters who purchase from Canadian suppliers parts or materials which had been either imported, or fabricated in Canada using some imported content.

It is our experience that, in too many cases, those responsible for the preparation of claims assume that materials purchased from Canadian suppliers are entirely of domestic origin, and in so doing forgo full drawback recovery. The staff engaged in the preparation of claims should ascertain whether there is an element of duty in the Canadian purchases and if so, should request form K 32A from suppliers.

How is drawback claimed? The onus is on the claimant to make application for drawback, and the only official application is the filing of a claim on form K 32 at a Customs Port or Outport, within the time limits specified in the regulations. The claim must be supported by evidence of export: that is, B 13 Export Entries and certified true copy of export invoices. Copies of import entries are no longer required.

Drawback may only be claimed after the goods have actually been exported. A claim may include a single export shipment or all exports for a period of not more than twelve (12) consecutive months. Quarterly claims are recommended but, whatever the period, the claim must be filed within six months from the date of the last

DISTRICT DRAWBACK OFFICES

Dominion Public Building
Amherst, Nova Scotia

Custom House
Quebec City, Quebec

Custom House
Montreal, Quebec

Custom House
Ottawa, Ontario

Federal Building
Oshawa, Ontario

Dominion Public Building
Toronto, Ontario

Dominion Public Building
Hamilton, Ontario

Dominion Public Building
London, Ontario

Dominion Public Building
Windsor, Ontario

Dominion Public Building
Winnipeg, Manitoba

Custom House
Calgary, Alberta

Custom House
Vancouver, British Columbia

export entry covered by the claim. These time limits may change; you should check with a District Drawback Office.

National Revenue, through the Drawback Division, has played a part in the success story of Canadian exports. Total drawback payments in the 1967-68 fiscal year amounted to $57 million and in 1968-69 to $63 million of which export drawback was a high percentage. There has been a gradual increase from $24 million six years ago and there is evidence of a further increase in the number of claims and total payments this year.

Offices Will Help

Canadian companies planning to enter export markets or to expand their present export business should make use of the valuable services available at headquarters of the Drawback Division, Connaught Building, Ottawa, and at District Drawback Offices at the locations listed here.

In certain circumstances where large amounts of capital are outstanding and recoverable by way of customs drawback, the company should bring full particulars to the attention of the district manager of the District Drawback Office serving the area in which it is located.

Hockey Sticks in Switzerland Need an Assist

■ Among Switzerland's winter sports, ice hockey is a relative newcomer. It still lacks the wide appeal of skiing and as a result, facilities are developing slowly. There are at present 64 skating rinks; between ten and twenty more will be added in the next five years. These rinks are mainly used for pleasure skating and usually hockey players are only admitted at certain times. However, some of the largest rinks have a section permanently reserved for ice hockey.

Switzerland has several hockey clubs with a membership of about 8,000 in all. The players are amateurs, except for about 20 full-time professional trainers. At a guess, another 40,000 Swiss shoot a puck on frozen lakes and rivers and in side streets and backyards. The winter is not always cold enough for thick natural ice to form and so the opportunity for these players to practise their sport varies from year to year. Sales of ice hockey equipment consequently are subject to wide fluctuations.

Swiss stores sell 50,000 to 60,000 hockey sticks a year in a good season, including cheap junior models for boys. Until quite recently, Canadian sticks dominated the market. Canada's teams were winning world championships and to the Swiss a Canadian stick was a kind of status symbol. This has now changed completely. European teams have come to the fore and the sticks they use have a reputation out of all proportion. The matches were shown on television and pictures appeared in sports magazines where it was impossible not to notice the trade names stamped in large letters on the sticks. First class publicity for European manufacturers!

The outstanding stick of the season is the "Koho" from Finland. Completely unknown in Switzerland a few years ago, it has become the absolute favorite. There are still other sticks on the market—from Sweden, Czechoslovakia, Yugoslavia and Canada—but they have a chance only because there aren't enough "Koho" sticks to meet the demand. Swiss manufacturers supply cheap sticks for children.

The success of the "Koho" stick is not only due to extensive publicity. According to the trade, it is well-made, strong and durable. It is glued together with epoxy and its price is extremely attractive. Coming from Finland, it enters Switzerland free of duty under the EFTA agreement.

The Swiss agents for Canadian hockey sticks are unhappy. They agree that in sports equipment, as in clothing, there are unpredictable changes of fashion but they feel that it should be possible to regain lost ground. Accordingly, they have made concrete proposals to their principals. They say that the trade name should be in large capital letters on every stick, making it clearly visible to spectators at the rink and television watchers. This helped the "Koho" to become famous. Canadian manufacturers should be careful to keep the quality of their sticks high because European competitors are certainly making every effort to increase the strength of theirs and improve the features. Price is another problem. In the face of ever-increasing competition, Canadian sticks are too expensive. European manufacturers appear to be more flexible and to respond faster to suggestions from their agents.

Canadian manufacturers should re-examine European markets and study carefully the proposals which their agents put forward. If they can meet these requests, they should waste no time in getting an aggressive marketing drive under way in preparation for the next winter season. The line of communication between principal and agent must be improved. Manufacturers should answer letters quickly and by airmail and execute orders without delay. Prices need to be brought into line with those quoted by European hockey stick manufacturers.

A really good publicity campaign is bound to produce results and Swiss distributors would welcome assistance from the manufacturers. They feel that the present trend can be reversed, but only if all concerned make a determined effort.

—M. MEISTER
Commercial Assistant, Berne

The Calgary Carvers

■ When Prime Minister Pearson retired from office last year, one of his gifts from a grateful party was an authentic carving of a Canada Goose. The carving was the work of two English-born artists, Don and Honey Ray, wood sculptors, who jointly own and operate Ray's Studios in Calgary. Since they settled there in 1956, they have made a reputation and sales in both Canada and the U.S.

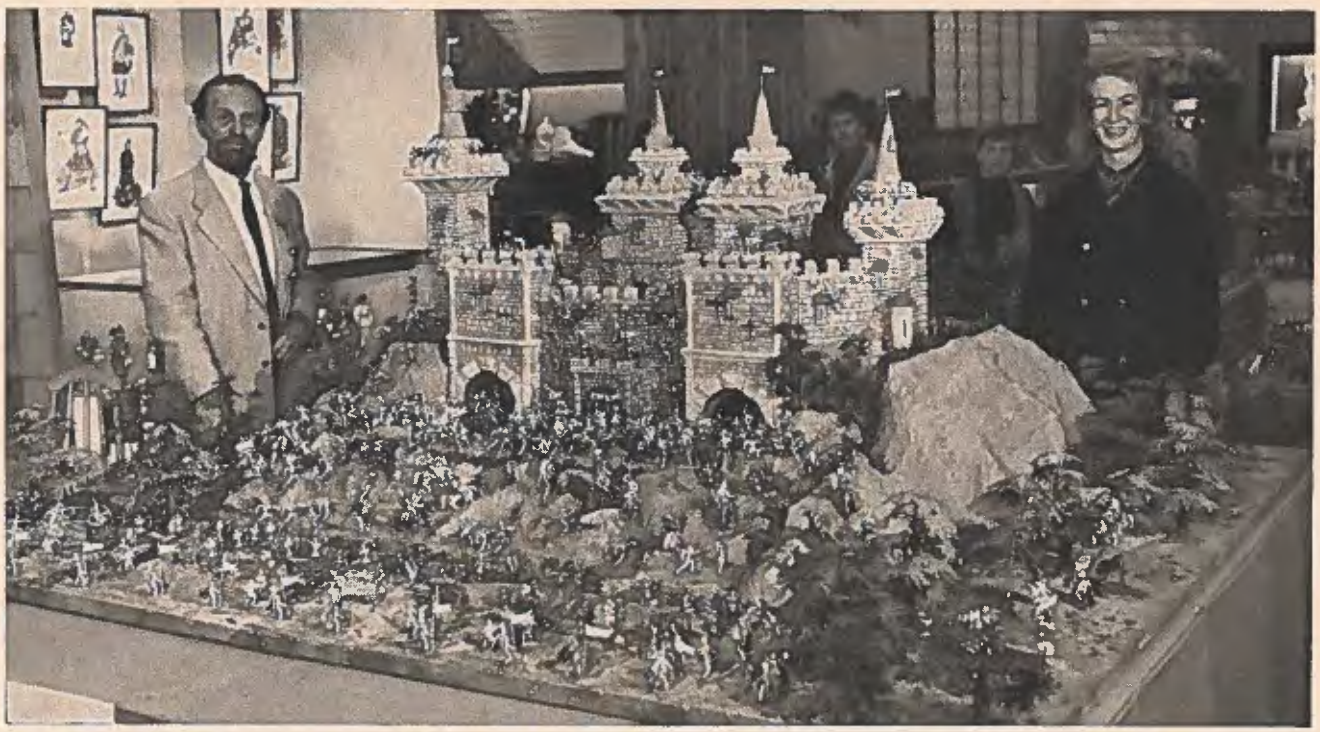
Not many circus performers turn into woodcarvers—but the Rays did. They met in Australia, where Don was a trick and fancy roper and knife thrower in a travelling circus and Honey a trick rider. Don inherited his love for the circus—his father before him had been a circus performer. His father had a hobby, the collecting of model soldiers, and this too the son inherited. As they visited many towns and countries, the Rays added to their collection. Eventually someone suggested that they turn their hand to making model soldiers for collectors. So the hobby became a business, first in London and then, after interruptions during the war and a second circus stint in South Africa, in Calgary.

Since then Ray's Studios has become well known for its authentic carvings of birds, animals, soldiers, and other subjects. About 1964 the Regional Manager of the Winnipeg office of the Department of Trade and Commerce (whose territory then included Alberta) heard about the Rays and dropped in at their studio on his next trip to Calgary. "Ever thought about selling your work in markets outside Canada?" he asked Don and Honey. Don was interested enough in the idea to pay a visit to New York and call on buyers there. They liked what he showed them and soon a number of dealers were stocking his carvings.

That was a start. But it is trade fairs that have really opened doors for the Rays in the United States. In 1965 they exhibited in the California Gift Show in Los Angeles, in company with 19 other Canadian firms. So enthusiastic was the response of fair-goers to their work that before the end of the second day their order-books were full. California continues to be their largest market although they are also selling in Michigan, Ohio and New York. This year they expect to go into the San Francisco Gift Show as well, and when it is over, they will make a sales trip in the area around Carmel and Monterrey, both magnets for the tourist.

One of the Ray's appeals is that they combine artistic craftsmanship with meticulous research. They study their subjects carefully and a Ray carving of a Bluejay or a Canada Goose is true to life down to the last tail feather. They also investigate the types of birds that are most popular in each area where they sell carvings. These change, but the Snowy Owl (or Arctic Owl) remains the outstanding best seller. Few of their sales are made through agents, even in the United States; their hand-carved product, they believe, moves best through direct selling.

The Rays have not forgotten their early love of model soldiers; in fact, this hobby has become deep-rooted. The soldiers, now carved and painted by Don, Honey, and their



This is one of ten dioramas of historic battles that Don and Honey Ray, with their son, have created for their own pleasure. The "Fields of Glory" series is not for sale but the Rays have displayed some of these dioramas in Canada and may exhibit them abroad as a traffic-getter for department stores if their present plans work out satisfactorily.

91518—2½

son, have been put into ten separate animated displays that they have named "Fields of Glory". These dioramas with historically correct backgrounds depict mainly famous battle scenes from the Napoleonic Wars, the American War of Independence, and the American Civil War, or incidents like Custer's Last Stand or the storming of a mediaeval fortress. The ten scenes include some 10,000 military figures altogether and each scene carries a synopsis of the battle it covers.

Don and Honey have no intention of putting "Fields of Glory" up for sale but they have exhibited it in Canada and they have plans for putting it on show in countries abroad as a traffic-getter for department stores. As such, it could bring in export income. Meantime they are busy on a similar project, a diorama they call "The Bells of London Town", which forsakes derring-do for fairy tales. It will have five-inch-high figures to match the scenes—such as "pearly" cockneys, street criers, etc.

Are there problems in exporting artistic products like woodcarvings? Not too many, say the Rays. One is the tariff classification of their products entering the United States. One port of entry admits them duty-free as "works of art"; others classify them as woodcarvings and assess duty at 15 per cent. So far the import austerity program has prevented them from selling in Britain but they may eventually enter that market. Meantime, they are finding the hobby that turned into a business provides both a good living and artistic satisfaction.

Pakistan Expands Pulp and Paper Industry

. . . but will continue to need wood pulp imports to meet growing demand for paper.

J. E. G. GIBSON
Commercial Secretary, Islamabad

■ Pakistan as a developing nation has paid careful attention to building up a solid infrastructure and a broad industrial base. Progress to date has generally been good but much remains to be accomplished. One example of this is the pulp and paper industry, which has been a lucrative market for Canadian exporters and should continue to present good sales prospects.

In the 1947 partition of India and Pakistan, all 16 paper mills were located within the boundaries of India. Pakistan was obliged to import all its requirements—in 1948 some 23,000 tons of paper and board. The Government of Pakistan quickly placed a high priority upon the development of a domestic industry and by 1953 the first paper mill—based on bamboo—was in production in East Pakistan. Subsequently new mills in both Wings of Pakistan have brought the country to the stage where it is nearly self-sufficient in most grades of paper. Today it is a net exporter of newsprint but continues to be acutely short of domestic supplies of pulp.

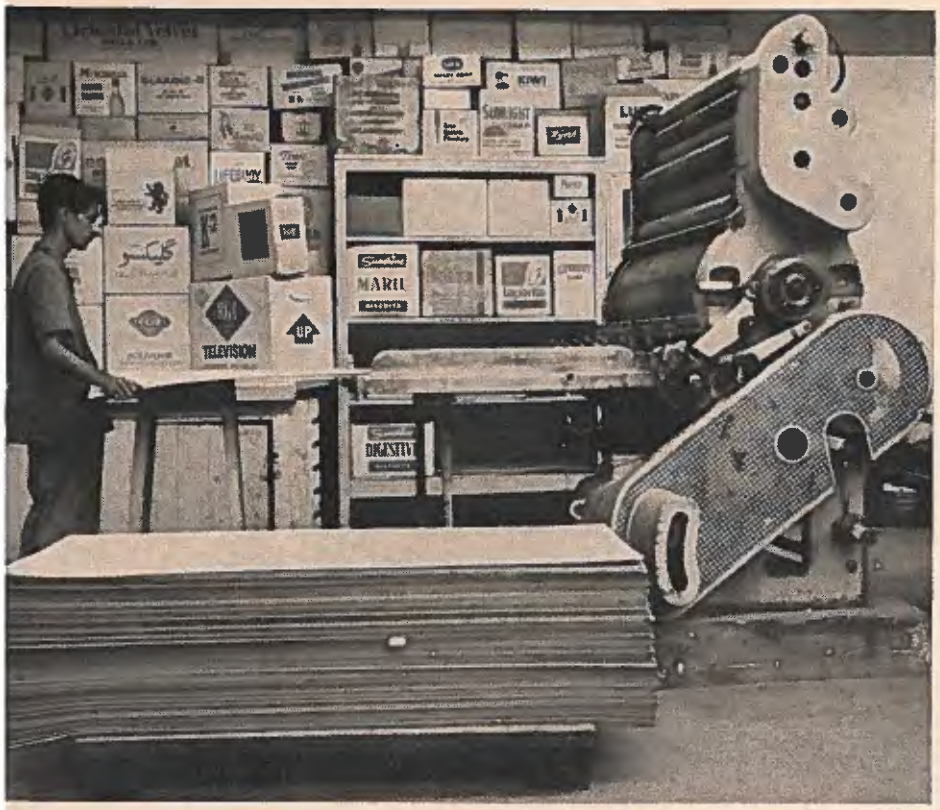
Make-up of Industry

The total national installed capacity for paper, newsprint and wrapping paper is currently 84,000 tons, half of which is newsprint. Practically all the existing capacity is located in East Pakistan. Several expansions and new plants under way in both West and East Pakistan should increase total annual capacity to 150,000 tons in about two years' time.

Kharnaphuli Paper Mills Ltd., a privately-owned company in East Pakistan, started production 16 years ago and at the moment manufactures each year approximately 25,000 tons of printing and writing paper, 5,000 tons of wrapping paper, and a small quantity of specialty papers. The company recently signed an agreement with the International Finance Corporation whereby IFC will loan Rs.-42.8 million (approximately Cdn.$9.9 million) in foreign exchange for a substantial plant expansion. When completed in 1971, the total capacity at Kharnaphuli will be 47,000 tons. This mill does its own pulping, using bamboo from the nearby Chittagong hill tracts.

Khulna Newsprint Mills in East Pakistan is the nation's sole producer of newsprint. Canada has financed most of the consulting work at this mill and has also supplied part of the machinery. Three paper machines are in operation there and production last year amounted to nearly 40,000 tons of newsprint and 7,500 tons of printing and wrapping papers. The estimated domestic demand for newsprint is 35,000 tons a year and Khulna Newsprint Mills has succeeded in finding export markets in Southeast Asia for its surplus.

The newsprint operation is owned and operated by the East Pakistan Industrial Development Corporation, a government body. It is quite probable that during Pakistan's Fourth Five Year Plan, which is to begin next year, a fourth paper machine will be installed with the object of expanding newsprint production capacity to 60,-000 tons a year.



Solid board is printed for a variety of boxes and containers (see background) in the plant of Packages Ltd., Lahore. Pakistan has been expanding its pulp and paper industry but lack of suitable raw materials is a major problem. As expansion continues, wood pulp imports will probably rise and there should be opportunities for Canadian suppliers.

Under Canada's Commodity Aid Program with Pakistan, $2 million is allocated annually for supplies of bleached and unbleached sulphite wood pulp. All of this is taken up by Khulna Newsprint Mills. Domestic supplies consist of a pulp made from a hardwood known as Gewa which grows in East Pakistan. Current supplies of Gewa are believed barely adequate to satisfy current needs and it is therefore probable that this firm will increase its wood pulp imports within the next few years.

EPIDC also has a new mill at an advanced stage of construction, the North Bengal Paper Mills Ltd. in East Pakistan. This will be the first paper mill here to use as its raw material sugar cane bagasse. When it is completed late this year, the mill will have a capacity of 18,000 tons of writing and printing paper a year. Machinery and foreign financing for this project has come from a German, French and Italian consortium.

Projected Production

Papermaking in West Pakistan has to date been small. Production last year of various paper grades amounted to about 5,000 tons. The only sizable construction under way is a 30,000-ton-per-year mill being built by the Pakistan Paper Corporation near Peshawar. Due to go on stream in late 1970, the mill will produce writing and printing paper, using as its prime raw material sugar cane bagasse. Financing for this mill has been made available by the International Finance Corporation, German, British and Pakistani sources. West Germany is providing plant equipment.

Other projects on the horizon include a 30,000-ton-per-year pulp mill in Sylhet, East Pakistan, which will use bamboo stands for its raw material, and a 1,500-ton-per-year banknote paper mill coming to completion at Karachi, designed to supply the requirements of the Governments of Pakistan, Iran and Turkey.

When the above projects are completed, Pakistan's demand and supply position for paper will be roughly in balance. Demand for all types of paper is expected to increase very rapidly in the 1970's, bowever, and it is evident that further expansion and new plant construction will be necessary to obviate the need for imports (see table).

The lack of suitable raw materials will be the most difficult factor affecting expansion in paper production. There are simply not enough softwood stands in economic quantities and hardwood supplies are closely in line with existing demand. Obviously, more wood pulp imports will be needed. In addition, more use of bamboo and bagasse for pulping purposes can be expected.

We believe that Pakistan's planners will give the pulp and paper industry a high priority in the Fourth Plan (1970-75) and this will create good sales opportunities for Canadian exporters.

PAPER CONSUMPTION AND PRODUCTION FORECASTS

Grade	*1970 Expected Capacity*	*1970 Forecast Demand*	*1975 Forecast Demand*
		(in tons)	
Writing and printing	93,000	57,500	92,800
Wrapping	16,500	26,600	46,400
Tissues and specialty	5,550	1,800	4,500
Newsprint	42,000	41,400	62,800

Source: East Pakistan Industrial Development Corporation.

Planning a Nordic Economic Union

A draft treaty setting up NORDEK is to be prepared by July 15; the union itself may be a reality by 1972.

Denmark (above, a view of Copenhagen) generally approves of NORDEK proposal.

In Norway (above, Oslo's Town Hall) it may mean slightly lower level of tariffs.

D. S. ARMSTRONG
Commercial Counsellor, Stockholm

■ Co-operation among the Nordic countries has a long history. The most significant recent date was 1952, when the Nordic Council was founded, with Norway, Sweden, Finland and Denmark as members. (Iceland became a member later.) This body is composed of politicians of all parties and numerous specialist committees. It has made many recommendations to governments and among those implemented have been a common Nordic labor market, common welfare legislation, a passport union, and extensive juridicial co-operation. In some sectors the Nordic countries have actually achieved a higher degree of integration than the EEC. For example, about 100 major co-operative agreements have been concluded between Nordic companies in such fields as production specialization in the paint, textile, rubber, chemical and foodstuffs industries, and on subcontracting in the automotive and engineering industries. Collaboration is close in export marketing of forest products and in civil aviation (SAS); in such fields as nuclear power, communication satellites, computer centers and under-sea gas and oil exploration projects are expected to be undertaken jointly. The four countries negotiated as a single entity in the Kennedy Round with satisfactory results.

Report Prepared

It was the Nordic Council that sponsored the first step towards greater Nordic economic co-operation through the setting up of an economic union to be known as NORDEK. About a year ago, the Council set up a Committee of High Officials drawn from the four governments to study and report on the possibility and problems of bringing such a union into being. This com-

Sweden (this is Stockholm) would expect tariff level to rise; so would Denmark.

For Finland (this is Helsinki) common tariff would be lower than present rates.

mittee produced a 137-page report which was published in January and discussed later at a meeting of the Nordic Council.

The report deals with eleven interrelated subjects from collaboration in setting economic policy to co-operation in assistance to emerging countries. Possibly the item of most interest is the proposed Nordic customs union. The aim here is to have a common outer tariff based on balanced averages of the four countries' tariff rates, fixing these at or near EEC rates wherever possible. A proposal has been made for common duties on 85 per cent of the tariff items representing 75 per cent of the countries' imports by value from non-EFTA countries. (EFTA trade in non-agricultural products is free of duty.)

Among the exclusions from the common external rates so far are chemicals and plastics, clothing, shoes, motor cars, glass, and household machines. The duties proposed on iron and steel would also have to be discussed more fully. The report states that the aim is to achieve a level nf duties "which can contribute to developing in the Nordic countries a competitive and differentiated industry that is in a position to assert itself in an integrated Europe and on the world market."

The report covers 13 other main topics, including trade policy, industrial policy, capital movements, agricultural policy (one of the more difficult aspects of the proposed union), fisheries policy, and trade legislation covering uniform company law, patents, legislation on bankruptcy, etc. The harmonization of trade policy would mean that the four countries would speak with one voice in their dealings with international organizations and with other economic groupings, would co-operate in export promotion and in air and sea transportation, and would impose similar anti-dumping measures. Industrial policy, it is suggested, would emphasize more technical research and development, and co-operation in automation, the training of competent management, power supplies (including nuclear power, which only Sweden has to date), and marine research. Capital movements, which are subject to exchange controls at present, would be liberalized.

To alleviate hardships, it is likely that resort will be made to implementing agreed changes in stages or gradually, to long transition periods and to special financial measures. It is generally accepted that there will be a Nordic Financing Institute consisting of an Investment Bank, a General Fund and Agricultural Fund and a Fisheries Fund. These will be used to finance desirable industry rationalization schemes to strengthen their competitive position.

Draft Treaty by July

After three days of debate on the report, the Committee was instructed to set to work on a draft treaty based on these proposals, to be presented to

the Council by July 15 of this year. The earliest date for NORDEK to come into being would be January 1, 1972, according to present thinking, and even then there will be transitional arrangements in some fields that will extend over several years.

NORDEK will mean, at the least, increased economic co-operation among the four countries—Norway, Denmark, Sweden and Finland—and at the most a formal economic union —a single market of 20 million people through structural rationalization and integration of the four economies. Defence is not a factor in these negotiations but is a significant area of difference, because two of the countries are NATO members and two studiously avoid military pacts.

The presentation of the draft treaty by July 15 would initiate a long process of public examination, debate in party caucuses and in the four Parliaments, and finally ratification by all four countries.

Possible Effect on Trade

What effect would the formation of NORDEK be likely to have on Canadian trade with the four countries? Only time will give the correct assessment but here are a few of the possible developments:

1. A few Canadian exporters may find the NORDEK tariff higher in one or two countries and lower in the others as a result of the averaging of customs duties. In general, tariff levels in Sweden and Denmark are lower than those in Norway and Finland, and therefore the expectation is for slight increases.

2. Centralized buying may become more concentrated. Exporters now can cover 50 to 80 per cent of the Swedish market (population 8 million) with visits to four buyers; as NORDEK becomes established, the same effort may cover a market of 20 million.

3. Some Canadian exporters may find increased competition in third markets from Nordic firms which have been able to effect economies in production.

4. If NORDEK achieves its aims, the present high standard of living and level of purchasing power will be even higher, resulting in increased demand for goods and services, both domestic and foreign. To the extent Canadian firms can take advantage of this, they will certainly benefit.

International Loans Announced

Education in Zambia—The World Bank will lend Zambia $17.4 million to help it expand its secondary school system over the next five years. At present, 90 per cent of the qualified secondary schoolteacbers come from abroad; Zambia aims to fill most of its positions in industry, commerce and agriculture from its own secondary scbools by 1980 and also provide its own teachers. The plan includes building nine new schools and extending facilities at the 56 now operating. Curricula will be updated and more emphasis placed on science and industrial arts. The Higher Teacher Training Colleges at Kabwe and Kitwe will increase enrolment from 125 to 750. The country's 10,000 primary teachers will also be retrained. The Northern Technical College will be expanded to turn out 210 engineering technicians a year by 1974, together with a lesser number of skilled craftsmen; this will be done with the co-operation of private industry. The entire project will be carried out by a special unit within the Ministry of Education.

Cement production in Thailand—The International Finance Corporation, the World Bank affiliate which invests in private business, will provide $22.1 million to help the Siam Cement Group finance expansion. The Group produces most of the building materials used in Thailand and is one of Asia's largest manufacturers of cement. The money will help finance a cement plant, a 150,-000-ton steel rolling mill, an asbestos cement sheet plant, and a concrete pipe plant. Suppliers in Denmark, Germany, Switzerland and Britain are providing $14.5 million in credits. Cash generation, bank loans and equity investments will furnish another $20 million.

Coffee-growing in Burundi—The International Development Agency (IDA) will provide a $1.8 million credit to help native farmers improve the production of coffee and increase their cash income. The Burundi Agency for Industrial Crops, a government authority, will use the credit to provide in-service training, extend the use of fertilizer, furnish tools, build processing plants, and construct some 350 small bridges on present coffee tracks. The program will extend over five years.

Updating Tunisian railways—The World Bank and its affiliate, tbe International Development Association, will lend Tunisia $17 million to help rehabilitate and modernize the country's railway system. Italconsult recently completed a survey of Tunisia's entire transport sector and formulated the rail transport part of the Government's Second Four Year Plan (1969-72). The present project will lay the foundation for future expansion but will not appreciably increase capacity. Tunisian Railways (SNCFT) will retain consultants to determine the technical characteristics of equipment needed.

Industry and tourism in Paraguay—The Inter-American Development Bank will lend Paraguay $4 million from the Fund for Special Operations to continue the industrial credit program started in 1963 with a similar loan. Part of the new loan will also be used to finance the building of small hotels. This is the first time IADB has made a loan specifically to foster tourism.

Vegetable research in Asia—The Asian Development Bank will contribute $300,-000 to the Asian Vegetable Research and Development Center (AVRDC) which plans to spend $7.5 million in its first five years of operation. The Center will be in the Republic of China (Taiwan) and will be supported by Korea, Japan, the Philippines, Tbailand, the United States, Vietnam and Taiwan. Studies will concentrate on pulses and vegetables now that the foodgrain production picture is brighter.

Technical education in Argentina—The Inter-American Development Bank will lend Argentina $12 million to help finance its $31.9 million program to improve technical education facilities throughout the country. The loan will be made from the Fund for Special Operations.

Turkey—a Challenging Market

It is not easy to sell to Turkey but for those who have the right product and make the effort, the rewards are substantial.

CLIFFORD SWIFT
Commercial Officer, Athens

■ Despite Turkey's precarious balance-of-payments situation and restrictive import regime, Canadian exports of equipment, materials and engineering services to that country were valued at $13.7 million in 1968, almost three times the 1967 figure of $5 million. Prospects are good for a further improvement this year in our sales to Turkey.

On the whole 1968, which was the first year in the Second Five Year Economic Development Program, was a good one for the Turkish economy. The GNP rose some 6.6 per cent (6.1 per cent in 1967) and, although this was below the 7 per cent target, it was achieved in the face of a continuing critical foreign exchange problem and sluggish export performance. Export earnings were, in fact, provisionally estimated at U.S.$523 million, despite measures last September to boost them which included financing from a special export promotion fund, reduced bank credit and rediscount rates, and exemptions from export taxes and charges. Receipts from Turkish workers abroad and tourism registered only modest gains, and the situation was strained further by reduced U.S. AID funds and a slowdown in OECD Aid Consortium and other international and foreign government assistance.

Significant Statistics

Industrial output showed a significant 10 per cent expansion over 1967 but it was partly offset by a shortfall in agricultural output—a gain of only 1.1 per cent due to bad weather which particularly affected yields of wheat and other cereals. Business activity was brisk, however, during the year and construction and investment expenditure in both the state and private sectors was higher than in 1967. Market demands were adequately met and price increases were much more moderate than in previous years, with only a 3.4 per cent increase in the official wholesale price index at the end of the year. The Istanbul and Ankara cost-of-living indexes were up by only 5.9 and 4.1 per cent, against 14 per cent and 6.4 per cent in 1967. Employment rose by 10 per cent during 1968 and the number of workers who went abroad, principally to West Germany, increased from 8,400 to 40,700. Consolidated bank deposits rose by 9.9 per cent compared with 4.6 per cent in 1967, due mainly to increased personal savings but also higher commercial and official deposits as well. Bank loans were up 13.1 per cent (11.7 per cent in 1967). The outlook for 1969 is favorable, and given average growing conditions for agriculture, Turkey's GNP should rise by the planned 7 per cent.

Turkey's Second Plan

Turkey's economic planners continue to be plagued by the problem of speeding up industrialization and development and at the same time keeping the large international debt under control. With servicing charges included, this debt has reached U.S. $2.7 billion. Repayment and interest charges of U.S.$165 million due this year are the highest since the First Five Year Plan began in 1963.

Turkey has entered the Second Five Year Plan (1968-72) which, like its predecessor, calls for an annual GNP increase of 7 per cent (6.5 per cent per annum was the average achieved in the first plan). To reach the 7 per cent target means an annual increase of 12 per cent for industry (it was 9 per cent in 1963-67) and 4.1 per cent for agriculture (2.9 per cent). It is hoped to increase the GNP by 40 per cent from U.S.$9.4 billion in 1967 to U.S.$13.3 billion in 1972 (at 1965 prices). Planned investments for both the public and private sectors during this period total U.S.$12.4 billion, against U.S.$7.2 billion in the previous plan. Per capita national income is expected to rise from TL2,580 (U.S.$286) in 1967 to TL3,200 (U.S. $355) by 1972. To reach these goals, foreign aid to the tune of U.S.$1.6 billion is required over the five-year period. Aid requested during the first plan totalled U.S.$543 million and it was provided or promised by OECD Aid Consortium members and others, including the World Bank, the European Investment Bank and the European Monetary Agreement members. Part of this aid is still in the pipeline. Foreign aid received through the Consortium in 1967 totalled U.S.$344 million and covered both program and project aid and debt roll-overs. The 1968 aid target was set at U.S.$314 million (it is understood that some U.S.$272 million was actually received or promised) and 1969 requirements have been estimated at U.S. $297 million, U.S.$150 million of project aid and U.S.$147 million in program credits.

Relations with EEC

Under its association agreement with the EEC signed December 1, 1964, Turkey was allowed a five-year preparatory period during which it was not required to reduce tariffs on imports from the EEC. Turkey was to receive certain benefits, including U.S.$175 million in credits through the European Investment Bank for development projects, and duty concessions on its exports to EEC countries of various agricultural products, fish, carpets and certain textiles. Negotiations are now taking place on the next stage in Turkey's associate membership status, which will probably take effect from December 1969. Tariff barriers will be removed in three phases of six, twelve and twenty-two years. On the other hand, EEC countries are expected to offer an immediate 60 per cent tariff reduction

on Turkish products not already benefitting from special concessions and to remove the remaining 40 per cent in two annual stages. A further U.S. $175 million may be granted over several years to assist Turkey's economic development.

Current Projects

Over and above Western aid, Turkey signed an agreement in 1967 under which the Soviet Union will supply capital equipment and engineering services for major development projects, including an aluminum smelter, an oil refinery, and an integrated iron and steel works, worth U.S.$200 million in all, with repayment through bilateral clearing arrangements. Similar offers of assistance from other Eastern Bloc countries have been received or discussed in recent months.

With national elections slated for October 1969, the Government is anxious to press on with important investment projects this year, including the northern suspension bridge over the Bosphorus; a third bridge across the Golden Horn; a 400 to 500 mw. nuclear power station; a 1,800 kw. thermal power station using lignite; an aluminum smelter; a fourth oil refinery; a third integrated iron and steel mill; a 450,000-ton nitrogenous and phosphatic fertilizer plant near Istanbul; a large integrated lumber, pulp and paper mill in the Antalya region; the joint Iraqi-Turkish natural gas pipeline; the Side (Antalya) tourist complex, and a shipyard at Pendik near Istanbul.

Opportunities ond Problems

Scarce foreign exchange limits imports. The volume of foreign financial assistance and private investment in 1968 was below Turkey's expectations, and prospects do not appear particularly favorable in 1969. Agricultural export earnings, workers' remittances (U.S.$107 million in 1968) and tourism (U.S.$24 million in 1968) may improve their performance this year but it is unlikely that there will be any substantial increase in imports, which totalled U.S.$764 million in 1968 compared with the U.S.$835 million planned.

Import conditions for the private sector remain difficult. Foreign exchange transfer delays are growing and are now 20 weeks. The foreign exchange reserve situation is critical, higher prior import application deposits became effective in January this year, and money and bank credit are tight. Fortunately, foreign exchange continues to be available for the state sector supply program which runs to some U.S.$300 million a year; most purchases are made on international tender with letter-of-credit payment; requirements cover a wide range of equipment, machinery and industrial materials and offer good opportunities for Canadian industry.

Import needs will increase during the second plan to meet the demands of new industries and of the population which is rising by 2.6 per cent a year. However, imports will continue to be rigidly controlled and restricted to raw materials, capital equipment and machinery, and a very limited range of essential consumer goods which cannot yet be produced by domestic industry. The chances of selling Canadian capital equipment or competing successfully for the many interesting turnkey projects—conventional and nuclear power generation, forest products industry, airport and bridge construction, petrochemicals, mining extraction and processing, gas and oil pipelines, tourist development, municipal traffic studies—all depend to some extent on financing. This means the ability to offer attractive loans or credits; World Bank and UNDP financing may be made available for some projects. There should still be opportunities for engineering services with payment from Turkey's own limited foreign exchange holdings.

Pattern of Conodion Exports

Apart from engineering projects, our trade with Turkey showed a solid gain in 1968, after several years of steady growth. Canada's exports to Turkey totalled $1.6 million in 1964, $3.5 million in 1965, $4.8 million in 1966, $5.0 million in 1967 and $13.2 million in 1968.

An important part of this improvement is attributable to a large Canadian contract with Turkish PTT for telephone equipment parts and cables, and to increased exports of aluminum ingot. In 1968, initial sales were made of Canadian newsprint ($1.7 million) ferro-alloys, magnesium ingot, power boilers, X-ray equipment and parts, and phthalic anhydride. Sales rose for zinc ingot (including an $800,000 order towards the end of the year placed by the state Etibank with a Canadian supplier), cattle hides ($367,092), asbestos fiber ($495,930), assembly parts for harvesting combines ($310,907), automotive parts ($210,356) laboratory instruments ($170,922), navigation instruments ($98,535), and trucks and chassis ($147,490).

Shipments of certain industrial chemicals, sheet and strip carbon steel, refractory bricks, bearings, knitting machine needles, motor vehicle engines and parts, measuring and testing instruments, and hand tools also increased.

Four Turkish engineering contracts were awarded to Canadian firms in 1968 with a total value close to $500,000.

Unexploited Markets

There are difficulties and frustrations in selling to the extremely price-conscious Turkish market but we are confident that Canada's sales will continue their upward trend in 1969. We firmly believe that a more personal sales effort and close study of the Turkish market will reveal excellent opportunities for Canadians to sell many more products, including sulphite and sulphate pulp, kraft paper, tabulating card stock, chemical fertilizer, refractory brick, and breeding cattle and poultry—sales of most of these have been negligible so far. Chemical fertilizer is one example, we feel, of a product that could sell better, given a determined effort. Despite expanding domestic production, fertilizer imports are increasing. U.S. suppliers successfully entered the Turkish market in 1968 and obtained U.S.$18.5 million worth of business against traditional European and Mediterranean competition.

To obtain state or private sector business and engineering projects in Turkey, the services of a well-connected and energetic agent or engineering firm are highly desirable and often essential. Whether you want to explore the market for the first time or wish to intensify your sales efforts in Turkey, you will find that the Commercial Counsellor at the Canadian Embassy in Athens is ready to help you, particularly in the important task of finding a suitable agent or partner.

Greece Is a Market Too

Its imports reach about $1.3 billion a year and development projects promise further opportunities for alert exporters.

E. PAUL RIGBY, *Assistant Commercial Secretary, Athens*

■ Greece today is a modern, developing country which offers many opportunities to Canadian businessmen. Athens, the capital, is a large city of two-and-a-half million people with all the requirements of any other Western city of similar size, from food to mass transportation.

There are many developing countries in the world. What makes Greece stand out? The simplest answer to this question is that total Greek imports in 1968 reached approximately $1.3 billion. It is also one of the few developing countries with almost no import controls. Geographically at least it is a part of Europe and therefore closer to European ideas and requirements with which Canadian exporters are familiar. Add to this that it has a stable currency and a relatively sound economy and you have a good case for giving thought to sales possibilities in Greece.

The most obvious weakness in the Greek economy is the balance of payments. At first glance this would appear disastrous because export earnings cover only one third of the total import bill. Some countries find themselves in a position like this once in a while but Greece has heen living with this situation for many years. The explanation is that money flows into Greece in many other ways not directly related to commodity exports. The main sources of invisible foreign exchange are shipping, emigrants' remittances, tourism, and foreign investment. In most years these four sources provide enough foreign exchange to cover the deficit on merchandise account. Although tourist earnings and foreign investment declined in 1967 and 1968 they were more than offset hy a significant rise in earnings from shipping. At the end of 1968, reserves of gold and foreign exchange were estimated at approximately $300 million, a figure which is considered adequate for the normal operation of the economy.

Problems Appeor

Last year was not the hest one for the Greek economy, mainly because of crop failures which affected agricultural exports (ahout 60 per cent of total exports). Exports of food and tohacco fell significantly helow 1967 figures. These were, however, roughly offset by gains in exports of manufactured goods and handicraft products and final exports were only slightly higher than in the previous year. Imports, on the other hand, continued to rise and this led to an increase in the trade deficit of approximately $75 million. A portion of this was covered by a rise in invisible receipts but preliminary figures indicate that there will be an over-all deficit. The official reserves, however, have increased as a result of loans to the Greek State by European and other banks.

How Good o Yeor?

Prospects for 1969 appear hright, provided factors beyond the control of the Greek Government do not intervene. Preliminary estimates indicate that agricultural earnings should recover from last year's low. The citrus fruit crop appears to have escaped serious damage. The economic prosperity in Germany and elsewhere in Europe should increase earnings from Greek workers ahroad. Earnings from shipping may not increase as dramatically as they have in the past few years, hut they should still continue to rise. Foreign investment is still difficult to estimate, but many foreign firms have applied for permission to estahlish in Greece under the generous foreign investment laws. Some of these projects should begin to materialize in the near future.

On the negative side, the most serious prohlem is the expected rise in imports. As the economy expands, demand, particularly for consumer goods, will increase. Given the already large imports any significant increase gives cause for concern. The Government is well aware of this problem, however, and is taking steps to ensure that the situation is kept under control.

The external factor causing most concern to the Greek authorities is the possihility of a new outhreak of fighting between Israel and the Arah countries. This would have a detrimental effect on the flow of tourists to the eastern Mediterranean in general and would also discourage some investment. In the final analysis, however, most experts agree that the country's foreign exchange reserves and horrowing power are sufficient.

Finding Opportunities

Although Canadian exports have not expanded significantly over the past few years (see tahle) there is a growing interest in Greece on the part of Canadian exporters of goods and services which should lead to significantly larger sales in the near future. Among the projects heing considered are mining, power development, telecommunications, transportation and road construction. Canadian exporters

CANADIAN EXPORTS TO GREECE

	1966	*1967*	*1968*
	(Cdn.$'000)		
Total exports	**9,647**	**8,629**	**8,904**
of which			
Telephone apparatus, eqpt. & parts	—	756	1,014
Aluminum pigs, ingots, slabs	1,690	1,077	788
Wood pulp, sulphite, unbleached	208	717	782
Seed potatoes	524	891	720
Sulphur, crude or refined	409	1,026	676
Asbestos milled fibers	223	411	638
Furs, dressed, n.e.s.	257	193	242
Lead pigs, blocks and shot	249	—	219
Gluten and gluten meal	—	8	210
Newsprint paper	294	181	162

of many different products have also shown interest in Greece.

In the engineering field there are many opportunities just now for Canadian firms. During the past year Canadian consultants have worked on two projects, one a forestry study in northern Greece and the other an asbestos survey in the region of Kozani. Both of these studies should lead to further development, involving more opportunities for Canadian companies. In addition, Canadians have been interested in a number of other projects, including the Athens airport master plan, a series of hydroelectric studies, and public transport studies. On a number of these projects Canadian engineers appear to be competing successfully with other foreign consultants.

It is impossible to list all the Canadian products which could be sold in Greece. Because the income level is lower than in some countries it is probably more price conscious than other European markets. Therefore, Canadian exporters must be able to offer prices competitive with those of European and U.S. products if they are to be successful. As mentioned previously, there are very few restrictions on the types of goods which can be imported into Greece. The main difficulty that Canadian exporters are likely to encounter is in offering products already made by Greek industry. In these cases, duties and other restrictions make sales by any foreign exporter difficult.

Come and See

Now that there is a direct air link between Canada and Greece provided by Canadian Pacific and Olympic Air Lines, it is easy for Canadian exporters to visit Greece. It can, of course, be added to a European trip for very little additional cost. For those businessmen who travel regularly to the Middle East or even to the Far East, Greece is a convenient stopping-off point for both business and relaxation.

The Debt Responsibilities of Venezuelan Business Organizations

■ Experienced exporters are careful to consider the debt responsibilities of tbeir foreign trade partners before tbey grant credit terms. This information must be kept rigbt up to date because a cbange in management may convert a safe account overnight into a credit risk, no matter how favorable previous status reports may have been.

It is particularly important for the exporter to know how far individual debt responsibilities go in the different types of business organization. This is the position in Venezuela:

The individual. The owner of tbe sole-proprietor type of firm is fully responsible for commitments he incurs to tbe extent of his private and trade assets. In Venezuela, as in many other Latin American countries, these firms are often disguised by impressive names, for example, Fabrica de Velas "La Abeja", "La Rosa de Oro", Joyeria "El Diamante", Colcboneria "El Suspiro". Sometimes the owner's name is used as well, especially on the letterhead: Joyeria "El Diamante"—Juan Lopez or Colchoneria "El Suspiro"—Andres Martinez. However, in most cases, the owner's name appears prominently in the title as in Juan Perez, Representante de Fabricas, Pedro Hernandez, Distribucion de Repuestos y Accessorios, or Amadeo Garcia, Importador de Tejidos.

The partnership. In a partnership, all partners alike are fully responsible to the extent of their private and trade assets for the trade commitments of their firm. Partnerships may be recognized by the suffix "& Cia." or "Co." or by the use of two family names like Garcia & Perez or Garcia, Perez y Compañia. In some cases the partnership consists of various members of the same family, for example Distribuidora Garcia Hnos (brothers), Vda. de J. M. Hernandez e Hijos (widow and sons of the deceased J. M. Hernandez). The impressive names previously mentioned may cover a partnership as well as an individual.

Silent partners. This type of partnership, legally recognized by Venezuelan law, consists of the active partners, who are responsible witb all their assets for their trade commitments, and tbe silent partners whose responsibility is limited to a given amount. Such partnersbips are characterized by the suffixes: "S. en C.", "C. en C.", "Sdad. en Com.", and "Cia. en Comandita".

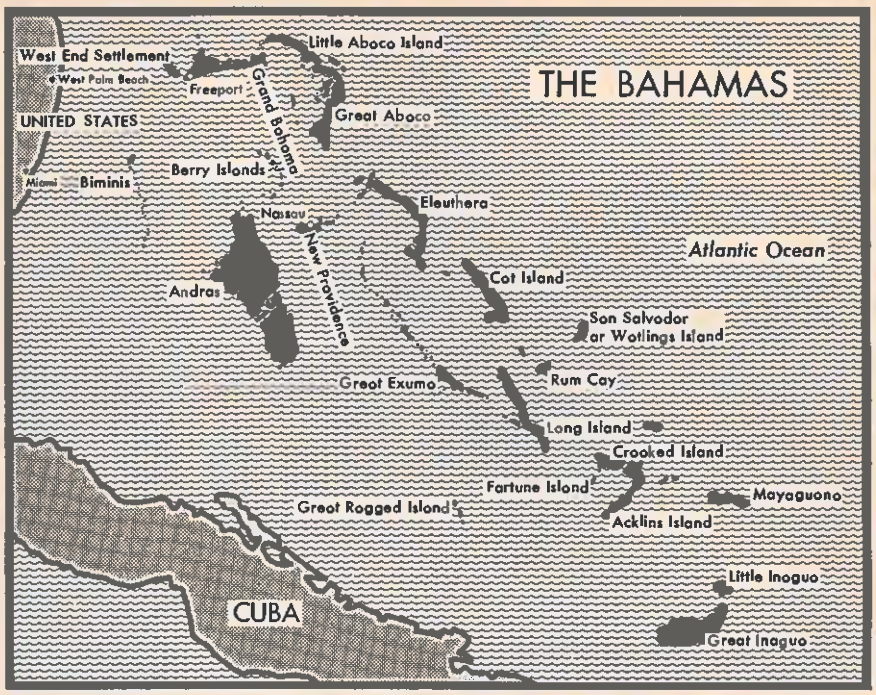
The corporation. A corporation, or joint stock company, is responsible only for the amount of its capital. When the shares have not yet been paid up, the shareholders can be called to pay up the full amount of their shares. Beyond these limits, the company and its shareholders have no responsibility. This applies particularly to the new type of company created by the 1955 reform of the Commercial Code, the limited responsibility company. The members of the management of these companies are, however, personally responsible to third parties if they have committed a breach of the company's statutes or of their managerial duties to tbe detriment of the third parties. In Venezuela, such companies can easily be recognized by the prefix or suffix "C.A." or "S.A.". (Although the Venezuelan law lays down that the terms "Compañia Anonima" or "Sociedad Anonima" must be spelled out, it is seldom done.) Some examples of this type of firm are Fulgencio Garcia C.A., C.A. Empresa Duarte, Colchoneria Dulce Suano S.A., Distribuidora de Viveres C.A. and Perez Hnos S.A. Other abbreviations are used for the type which would correspond to the English limited company kind of enterprise as, for instance, in Cines Asociados, Soc. Res. Ltda., "La Abeja" Ltda., Jose Ramirez, C. Rep. Ltda., and Juan Garcia S.R.L.

Transfer of ownership. In the case of individual firms and partnerships, tbe previous owner and purchaser are both responsible for any commitments towards third parties unless they insert the three advertisements prescribed by Article 151 of the Venezuelan Commercial Code with ten-day intervals between the insertions. These notices must be put in the newspaper nearest to where the firm is located. If the net value of the firm exceeds the BS. 10,000 limit, the notices must be inserted in one of the country's largest newspapers. During the transition period while these are being published, the creditors may request that the previous owner produce bonds or give guarantees for the amount of his debts to secure funds owed to creditors. Should their claims not be guaranteed or paid by the party that transfers ownership during the transition period, the purchaser of the firm will be responsible for payment. The mecbanism of transfers is fairly simple and therefore it is important for creditors to make claims well ahead of tbe thirty-day deadline in order to safeguard their interests.

—G. J. FONS
Commercial Assistant, Caracas

Markets in Brief

BAHAMAS



Area: 700 islands representing a total land area of 4,400 square miles.

Population: 172,000 (estimated 1967).

Climate: sub-tropical; during the winter months (November-May) the average temperature is 70°F. and in the summer, 85°F. Humidity is fairly high but never oppressive. Heavy rainfall is confined mainly to June, July and October with light rain showers throughout the year.

Language: English.

Currency: Bahamian dollar; B$1.00 equals Cdn.$1.054 (May 1969).

Foreign exchange: Canadian and U.S. dollars are freely convertible for business transactions.

Weights and measures: imperial standard.

Central and chief port: Nassau, New Providence Island (1967 estimated population) 100,000.

Marketing centers: Nassau, New Providence Island, and Freeport on Grand Bahama Island.

Economy: based on tourism but industry is becoming more important, especially in Freeport.

Bahamian imports: 1967—B$165.6 million.

Chief imports: (B$ million) food, alcoholic beverages and tobacco 40.6; wholly or mainly manufactured articles 115.9.

Chief suppliers: (B$ million) United States 114.2, Britain 31.2, Canada 8.

Value of imports from Canada: B$8 million.

Chief imports from Canada: (B$ million) food, alcoholic beverages and tobacco 4.5; wholly or mainly manufactured articles 3.4.

Total Bahamian exports: B$32.2 million.

Chief markets: United States, Canada, Britain.

Value of Canadian purchases: B$2 million.

Chief Canadian purchases: rum, salt and brine, fresh cucumbers.

Prices: quote in Bahamian dollars, c.i.f. Nassau or c.i.f. Freeport, depending on destination.

Usual terms of payment: sight draft against documents. Terms of up to 30 or 90 days are sometimes given.

Samples: deposits required but refunded on re-export of samples. Certified invoices and packing lists must accompany all samples.

Visas: not required. Visitor must have a valid travel document but not necessarily a passport. Businessmen visiting the Bahamas to solicit business must obtain an immigration permit from the Department of Immigration on arrival. When this is issued, a travelling salesman's licence should also be obtained from the Licensing Department. However, businessmen wishing to consult with and advise their local agent do not require an immigration permit.

Trade agreements: Canada-West Indies Trade Agreement 1926 and 1966 Protocol thereto.

Import controls, documentation, customs tariffs, marking and labelling: most goods can be imported freely. Canada enjoys preferential tariff treatment.

Agricultural produce: governed by tariff structure which varies according to availability of local produce. For further details consult the Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

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

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

Commercial Secretary, Office of the High Commissioner for Canada, Commercial Division, P.O. Box 1500, Kingston 10, Jamaica.

Markets in Brief

DENMARK

Area: 16,619 square miles, not including the Faroe Islands and Greenland.

Population: 4.8 million.

Climate: temperate coastal climate.

Language: Danish; sales literature in English generally acceptable.

Currency: krone; one krone equals Cdn.$0.1428 (May 1969).

Foreign exchange and import regulations: foreign exchange freely available; import licences required only for a limited list of non-liberalized products.

Weights and measures: metric system.

Capital: Copenhagen.

Chief ports: Copenhagen, Aalborg, Aarhus, Esbjerg, Odense.

Marketing centers: Copenhagen (population 1968) 1,345,000, Aarhus 114,779, Odense 104,567, Aalborg 84,098, Esbjerg 57,184.

Economy: well-developed secondary industry, dependent almost entirely on imported raw materials, now ranks before agriculture, but agriculture continues to play an important role.

Total Danish imports: 1968—D.Kr.24,099 million; 1967—D.Kr.21,867 million.

Chief imports: (per cent) electrical and non-electrical machinery and apparatus 17.2; transport equipment 10.6; raw mineral oil and products thereof 10.0; textile yarns, fabrics 5.9; iron and steel 5.3; non-ferrous mineral products 5.3; chemical raw materials and compounds 2.6; raw plastic 2.6; non-ferrous metals 2.5; lumber and cork 2.2; feedstuffs 2.1; wearing apparel 2.1.

Chief suppliers: (per cent) West Germany 18.8, Sweden 15.0, Britain 13.6, United States 8.5, France 4.2, Norway 4.2, Netherlands 3.7, Italy 3.5.

Value of imports from Canada: 1968—Cdn.$15.6 million; 1967—Cdn.$15.7 million.

Chief imports from Canada: (Cdn.$'000) 1968—copper 3,016, Douglas fir plywood 2,385, asbestos 1,618, aluminum 1,599, skim milk powder 1,142, frozen and canned fish 683, navigational instruments 432, fuel oil 336, lead 330, tobacco 252.

Total Danish exports: 1968—D.Kr.19,367 million; 1967—D.Kr.17,264 million.

Chief exports: (per cent) meat and meat products 20.4, machinery and instruments 20.0, pharmaceutical and chemical products 7.3, dairy products and eggs 7.2, textiles and wearing apparel 5.2, transport equipment 4.4, fish 3.7.

Chief markets: (per cent) Britain 21.1, Sweden 15.3, West Germany 12.4, United States 8.1, Norway 7.4, Italy 3.8.

Value of Canadian purchases: 1968—Cdn.$26.4 million; 1967—Cdn.$27.1 million.

Chief Canadian purchases: (Cdn.$ million) 1968—meat and meat products 3.2, mink fur skins 3.0, cheese 2.6, furniture 2.0, agricultural machinery and equipment 1.0, industrial power lift trucks 1.0.

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

Usual terms of payment: sight, 30 or 60 days; for capital goods 90 or 120 days, occasionally 180 days; 90 to 120 most common.

Samples: samples of no commercial value are duty-free; samples of commercial value pay duty, which is refunded if samples are re-exported within 12 months.

Visas: no visa is required. **Inoculations:** none.

Trade agreements: most-favored-nation agreement with Canada; bilateral trade agreements with many countries. Because Denmark is a member of EFTA, industrial imports from other EFTA countries are free of customs duty.

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

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

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

Commercial Counsellor, Canadian Embassy, 2, Prinsesse Maries Alle, 1908 Copenhagen V. Denmark.

Your Business Visit to SPAIN

F. M. MULKERN, *Assistant Commercial Secretary, Madrid*

■ Spain has made great progress economically in the past decade and growth during the next five years is expected to be steady though not spectacular. The projected annual increase in GNP is 5.5 per cent and in imports about 8 per cent. The market for imported goods has expanded dramatically because of the Government's policy of trade liberalization. Today about 70 per cent of all imports enter without restriction and the value of goods on global quotas (about 13 per cent of total imports) has also been increased.

Under the Second Development Plan, the Government will emphasize the correction of structural weaknesses in agriculture and industry and the educational system will be completely reorganized and modernized. These plans in themselves suggest opportunities for Canadian exporters. Canadian sales to Spain totalled $41.1 million in 1968 compared with only $33.8 million in 1965. There are excellent opportunities awaiting Canadian businessmen who will spend time and effort in investigating this market; prospects are particularly bright for selling sophisticated machinery, electrical and electronic equipment, chemical raw materials and livestock.

Interested in doing business in Spain? Make a business visit to this country as a first step. The office of the Commercial Counsellor at the Canadian Embassy in Madrid stands ready to help you plan it.

Before You Come

Write to us in Madrid well before you intend to come. Don't just write —send us samples of your product or pictures of it, plus descriptive literature and price lists with c.i.f. prices. Tell us how and to whom you sell your product in Canada and give us some idea of the type of representation you prefer.

Armed with this information, we can look into tariff rates, import regulations, and other problems that you may encounter. After this preliminary survey, we can make appointments for you with prospective agents or suggest potential customers to call on.

We recommend that you do a bit of background reading before you leave Canada. The Spanish Tourist Office in Toronto, at 13 Queen Street East, offers a book called simply *Spain* at a cost of $1.40 and can also supply other useful information. James Michener's *Iberia,* though long, is extremely interesting. Your public library probably will have other books and articles to propose.

COVER: The monument to Miguel Cervantes, creator of Don Quixote, with his faithful Sancho Panza, stands on the Plaza Espana in Madrid. The Torre de Madrid is on the left, the Espana building in the background. (Photo by Spanish National Tourist Department.)

When to Come

The best time for a business trip to Spain is from March through May or October through December. In July, August and September business activity slows down considerably because of the often extreme heat in Madrid and Barcelona, and the absence of businessmen on extended vacations. Even the Government moves north to its summer retreat at San Sebastian on the Atlantic coast from mid-July to September. You will also want to make sure that your visit does not conflict with holidays; there are many official and religious ones in Spain. A list of these, and of those observed by the Canadian Embassy, is on the opposite page.

Plaza de Cataluna in Barcelona, a major port and big commercial center.

Impressive Generalisimo Avenue, Madrid, the capital city, 2,500 feet above sea level.

Where to Go

A stay of three to four days will probably be sufficient for most business purposes, at least on an initial trip. You should come first to Madrid, the capital, a city of over three million people. It is located in the dead center of the country on a large plain about 2,500 feet above sea level. (Contrary to the popular song, the rain in Spain does not fall mainly in the plain, but in the northern part of the country.) Aside from being the seat of government, Madrid is a large industrial and commercial center. Most of the major Spanish manufacturers have offices there.

Barcelona lies about 350 miles northeast of the capital in Catalonia; the latter is the largest industrial area in the country. Barcelona also is a major port and a big commercial center. Generally speaking, the Canadian should visit both these cities. (There are daily flights from Madrid to Barcelona and also flights from other large European centers.)

Depending on the type of product you are trying to sell, you may want to go to other cities as well. Bilbao has most of the major heavy steel, electrical and shipbuilding plants; Valencia, another industrial area, has primarily light industries.

Counting the Cost

You may want to make your visit to Spain part of a longer European itinerary and thus spread the cost. If you fly directly to Madrid from Montreal, say, you will find that the 21-day return fare, economy class, is as low as Cdn.$358. Hotel rates in Spain are still quite reasonable, with both the major cities and the resort areas offering a wide selection of rooms at varying prices. Madrid has a number of de luxe international hotels like the Ritz (one of the world's top ten), the Castellana Hilton, the Melia, and the Plaza, where single rooms range from $11 to $14. There are smaller, less expensive but still comfortable hotels such as the Cason del Tormes, the Emperador, the Menfis, and the Wellington, where prices run from $5.50 to $9 a day. Prices of restaurant meals also vary considerably but all restaurants must offer tourist menus which include three courses plus bread and wine. The bill ("la cuenta") is usually reasonable and a 5 to 10 per cent tip is sufficient because taxes and a service charge are normally included in the bill.

Spanish Public and Religious Holidays 1969

Jan. 1	New Year's Day[1]
Jan. 6	Epiphany[1]
Mar. 19	St. Joseph's Day
April 1	Victory Day
April 3	Maundy Thursday[1,2]
April 4	Good Friday[1,2]
May 1	St. Joseph, the Workman
May 15	Ascension Day[1,2] Also San Isidro, Patron Saint of Madrid, a Madrid holiday
June 5	Corpus Christi[2]
June 29	St. Peter and St. Paul
July 1	Canada Day (Canadian holiday)[1]
July 18	Labor Day (Exaltación del Trabajo)[1]
July 25	St. James Day[1]
Aug. 15	Assumption Day
Oct. 1	Franco Day (Fiesta del Caudillo)
Oct. 12	Columbus Day
Oct. 13	Thanksgiving Day (Canadian holiday)[1]
Nov. 1	All Saints Day
Dec. 8	Immaculate Conception
Dec. 24	Shops and offices close during the afternoon on Christmas Eve
Dec. 25	Christmas Day[1]

1. These taken by the Embassy in 1969; ten are chosen at the beginning of each year from the above list.

2. Dates of these religious holidays vary depending on when Lent begins.

How to Come

Canadian Pacific Air Lines has three to four flights a week from Montreal to Madrid, depending on the time of year, with one short stop in Lisbon. Iberia intends to institute a similar service shortly. Total flying time is only seven hours. Altogether, 21 international air carriers serve Spain. TWA and Iberia have two flights a day from New York and the traveller can make direct connections with Madrid from most European centers.

Spanish customs and immigration procedures are generally quite efficient and on landing it takes only a short time to finish with them and be on your way to your hotel. Tipping is set at ten pesetas per bag; there are airline buses to take you to downtown terminals and there are also plenty of taxis.

Most of the major heavy steel, electrical and shipbuilding plants are in Bilbao.

What to Bring

If you come during the months that we recommend, spring or fall clothes will be suitable or lightweight suits if you insist upon a summer visit. Be sure that you have a good supply of business cards with you and a Spanish phrase book can be useful. If you can provide sales literature in Spanish, it will be welcomed.

You will need a valid passport but Canadians do not need a visa. Foreign currency can be freely converted into pesetas at the airport, at banks, or through travel agents. The current rate for the peseta is about 64.50 to the Canadian dollar.

Valencia is also an industrial center, but primarily for light industries.

Getting About

One of the bargains in Spain is the taxi service. By Canadian standards, the rates are extremely low. Madrid is said to have more taxis than New York City and although most of them do not have two-way radios, the visitor can easily pick them out by the red stripes on the side of the cab—and they cruise the city streets continually. There are also unmetered cabs called "gran turismos". They are available at most hotels and tourists generally use them for sightseeing.

Tilden, Hertz, Avis and a number of other car rental agencies offer cars for hire at reasonable rates, with or without chauffeurs. But because of traffic congestion, the difficulty of finding parking space, and the language problem, we suggest that the business visitor stick to taxis.

Making the Rounds

Business appointments are not difficult to arrange but you should allow a few days' notice. Working hours vary widely between industries, the Government and business, and between summer and winter. Generally speaking, commercial and industrial firms open at 9 a.m., lunch break starts at 1.30 to 2 p.m., and work resumes between 4.30 and 5 p.m., and goes on until 7 or 8 p.m. From mid-June to the end of September most companies work from 8 a.m. to 2 or 3 p.m. only. Government offices are open from 8.30 a.m. to 3 p.m. throughout the year. The Canadian Embassy hours are 8.30 a.m. to 1.15 p.m. and 3.15 to 6.30 p.m. from mid-September to mid-June. From mid-June to mid-September the hours are from 8.30 a.m. to 2 p.m.

Spanish businessmen are not noted for their punctuality and you may have to wait some time even though you have an appointment. In addition, many executives have one job in the morning and another in the afternoon. And one large firm may operate under various names, with each division having a different title —say one for manufacturing and another for marketing. You will find the Spanish executives that you meet courteous but not always very direct and you may have to do a good deal of followup. It is always a good idea to invite your contact to lunch or dinner. This gives you a good chance to discuss business and leaves a lasting impression with your guest. In both Barcelona and Madrid English is not commonly spoken; some French is used, particularly in the north. The Embassy is usually able to supply an interpreter when this is necessary.

Time Off

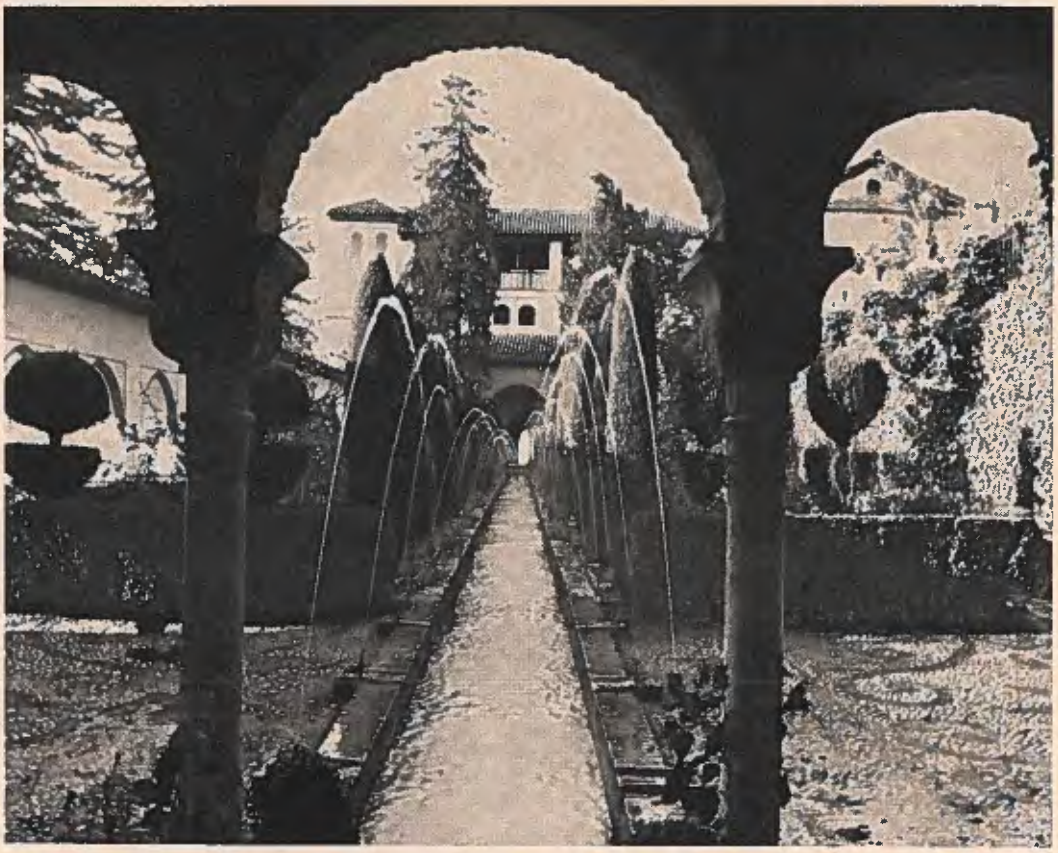
The Canadian visitor has to accustom himself to completely different eating habits as well as working hours. Lunches and dinners usually last from two to two-and-a-half hours; lunches begin about two o'clock and dinner at nine. Spaniards normally lunch about 2.30 and dine about 10.30 p.m.

The number and types of restaurants in this country are almost endless. The traveller with a temperamental stomach can restrict himself to the North American-type food at his hotel but he will miss a great deal. Start with the "tasca" houses which line almost every street. These establishments, which specialize in local wine and beer, serve plate after plate of "tapas" or hors d'oeuvres. These are Spanish specialties, such as cheese, sausages, squid, barnacles, a wide variety of shellfish, omelettes ("tortillas") and other delicacies. The tasca houses are frequented by Spaniards, particularly after work and before supper; in fact, this is almost a national habit.

For dinner or supper there is Botin's (a Hemingway haunt) located in tbe old part of Madrid and with an atmosphere that North Americans might call typically Spanish; the food is quite good. If you want something more elegant tbere are Valentin's (one of the great restaurants), Puerto de los Moros, José Luis, Las Lanzas and El Bodegón, where the food and service are excellent; (so is the bill). For more typical Spanish dining there is El Chotis, where you can cook your steak on your serving plate, and Casa Paco, both in the old part of Madrid, or La Barraca, famed for its "paella". At the Corral de la Morería one can eat Spanish food and watch some of the best flamenco dancing in the country.

There are a number of first-class night clubs in Madrid such as Pasapoga, Micheleta, Biombo Chino, Rendezvous (in the Castellana Hilton hotel), and Alazán but night life does not begin until about 12 p.m. and goes on until 4 a.m. In the light of your appointments the following morning, you may want to think twice about going to one.

Spain has many beautiful beaches; this is Gala Mayor at Palma de Mallorca.



A patio with fountains and an aqueduct in the Generalife in Granada, the city celebrated in song.

Seeing the Country

One of Spain's greatest natural resources is its abundance of sunshine almost all the year. In 1968, over 19 million tourists flocked to the Spanish beaches, mountains and cities. For the businessman as for the tourist there are a number of musts, depending on one's preferences. There is the Prado Museum in Madrid, one of the finest art galleries in the world, with its paintings by Velásquez, El Greco, Goya, Ribera, etc. A visit to Madrid would not be complete without seeing the opulent Royal Palace with its priceless treasures. For the hearty and in season there are the "corridas de toros"—bullfights—which run from early spring to late fall throughout the country.

You can easily arrange trips outside Madrid at your hotel. There are many interesting places to go, such as Toledo (45 miles from Madrid) with its magnificent cathedral which took 250 years to build. This city was also the home of El Greco and you can visit his house and see some of his paintings.

Segovia (60 miles from Madrid) has an ancient aqueduct constructed by the Romans and a fairy-tale castle which was once the summer home of Ferdinand and Isabella. About 30 miles from Madrid is San Lorenzo del Escorial with that massive monastery built by order of Philip II which contains the tombs of Spanish kings.

Not far from El Escorial is the Valley of the Fallen ("Valle de los Caidos"), a huge basilica carved out of a mountain in honor of the fallen of the Spanish Civil War.

And if you have time after concluding your business, there are beautiful beaches on the Costa Brava (northeast Spain), Costa del Sol (south Mediterranean coast), and Majorca, Minorca or Ibiza (Balearic Isles).

Time to leave for home? You will be thinking about gifts for your family. Spain is noted for its handicrafts and you may want to buy some of its high-quality leather goods, Toledo ware, and embroideries.

You have decided to come to Spain? For a good start, write to:

Commercial Counsellor
Canadian Embassy
Apartado 117
Edificio Espana
Avenida de Jose Antonio 88
Madrid, Spain
Cable: CANADIAN *Phone:* 247-54-00
Telex: 27347 (DOMCA E)

Use of Consultants by the African Development Bank

Published by the African Development Bank
BP 1387, Abidjan, Ivory Coast

The African Development Bank was set up in November 1964, with the purpose of contributing generally to the economic and social development of its members by promoting investment of public and private capital in Africa.

All independent African countries are eligible for membership; the Bank now has 27 members and an authorized capital stock the equivalent of U.S.$250 million. Its headquarters are in Abidjan, Ivory Coast.

■ Both individual consultants and consulting firms may be employed by the Bank and its borrowers.

The Bank does not intend to establish a list of approved firms. It maintains, however, an extensive file of information on professional consulting firms from as many countries as possible. It prefers to approve a short list of firms for each individual assignment rather than to maintain a long list of firms approved for a wide variety of works.

A professional services record file is kept by the Bank containing a folder on each consulting firm that wishes to submit details.

The fact that a folder on a particular firm is kept in the Bank's files is not to be construed as a registration nor as an implication of any right or priority for selection by the Bank or its borrowers; nor does it constitute a judgment passed by the Bank. Moreover, no consulting firm may use the Bank as reference on the sole basis of having deposited a folder with it.

Consulting firms to be used by the borrowers of the Bank are not selected by the Bank. It does, however, reserve the right not to approve individual firms on the list submitted by the borrower.

In accordance with its policy of developing and promoting African enterprise, technical and managerial skills, the Bank will encourage the setting up of competent and well-run African firms of consulting engineers and their use (when available at the right standard and quality) as well as the use of individual African consultants with the necessary qualifications and experience.

Individuol Consultants

Project appraisal and project supervision are responsibilities of the Department of Operations of the Bank and are carried out normally by its regular staff. When unusual specialization is required or the work load is too great, consultants are employed as individuals, usually on a short-term basis. The work and the responsibility of a consultant individually employed are comparable to that of a staff member of the Bank. Individual consultants are required after termination of employment to abstain from any subsequent work on the same project unless otherwise agreed by the Bank.

Consulting Firms

Consulting firms are called upon both to undertake work directly for the Bank and to carry out work in the name of the Bank for member countries. Instances of the second case are usually associated with technical assistance provided by the Bank to member countries.

Consulting firms may also be employed by borrowers from the Bank. Borrowers are required to employ consulting firms whenever their own technical resources are judged by the Bank to be inadequate for the task at hand. In these cases consultants are normally chosen and employed by borrowers subject to the Bank's approval.

Selection Process by Bank

Where a consulting firm is to be appointed by the Bank, the selection is conducted by a selection committee, formed of senior Bank officers and appointed by the President.

A list of consulting firms is drawn up for each assignment.

The selection of a consulting firm for a particular assignment begins with the preparation of a reasonably sized list of firms claiming expertise in the field. The list is then shortened by detailed study of each firm's experience and capabilities until four or five remain. These constitute a final list to receive invitations for proposals.

The initial list is made up on the basis of available information in the Bank's files as well as on new submissions which may reach the Bank for the particular assignment. To that end a period of advertising may be allowed during which interested firms may make themselves known.

A general description of the assignment is advertised. This is not to be confused with the invitations.

Invitations define the objectives of the undertaking and stipulate the conditions under which the work is to be performed; they may also request cost estimates to be included in the proposal.

When proposals are received they are carefully analyzed and compared with respect to methods of carrying out the work, schedules, experience and capabilities of personnel to be assigned, the quality of supervisory leadership to be furnished, direct assistance provided by principals of the firms, facilities of the home office and the assistance that may be made available from others as appropriate. The firms are listed in order of preference taking the above considerations into account. Negotiations are then opened with the firm listed first to determine a reasonable fee. If no agreement can be reached, the firm will be informed that negotiations are to be opened with the firm next in line.

Selection Process by Borrowers

The procedure for selecting a consulting firm by borrowers is similar to that already outlined for the Bank's appointments.

Where the final list of consulting firms is prepared by borrowers they are required to submit it to the Bank before invitations for proposals are sent out so that the Bank may satisfy itself that the firms are qualified to perform the work envisaged. Invitations are then sent by the borrowers to the agreed selected firms.

If the borrower so wishes, the Bank will undertake the selection on its behalf. In this case the same selection procedure will be followed, but the names of firms to be invited to submit proposals will be sent to the borrower for comment and for the statement of any objections, before the invitations are sent out.

Consulting Engineers

The functions of consulting engineering firms fall generally into three ranges of activity:

(a) preliminary investigations and reports concerning feasibility, economic and financial justification, general layout and design, estimated cost of the project, the time required for its construction, etc.

(b) the preparation of detailed designs, specifications and contract documents, the analysis of bids and recommendations thereon, etc.

(c) supervising the execution of the project including, sometimes, being in charge of its operation for an initial period.

The duties of consulting engineers in connection with a project financed by the Bank depend upon the circumstances in each case. They usually include all three of the categories listed above, but in some cases preliminary investigations and general designs may have been carried out in a satisfactory manner before the project is submitted to the Bank for consideration. The consulting engineers' work will then be limited to categories (b) and (c). It is normally essential that functions (b) and (c) shall be carried out by the same firm, and if a firm has already carried out function (a) there are usually many advantages in appointing the same firm to carry out functions (b) and (c) also.

A consulting firm whose terms of reference include the preparation of final designs and specifications is responsible for the accuracy and suitability of its work, and no modications should be made without its consent. With regard to other matters, the consulting firm will ordinarily act as an adviser to the borrower on all technical problems, with authority to make final decisions within such limits as may be prescribed by the borrower. Should the consultant, however, feel strongly on a matter involving professional judgment, the firm will have the right to insist that the matter be raised for discussion with the Bank.

Categories of Firms

Firms of consulting engineers fall generally into one of the following categories:

(a) firms of independent consulting engineers

(b) firms which combine the functions of consulting engineers with those of contractors, or which are associated with, or are affiliates of, or are owned by contractors.

(c) consulting engineering affiliates of manufacturers, or manufacturers with departments or design offices offering services as consulting engineers.

Firms in category (a) are acceptable, provided their qualifications are suitable for the work in question. Firms in categories (b) and (c), even though qualified, are acceptable only if they agree to limit their role to that of consulting engineer and will disqualify themselves and their associates for work in any other capacity on the same project. In the case of category (c) firms, it becomes doubly important to erect safeguards, not only to insure that affiliates will be disqualified from future bidding on any part of the project, but that specifications will be impartial and can be complied with on a competitive basis.

Qualifications of Firms

As already indicated, firms of consulting engineers are employed by the borrower with the approval of the Bank. In addition to full competence for the task at hand, the Bank requires that the firm selected must be:

(a) acceptable to major international financial agencies

(b) of acknowledged world-wide repute in the appraisal, construction, engineering and economic aspects of major projects comparable to the one at hand

(c) recently experienced in undertakings comparable to the job at hand and having worked under similar conditions to those which are likely to apply in the case in point

(d) experienced in the utilization of local labour and resources and familiar with prevailing conditions in developing countries

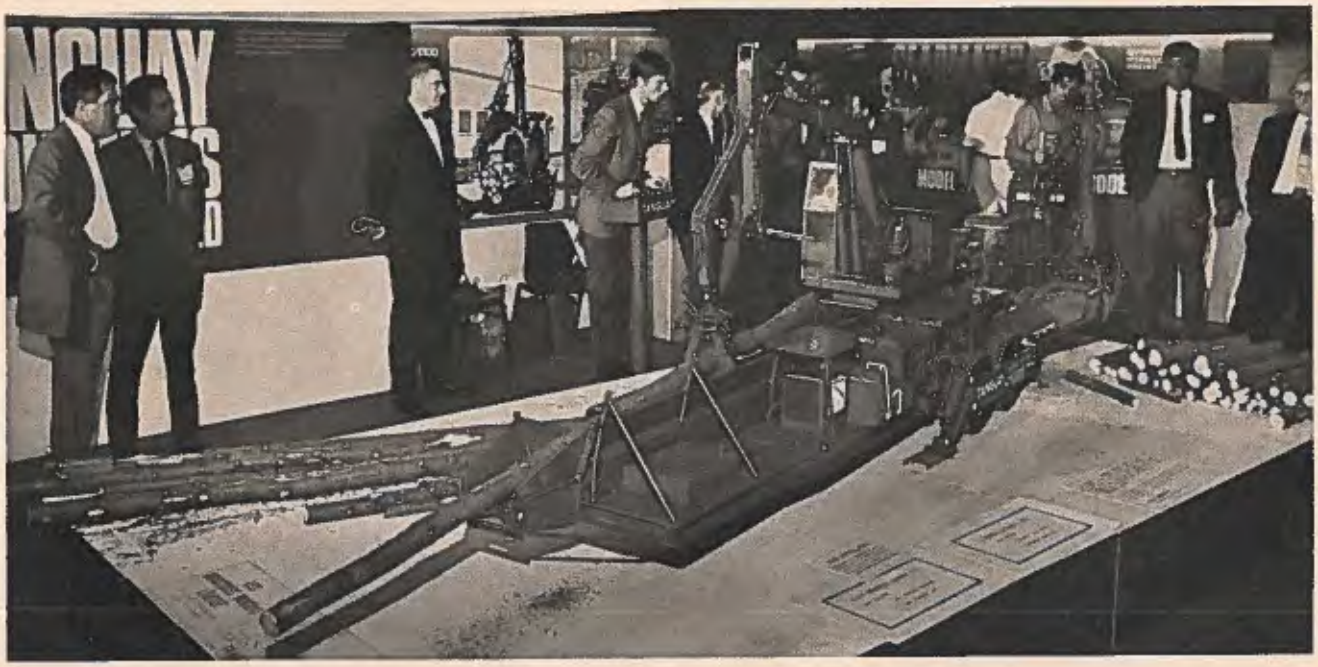
(e) capable of training local staff on the site when appropriate and willing to work with indigenous engineering firms.

Bank's Role after Selection

After a consulting firm satisfactory to the borrower and the Bank has been chosen, the Bank's primary interest is to see that the responsibilities of the consultant are clearly set out in his contract with the borrower and that he is fully utilized in carrying out those responsibilities. To achieve this, it is necessary in most cases to hold discussions with the borrower and his proposed consultant to agree on terms of reference for inclusion in the contract, and to insure not only that the consulting engineer is aware of the terms and conditions of his employment but also that the borrower is aware of the responsibilities and authority which the consulting engineer is going to bear on his behalf. During these discussions, the Bank will make clear any requirements which it may have in regard to the work, and satisfy itself that the borrower will give to the consulting engineers sufficient power and discretionary rights to exercise their responsibilities and carry out the terms of their contract.

Furthermore, the Bank reserves the right to appoint at its own discretion a further consultant to supervise the work done with a view to insuring among other things that economy is applied in engineering design within permissible technical standards and in the light of modern technological developments.

Show of the Month



Canadian-made logging and sawmilling equipment was well received at the Southern Pine Machinery and Equipment Exposition, April 12 to 14. Eight Canadian companies, in their first appearance at this biennial exhibition, reported on-site sales of $90,000 and anticipated sales of over $4 million by 1970. Some 11,000 visitors attended the show and viewed Canadian products including wood chippers, timber processors, logging winches, edgers, bandmills, veneer carriers and wood slashers. A working model of the mobile slasher (above) by Tanguay Industries Limited of St. Prime, Quebec, was one of the indoor Canadian displays. This self-propelled slasher is adaptable for road, rail or waterside tree-length slashing and can reduce manpower requirements by 30 per cent. A veneer carrier and scissors lift (below left) by Lamb-Cargate Industries Limited of New Westminster, British Columbia, and a bandmill (below right) by Swecan Saw Co. Ltd. of Montreal, Quebec, were two of the outdoor Canadian exhibits at the show.

Inland Clearance Depots Speed Britain's Imports

Ioland clearance depots are esseotial to efficieot use of cootainerized shipping. Britaio opeoed three in 1968, at Birmingham (Perry Barr above), Manchester and Leeds, and one in Scotland in February. Two more expect to opeo this mooth.

New procedures as well as new equipment were needed to overcome congestion at British ports.

L. N. LAUNDY
Commercial Officer, London

■ For many years, congestion at British ports has caused concern. Because of the lack of space at most of them, there has been a need for Customs-approved public inland freight depots where exports could be sorted and grouped and where imports could be cleared by Customs and distributed.

Developments in container traffic have made it imperative that bottlenecks should be eliminated and that containerized goods should pass straight through the port without the need to break bulk for Customs examination.

However, the introduction of inland clearance depots was not entirely due to developments in containerization. For some years, British Rail has had depots in London, Birmingham and Manchester which were designed primarily for its Anglo-Continental ferry rail and boxcar services.

During the past two years, a small group of shipping and forwarding agents have operated a terminal at Stratford in London East with facilities for Customs clearance, grouping and distribution. This is used mainly for the short seaferry routes. Additionally, a consortium of some 30 local shipping and forwarding agents at Hull received approval from H. M. Customs in 1966 to operate a depot with Customs and redistribution facilities for its Trans-European Pallet Services.

There also used to be an inland clearance depot at Water Street in Manchester, operated by the Manchester Ship Canal Company, but this was a pilot scheme and was phased out when the new Barton Dock Road containerbase became operational.

Containers are the main reason for the rapid development of inland depots since 1966. For containerization to be truly effective, inland transport to and from ports should also be by container. Piecemeal movement of general cargo means that quay and transit shed operations cannot keep pace with ship working. This defeats one of the main objectives of containerization, namely to speed up ship turnaround.

Clearing the Way

As far back as 1962, at the time of the publication of the *Report of the Rochdale Committee of Inquiry into Major Ports*, H.M. Customs announced that they approved the principle of public inland clearance depots and would be willing to enter into negotiations with potential operators. The initial response from those who had long been demanding such facilities—the shipping companies, forwarding organizations, road haulers and port authorities—was frankly disappointing.

Then in the summer of 1965, after several weeks of negotiations with organizations representing a cross-section of trade and industry, H.M. Customs announced that agreement had been reached on the conditions under which public inland container depots might be established. Basically, these were that depots should be owned or leased by consortia with which the various public bodies, including H.M. Customs, would deal on matters of policy. Customs approval would also be restricted to centers where there would be a sufficient volume of traffic to warrant the fulltime employment of at least one officer.

These guidelines by H.M. Customs prompted fusion of its interests with those of shipping companies, rail

and road transport, and dock authorities. It led to the formation of consortia to provide public inland container depots near London, at Birmingham, Manchester, Liverpool and Leeds, and near Glasgow. These depots, sited conveniently for Britain's major centers of commerce and industry and with good access to trunk roads and motorway networks, are operated by Containerbase Federation Ltd., 44/46 Leadenhall Street, London E.C.3.

Six Containerbases

Overseas Containers Ltd., Associated Container Transport Ltd. and British Railways Transport Holding Company are members of all containerbase operating companies. In addition there are other shareholders at five of the six containerbases. At London East, there are the Port of London Authority and the General Steam Navigation Co. Ltd.; at Birmingham, there is Coast Lines Ltd.; at Manchester, the Manchester Port Authority; at Liverpool, the Mersey Docks Harbour Board, and in Scotland, the Clyde Port Authority. The sixth, at Leeds, has only the four main shareholders.

The containerbases at Birmingham (Perry Barr), Manchester (Barton Dock Road), and Leeds (Stourton) came into operation on December 2, 1968, and the one in Scotland (Coatbridge) on February 15, 1969. Containerbases at Orsett (near Tilbury, London East) and Liverpool (Aintree) are due to become operational in June. There are British Rail freightliner terminals within the bases at Manchester and Liverpool and adjacent to the bases at Leeds and Coatbridge. There are no freightliner facilities at Orsett depot, which is mainly for London-generated traffic, or at Birmingham, where British Rail already had its own depot.

Containerbases have been tailor-made for the job; there has been no question of adapting old sites or old buildings. They are located away from crowded streets and big cities. Their traffic will move freely and quickly.

The construction of the depot at Perry Barr near Birmingham, one of the first, provides a good example of how quickly and efficiently they are being developed. Originally a 120-foot-high industrial rubbish dump, the 35-acre site was levelled and transformed into a million-pound ultra-modern container depot in less than two years. There are several acres of concrete-paved container and trailer parks, a large office complex and a very large transit shed to serve both import and export traffic. This transit shed is now 410 feet long and 120 feet wide but when the volume of traffic increases it can be extended to more than twice its present length.

How They Operate

The depots will be used for onward routing of full containers as well as for consolidation and distribution. The containerbase companies do not own or lease containers; they simply handle containers provided by the shippers or by other container operators.

Although they are administered and operated by the various containerbase partners, the depots can also be used by other operators. Indeed, one of the conditions laid down by H.M. Customs is that a proportion of each depot should remain as a common floor, open to all users but under the direct control of the operating firm.

For import traffic, the depot will have its own distribution areas. Incoming traffic will be sorted and cleared by Customs at the terminal and move to its final destination on a zoned delivery schedule. Each depot is under Customs sufferance; some of them have longroom facilities and all have resident Customs examination staff. Export traffic is handled at separate transit sheds.

Detailed research into cargo handling methods preceded the ordering of equipment for each depot. The result is a range of equipment which meets the requirements of the individual depot and of all types of cargo, from full containers to small sacks or packages. Careful attention is being given to packing the containers themselves. Consignments will be palletized for movement across the sheds and plans are being finalized for a pallet exchange scheme with shippers.

Lancer Boss 2500 and 3500 Series machines or Mafi Portalifts will be used for container handling. These machines will handle all ISO containers and can stack them two high. There will also be forklift trucks with lifting capacities up to 5,000 pounds and a reach of up to 14 feet.

What It Costs

The service to importers consists of moving operators' containers from the reception area to the unloading bay, including a lift-off, if needed. The cargo will then be discharged and stacked with counting, inspection and the documentation required. It will be presented to H.M. Customs for inspection when necessary and prepared for loading onto delivery vehicles. The empty container will be returned to the delivery park, with any lifting that is necessary. The price includes two days' storage of the cargo (not counting the day of unloading) and up to three days' parking of the empty container.

The basic rate for import containers is 48 shillings (£2.4) per revenue ton of 2,240 pounds or 80 cubic feet, with a £5 minimum charge per container.

This basic charge covers the complete handling of the container while it is in the depot. Where selective Customs examination is necessary, there will be additional charges. A full container-load inspection will cost 40 shillings (£2.0) per revenue ton where it is necessary to offload and repack the whole container, but the charge for a tailboard inspection will be only about 40 shillings (£2.0) per vehicle.

The inland clearance depots will play a vital role in the development of Britain's containerized overseas trade. They will help provide the unimpeded door-to-door service which is called for today and will keep down transportation costs. In this, they are of considerable interest to the Canadian exporter.

International Loans Announced

IADB administers Vatican fund—The Inter-American Development Bank will administer the Populorum Progressio Fund on behalf of the Holy See. The initial $1 million will be used to foster agrarian reform in Colombia. The text of the Populorum Progressio Fund agreement is available from the Inter-American Development Bank, 808 17th St. N.W., Washington D.C. 20577.

Research Equipment in New Zealand

J. M. MABBETT
Commercial Officer, Wellington

■ New Zealand, although it has a population of only three million, is active and progressive in the field of medical, industrial and scientific research. Research into soil and animal productivity is emphasized but research activities are not restricted to this. The principal government agency is the Department of Scientific and Industrial Research, the controlling authority for a number of semi-autonomous divisions, each specializing in its own field. The Department of Agriculture is responsible for all aspects of animal, agricultural, horticultural and viticultural research. As the controlling authority for the ten million acres of forest land that are state-owned, the Forest Service is responsible for silvicultural research through its Forestry Research Institute with the main laboratories at Rotorua. There are also research institutes financed jointly by industry and government.

Medical research is undertaken at the two medical universities and at major hospitals. There are open heart surgery units at Auckland and Wellington, and a renal unit at Auckland, with a second scheduled for Wellington in the near future. Recent research awards to individual doctors included $8,000 for equipment for biochemical research; $10,000 for equipment for the study of head injuries; $14,650 to the Cancer Chemotherapy Research Laboratory; $7,000 to the Department of Cell Biology at the Auckland University; $3,830 for research into tissue fluid, and $4,860 for studies on the effects of hormones in pregnancy. Research grants are also made to various departments of the six other universities in the country.

In spite of import restrictions imposed by the Government, imports of research equipment in three identifiable fields reached Cdn.$1.3 million in 1968 (see table).

The Department of Scientific and Industrial Research budget for 1968/-69 includes N.Z.$632,000 (Cdn.$-758,000) for instruments and equipment. The printed estimates for the Forest Service state that "total expenditure on forest research is estimated at about $1 million." Figures on research requirements for the Department of Agriculture are not available but in a country like New Zealand are large.

The New Zealand Soil Bureau operates in this attractive country setting at Taita.

Because of the isolation of New Zealand, departments of government, research institutes and the medical profession regularly send scientists and doctors for postgraduate studies particularly to Britain and the United States. Inevitably, these studies condition the individuals to express preference for and to get specific equipment when they return home. Alternatively, the requirement for particular equipment arises out of personal correspondence between doctors or scientists engaged in similar projects in other countries. Sales of such equipment are bonus sales for New Zealand agents. There are always those in research establishments or universities who look for new research devices or who seek to replace the obsolete with the new.

The New Zealand Government employs directly about 920 scientists in government departments and an increasing number indirectly in grant-aided industry research institutes and universities. All major research in the medical profession is undertaken in the major public hospitals which, although they are administered by Hospital Boards, are financed by the Government. It has been said that the Government compensates for a low salary structure (by world standards) by providing a research environment that helps to retain its own specialists and attracts others from overseas.

N.Z. IMPORTS OF RESEARCH EQUIPMENT

	1967	*1968*
	(Cdn.$'000)	
Instruments for physical and chemical analysis	735	533
Mechanical appliances for testing physical properties of industrial materials	215	120
Electro-medical apparatus	802	695

The competition to sell scientific and medical equipment in New Zealand is keen. All the major manufacturers of research equipment in Britain, the United States, Europe and Japan are represented by New Zealand agents who have offices in the main centers. Agency salesmen make regular calls on research establishments and hospitals. The more prominent agents (we can supply names) provide extensive servicing facilities.

Last November a Canadian Medical and Scientific Mission spent five

days in New Zealand during the course of a tour through New Zealand, Australia and South Africa. The object of each of tbe five members of the Mission was to determine the market for his firm's equipment and if possible appoint agents. The response to the Mission was enthusiastic both on the part of users and agents. Each mission member concluded an agency agreement for the New Zealand market.

The larger market offered by Australia attracts Canadian businessmen, but those offering new equipment for research purposes should not overlook New Zealand. The Trade Commissioner's office can arrange appointments with both users and potential agents or obtain an evaluation of market prospects. Because of the increasing complexities of technical research equipment, however, the best form of assessment is and will continue to be the personal visit. An office for this purpose is available for Canadian businessmen at the Canadian Trade Commissioner's offices in Wellington, and also an area in which to display and demonstrate equipment.

Agencies Undertaking Research in New Zealand

Department of Scientific and Industrial Research

Animal Ecology Division
Botany Division
Crop Research Division
Entomology Division
Fruit Research Division
Grasslands Division
Plant Chemistry Division
Plant Diseases Division
Plant Physiology Division
Soil Bureau
Tobacco Research Station
Applied Mathematics Division
Auckland Industrial Development Division
Chemistry Division
Fats Research Division
Physics and Engineering Laboratory
Wheat Research Institute
Antarctic Division
Geological Survey
Geophysics Division
Institute of Nuclear Sciences
Oceanographic Institute

Department of Agriculture

Ruakura Animal Research Station
Ruakura Soil Research Station
Wallaceville Animal Research Centre
Whatwhata Hill Country Research Station
Winchmore Irrigation Research Station
Levin Horticultural Research Centre
Te Kauwhata Viticultural Research Station
Invermay Agricultural Research Centre

Grant-Aided Research Organizations

Meat Industry Research Institute
Fertilizer Manufacturers' Research Association
Leather and Shoe Research Association
Pottery and Ceramics Research Association
Wool Industries Research Institute
Research Institute of Launderers, Dry Cleaners, and Dyers
The Dairy Research Institute
Wool Research Organization

Vending Machines in Britain

A. L. LYONS, *Assistant Commercial Secretary, London*

■ Automatic vending equipment bas come a long way since that ingenious citizen of Ancient Greece devised a coin-operated dispenser for holy water. North America has been tbe proving-ground for most modern applications. Now the British market is undergoing rapid development and it offers excellent opportunities to Canadian suppliers. In this article, I will deal mainly with vending equipment for food and drink.

For many years, Britain has had "slot-machines" with cigarettes and candy bars at railway stations and outside tobacconists. The 1940's brought the juke box craze. By 1959, hot coffee dispensers imported from the United States on a trial basis were already arousing considerable interest.

Tben, as industrial labor costs spiralled, far-sighted managements installed machines dispensing beverages and, to a lesser extent, light snacks in their factories and offices. Higher fringe benefits and the selective employment tax provided a further incentive. However, acceptance by the workers was a problem because the tea-trolley and the canteen are deep-rooted traditions in Britain. Because of this, the use of automatic equipment is still not nearly as extensive as in North America but the potential is great, nevertheless.

The emphasis in the trade has gradually moved from cigarette and confectionery machines in public places to beverage and light snack equipment for the factory and office. It has been estimated that there are now over 100,000 cigarette machines in Britain. On the other hand, of the 58,000 vending machines delivered in 1968, only 45 per cent were the cigarette and confectionery dispensing variety. The number of vending machines of all kinds has risen in recent years by between 20 and 30 per cent a year and record growth is expected in 1969.

Goodbye Greasy Spoon

According to the Automatic Vending Association of Britain (AVAB), manufacturers delivered 14,000 beverage and snack machines in 1965, 16,500 in 1966, 18,000 in 1967, and 20,000 in 1968. The number of beverage and snack machines on industrial sites was 40,000 at the end of 1967 and is now about 60,000. The number of dispensers of hot beverages in factories was 6,000 in 1964 and had risen to 40,000 by 1968; a 25 per cent growth is expected in 1969. Only 500 British factories had beverage machines in 1960 but 8,000 had them in 1968.

Despite this rapid growth, the surface has only just been scratched. A survey two years ago showed that in Britain 30 per cent of factories employing 50 or more had vending

machines, compared with 60 per cent in the United States. As the quality of the refreshments improves (machines are beginning to carry the brand name of beverages), there is increasing acceptance by the worker. The current $2 billion a year spent by management to maintain canteen services and the tea-trolley could be reduced dramatically. The "open break" system which allows the employee to use the vending machine whenever he wishes has been more readily accepted in North America than Britain as a substitute for the fixed canteen break, but then automatic vending is much newer in Britain.

In the United States, there is one vending machine for every twenty workers. In Britain, the ratio is 1:500. If it were merely brought down to 1:100, given Britain's workforce of 25 million, this would mean another 200,000 vending machines.

In the factory and office, hot beverages predominate (tea, coffee, hot chocolate and soup) but soft drinks are also a high growth sector. A 1968 survey of 60 companies with a large beverage consumption showed that coffee represented 45 per cent of sales, chocolate 30 per cent, tea 23 per cent and soup a very small percentage. Milk vending on both public and private sites is declining. In offices, small factories, hotels and other sites, there appears to be considerable potential for small table-top units.

Microwave Cooking Machines

At present, snack machines in most factories and offices concentrate on potato chips, biscuits and chocolate. New machines are being introduced to dispense sandwiches and other light foods. Growth has been spectacular and potential is high in microwave ovens which are used in conjunction with refrigerated storage. These machines are to be found in factories, hospitals, and other institutions where the staff works around the clock. They have also great potential in highway service centers, schools, and railway buffets.

One unit recently developed in Britain can hold in deep freeze up to 640 six-ounce snacks in sixteen varieties, both savoury and sweet. When the customer makes his selection, the meal moves automatically from the cold storage to the microwave chamber where it is reheated for the correct time and at the proper temperature before it is delivered to the serving hatch.

Greater use of vending equipment is expected in bus stations, garage forecourts, suburban railway stations, hotels, clubs, public houses ("pubs") and to provide service when shops are closed. Fully-automatic restaurants, shops and supermarkets are a logical development of the idea.

The first of a projected chain of fully-automatic restaurants with microwave ovens was recently opened in Leeds. Some public houses are now selling beer in vending machines and several hotels are dispensing spirits in the same way.

Despite the housewife's acceptance of prepared foods and self-service, fully-automatic shops have so far not been too successful. The experts believe that once the technical problems have been overcome, this method of merchandising will develop rapidly.

Production and Imports

As a result of the recent concentration of manufacturing into fewer hands, there are at present only about five large manufacturers of vending machines in Britain. Despite increased capacity, production is unlikely to keep up with demand and imports will play an increasingly important role.

About 75 per cent of the machines are bought by the user. The rest are rented or are taken on contract from vending machine operators who install and maintain them and keep them supplied with ingredients. The last method is that used for 80 per cent of the machines in the United States. The trend appears to be moving that way in Britain too but it is being inhibited by the smaller profit margin there. The consumer wants lower prices and this means that the operator has to pare down costs if he is still to give adequate service.

There is a dearth of meaningful statistics on production and imports of vending machines in Britain, but the AVAB estimates that of 55,651 units delivered in 1967, only 7.6 per cent were imported. Most coin mechanisms, however, come from Germany, particularly those for multi-selection machines.

The chief imports are beverage machines from the United States, the Netherlands and West Germany, and cigarette machines from Denmark. The figures are apt to be misleading unless taken over a long period because deliveries tend to be made intermittently and in large consignments. The *Overseas Trade Accounts of the United Kingdom* shows the trend to increased imports:

Britain's Imports of Vending Machines*

Year	*Quantity*	*Value (£ million)*
1965	783	1.40
1966	819	1.45
1967	951	1.60
1968 (Jan.-Oct.)	979	2.15

* Excludes games of skill or chance.

The Dominion Bureau of Statistics shows our exports of vending machines and parts to Britain as Cdn. $458,000 in 1966 and Cdn.$667,000 in 1967.

What Canadians Must Offer

Decimal currency and metrication— The change to decimal currency has already started and by February 15, 1971, all the new coins will be in circulation. The fivepenny and tenpenny pieces, equal to the shilling and two-shilling pieces, are already in circulation; when the latter are withdrawn, this will present no great problem to the vending machine industry.

The half-crown (two shillings and sixpence) will be withdrawn on January 1, 1970. The penny, threepenny piece and sixpence will be taken out of circulation by August 1972 and will have no equivalent in the new coinage. The half-crown, sixpence and threepenny piece are at present the most-used coins in automatic vending and the nearest decimal pieces will not only be of a different value but also different size and metal content. Canadian suppliers will have to offer replacement coin mechanisms so that existing machines can take the new coins and will have to provide them in new units on terms competitive with British and other suppliers. As prices of vended articles are likely to be increased as a result of decimalization, most suppliers are now incorporating electronic totalisators with their equipment.

Metrication is expected to be introduced in 1975. This will probably

mean different compartment sizes, different packages and other dimensional changes.

Styling and design—Although styling of vending equipment in Britain has remained fairly static, decorative improvements are gradually being incorporated. Stainless steel metal fittings and woodgrain finish are being used to blend with modern office decor. Research points to a greater degree of acceptance by younger persons and by those working in the more technologically advanced industries, such as engineering and chemicals. Canadian suppliers should bear this in mind when considering the styles to offer. New equipment should also incorporate the most advanced technology available, for example, electronic coin selection devices.

Electrical and other requirements—Equipment must meet British electrical requirements and operate on 220/250-volt 50-cycle current. British manufacturers are talking about standardizing components and cabinet sizes. Canadian exporters should consider this possibility in their long-range planning.

Sounding the Market

There are two vending machine associations in Britain. AVAB includes most vending operators, vending machine manufacturers and distributors, manufacturers and distributors of vending machine components, manufacturers or suppliers of vended ingredients and commodities, manufacturers of disposable cups, and manufacturers of the packaging used. The other association, whose members are also members of AVAB, is Vending Research and Information (VRI). Its role is to "sponsor research work and management conferences relating to the role of automatic vending in industrial feeding and its effects on welfare and productivity". These two organizations compile most of the statistical information available on the industry.

The two main trade journals specializing in vending equipment are *Vending and Modern Catering* and *Vending Times*. Advertising in them is considered a key promotional tool.

The leading trade fair is the International Hotel and Catering Exhibition (Hotelympia) held every two years at Olympia in London. The next one is from January 6 to 15, 1970. Details are available from the Department of Industry, Trade and Commerce in Ottawa.

The first National Vending Exhibition was held on January 7 to 10, 1969, at the Grosvenor House Hotel in London and most leading members of the automatic vending industry were represented. It is not known whether this will become a regular event.

The Canadian manufacturer interested in exploring the British market for his equipment should write to: The Minister (Commercial), Office of the High Commissioner for Canada, One Grosvenor Square, London W1X OAB, England. He should send descriptive literature and prices, preferably quoted in sterling, c.i.f. British port of entry. The Trade Commissioners will then investigate the market on the manufacturer's behalf, advise him, and put him in touch with suitable potential agents or distributors, should investigations prove positive.

No matter whether the Canadian exporter appoints a distributor who will offer his machines on a sale or a lease basis or enters into a joint venture or other arrangement with a British vending machine operator, he must always see that promotion and sales are tackled aggressively and that proper service and spares are provided.

Canadian equipment with the required 50 per cent Commonwealth content enters Britain duty-free under the Commonwealth preferential tariff. This gives us an advantage over U.S. suppliers and competitors in West Germany and the Netherlands. Purchase tax is not levied on the vending machines themselves but only on the ingredients used in them. The Import Deposit Scheme introduced in November 1968 requires importers to deposit half the landed value with H.M. Customs & Excise for a period of six months, after which it is returned without interest. Canadian exporters should be prepared to arrange financing of this amount. British banks and British branches of Canadian banks are not allowed to finance import deposits.

Exporters who can offer high quality and good design and styling at competitive prices and will provide full service and spare parts facilities in Britain have every chance of getting a share of the rapidly expanding British market.

Coming Your Way

A number of Canadian Trade Commissioners will be undertaking partial or complete tours of Canada in the next six months, either at the halfway point in their present posting or before undertaking a new assignment. Listed below are their names and the tentative timing of their tours; complete information will be published in *Foreign Trade* later on.

Allen, S. V.
Consul General, Chicago
September

Bell, J. P.
on posting to Accra
September

Boyd, N. W.
Commercial Counsellor, Beirut
August

Burke, L. D.
Commercial Counsellor, Buenos Aires
July (mid-posting)

Caux, J. R.
on posting to Oslo
June

Clemons, D. H.
Consul, Hamburg
September-October (mid-posting)

Evans, A. W.
Commercial Counsellor, New Delhi
June

Gagosz, B. A.
Assistant Commercial Secretary, Brussels
July

Horne, H. J.
Commercial Counsellor, Sydney
June-July (mid-posting)

Lemieux, H. E.
on posting to Madrid
September

Northgrave, B.
Assistant Commercial Secretary,
Islamabad
July-August

Stiles, J. A.
Minister (Commercial), Tokyo
May-June (mid-posting)

Trade Commissioners on Tour

In Canada

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

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 Cbamber of Commerce

Argentina—L. D. Burke, Commercial Counsellor in Buenos Aires:

Montreal—July 7-14
Toronto and Ontario—July 15-22
Winnipeg—July 27-30

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

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

Belgium—B. A. Gagosz, Assistant Commercial Secretary in Brussels:

Montreal—July 27-28
Toronto—July 29-30
Vancouver—July 31-August 1

Britain—O. Hickie, Commercial Counsellor (Timber) in London:

Toronto—June 9-11
Montreal—June 12-16
Quebec City—June 17
Saint John—June 18
Fredericton—June 19
Halifax—June 20-22

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

Toronto—June 6-15
Montreal—June 16-19

Mexico—A. D. McArthur, Assistant Commercial Secretary in Mexico City:

Montreal—June 7-13
Toronto—June 14-20
Vancouver—June 21-25

Thailand—C. E. Rufelds, Commercial Secretary and Consul in Bangkok:

Montreal—June 23-28
Toronto—June 29-July 4
Vancouver—August 13-16

United States—R. D. Lee, Consul and Assistant Trade Commissioner in Philadelphia:

Montreal and Toronto—June 9-13

U.S.S.R.—J. D. Welsh, Commercial Secretary on posting to Moscow:

Sarnia, Woodstock, Galt—June 9
Hamilton, Brantford—June 11
Toronto—June 12
Calgary—June 13-16
Vancouver—June 17
Winnipeg—June 18-19
Montreal—June 23, 24 and 26

Temporary Duty in Ottawa

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

N. W. Boyd, Commercial Counsellor in Beirut, Lebanon, June 23-27.

J. C. Bradford, Consul and Assistant Trade Commissioner in Cleveland, June 30-July 4.

L. D. Burke, Commercial Counsellor in Buenos Aires, Argentina, July 2-6.

A. W. Evans, Commercial Counsellor in New Delhi, India, June 21-July 4.

O. Hickie, Commercial Counsellor (Timber) in London, June 23-28.

S. F. Pattee, Assistant Commercial Secretary in Bogota, Colombia, June 23-27.

C. E. Rufelds, Commercial Secretary and Consul in Bangkok, Thailand, June 13-28.

J. A. Stiles, Minister (Commercial) in Tokyo, Japan, June 20-30.

R. F. Turcotte, Commercial Secretary in Moscow, U.S.S.R., June 23-27.

C. J. Van Tigbem, Deputy Consul General (Commercial) in New York, June 16-20.

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 publish their itineraries in advance. Therefore, Canadian businessmen wbo 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 for at least three days, usually in the second half of the month.

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

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

trade lines

Japan buys Norwegian cheese

The Norwegian Dairy Sales Central will sell 6,000 tons of white cheese to Japan in 1969; some 5,500 tons will be Gouda and the remainder Jarlsberg cheese. Norway will also export whey cheese to Japan. Japan bought some 1,000 tons of whey cheese from Norway in 1968 and is expected to buy 1,500 to 1,600 tons in 1969—Oslo.

Universal Oil Products builds plant in Colombia

The U.S. firm, Universal Oil Products, will build a U.S. $15 million plant at Barrancabermeja, Colombia, to produce benzene, toluene, xylene and cyclohexane. Eximbank will finance U.S.$5 million of the cost. The plant will produce 40,000 tons of benzene a year; half of this will be used to manufacture cyclohexane which will in turn be used by the caprolactam plant to be installed in Barranquilla—Bogota.

U.S. firm increases its generating capacity

Middle South Utilities, Inc. will spend $743 million on plant construction between 1968 and 1971. Four new generating units with a total capacity of 2.59 million kw. are included in the program. By the end of 1971 the four Middle South Utilities companies will have an owned generating capacity of some 8 million kw., an increase of 45 per cent over 1967—New Orleans.

Algeria and Lebanon order Swiss silos and mills

Buhler Bros. Ltd. has been awarded the contract for five mills with silos and a pasta factory in Algeria. The mills will have a daily grinding capacity of 1,100 tons of flour. The pasta factory will produce 36 to 40 tons a day. The same firm has been awarded a contract for the complete mechanical and electrical equipment for the largest grain-handling installation in the Mediterranean at Beirut, Lebanon—Berne.

Australia moves to cut pesticide residues

Most pasture insect pests are effectively controlled by DDT but many Australian States do not recommend it for pastures for dairy cattle. The Australian Minister for Primary Industry recently announced that the use of DDT on Australian dairy pasture and on forage crops for dairy cattle was to be phased out as soon as possible. The Minister said that although the present DDT level in Australia does not constitute a health hazard to consumers, it did not comply with tolerances set up by importing countries. Australia's legal limits are 7 ppm. in meat and 1.25 ppm. in dairy produce —Canberra.

Japan leads in ski-making

World ski production is rising by about 15 per cent a year. Japan leads with 2.8 million pairs a year, followed by Austria with 700,000, West Germany 500,000, the United States 300,000, and France and Norway with 200,000 each. Figures for Switzerland are not available. Sixty-five per cent of world production consists of wooden skis, but plastic and metal ones are rapidly gaining in importance—Berne.

Foreign Tariffs and Trade Regulations

Venezuela

DUTY INCREASES—Venezuelan Government decrees published in the Official Gazette in February and March 1969 introduced import licensing requirements, increased rates of duty and amendments to the customs tariff on a number of items. The products covered by the various decrees include:

Jacks, hoists, winches, cranes and other lifting machinery
Generators, starter motors, ignition distributors, ignition coils, contacts or points for motor vehicles
Yarn and thread of synthetic fibers
Rubber articles
Ribbons and passementerie of all kinds
Oil, air and fuel filters for engines
Wire cables, ropes and similar articles of iron or steel
Dinnerware of stoneware or earthenware
Aluminum sheets and foil
Aluminum dinnerware
Metal containers
Lampshades
Writing and printing paper
Paper and paperboard
Towels, napkins and table covers of paper.

Further details on specific commodities are available from the Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

Foreign Exchange Rates

These nominal quotations may help exporters in checking prices, but they should consult their bar before making any firm commitments. When more than one rate is shown, the one to be used depen on the commodity traded. Information on the rate for any specific commodity may be obtained fr 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 buyi rate is that at which banks purchase exchange from exporters; the selling rate is that at which bar sell exchange to importers.

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

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

Country and Currency	Value of Foreign currency unit in Canadian dollars	Value of Canadian dollar in foreign currency units
	May 22	
Algeria		
Dinar	.2164	4.62
Argentina		
Peso (free)	.0031	322.58
Australia		
Dollar	1.199	.8340
Austria		
Schilling	.0416	24.03
Bahamas		
Dollar	1.055	.94
Belgium and Luxembourg		
Franc	.0215	46.72
Bermuda		
Pound	2.567	.38
Bolivia		
Peso	.0904	11.06
Brazil		
Cruzeiro (official free)	.2662	3.75
Britain		
Pound	2.570	.39
Britisb Honduras		
Dollar	.6425	1.56
Burma		
Kyat	.2260	4.42
Ceylon		
Rupee	.1808	5.53
Chile		
Escudo (bank rate)	.1236	8.09
(free)	.1104	9.05
China, Republic of		
New Taiwan Dollar (official)	.027	37.04
Colombia		
Peso (fixed)	.062	15.87
Congo (Kinsbasa)		
Zaire	2.154	.4651
Costa Rica		
Colon	.1625	6.15
Cuba[1]		
Peso	.....	.....
Czechoslovakia		
Koruna	.1495	6.68
Denmark		
Krone	.1429	6.98
Dominican Republic		
Peso	1.076	.93
Ecuador		
Sucre (official)	.0598	16.72
(free)	.0535	18.65
El Salvador		
Colon	.4305	2.32
Fiji		
Pound	1.236	.80
Finland		
Markka	.2563	3.90
France, Monaco, etc.[2]		
Franc	.2164	4.62
Franco-African Repnblics[3]		
Franc	.0043	232.5
French Pacific[4]		
Franc	.0119	84.03
Germany		
D Mark	.2691	3.72
Gbana		
New Cedi	1.055	.94
Greece		
Drachma	.0358	27.93
Guatemala		
Quetzal	1.076	.93
Guyana		
Dollar	.5381	1.85
Halti		
Gourde	.2153	4.64
Honduras		
Lempira	.5381	1.85
Hong Kong		
Dollar	.1776	5.62
Hungary		
Forint (official)	.0921	10.85
Iceland		
Krona (official)	.0122	81.96
India		
Rupee	.1418	7.00

Country and Currency	Value of Foreign currency unit in Canadian dollars	Value of Canadian dollar in foreign currency units
	May 22	
Indonesia[5] Rupiah	.....	.....
Iran Rial	.0142	70.42
Iraq Dinar	3.014	.33
Ireland Pound	2.570	.38
Israel Pound	.3075	3.25
Italy Lira	.0017	588.23
Jamaica Pound	2.570	.38
Japan Yen	.0030	333.33
Kenya Shilling	.1526	6.55
Lebanon Pound (free)	.3336	2.99
Malaysia Dollar	.3516	2.85
Mexico Peso	.0861	11.60
Morocco Dirham	.2127	4.69
Netherlands Florin	.2958	3.37
Netherlands Antilles Florin	.5707	1.75
New Zealand Dollar	1.203	.82
Nicaragua Cordoba	.1537	6.50
Nigeria Pound	2.998	.33
Norway Krone	.1507	6.63
Pakistan Rupee	.2260	4.42
Panama Balboa	1.076	.92
Paraguay Guarani (free)	.0086	116.28
Peru Sol (free)	.0246	40.65
Philippines Peso (free)	.2749	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	1.501	.66
Singapore Dollar	.3516	2.85
South Africa Rand	1.501	.66
Spain & Dependencies Peseta	.0153	64.93
Sweden Krona	.2082	4.79
Switzerland Franc	.2495	4.01
Syria Pound (free)	.2819	3.55
Thailand Babt (free)	.0522	19.15
Trinidad & Tobago[7] Dollar	.5392	1.85
Tunisia Dinar	2.050	.48
Turkey Lira	.1196	8.35
United Arab Republic Pound (official)	2.475	.40
United States Dollar	1.076	.92
Uruguay Peso (free)	.0043	232.56
Venezuela Bolivar (official free)	.2397	4.17
Yugoslavia Dinar (official)	.0861	11.61

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

businessman's bookshelf

Japan Company Directory 1969

"Oriental Economist" *292 pages* *$20.00*

This concise directory gives information in capsule form on hundreds of Japanese companies, divided into 45 categories, including (in addition to the normal commodity classifications) securities dealers, warehousing and real estate, trading concerns, and transportation companies. Each listing includes total liabilities, net worth, the major stockholders, officers, business lines, and a brief company history. Under "business results", the figures given are as recent as March or July 1968.

Following the listings comes a useful directory "Who's Who in Japanese Business", giving for each person included date of birth, education, position, address, and telephone number.

The vital business ties between Canada and Japan make reference works of this kind well worth a place in a company library.

Order from: "The Oriental Economist", Nihonbashi Chuoku, Tokyo, Japan.

A Century of Chemistry

Ernst Baumler *365 pages*

Ernst Baumler takes us through the history of I. G. Farbenindustrie in his book which was written to mark the centenary of Farbwerke Hoechst A.G. and has recently been translated into English. To the Canadian, accustomed to the North American approach to management, it provides an insight into the workings of the German industrialist's mind.

I. G. Farben emerged as an industrial entity in the mid-1920's, at about the same time and for much the same reasons as ICI in Britain. There was a crying need for rationalization in the chemical industry, especially in the dyestuffs field. It wasn't by any means plain sailing, however. Plant managements, concerned with gaining maximum benefits without yielding on their own plant's position, fought hard for every product as production was rationalized. The various I. G. Farben works were still making 32,000 commercial dyestuffs grades in 1926 and it took eleven dyestuffs commissions to cut this down to a reasonable number.

The end of World War II brought with it the end of I. G. Farben. Its plant was badly battered or dismantled. The three major successor companies in West Germany—Hoechst, Badische Anilin und Soda Fabrik, and Bayer—had lost patents, trademark rights, trade secrets and much of their production facilities. They had precious little to start with except an understanding of the problems to be faced, as the chairman of Hoechst once remarked. Today, all these companies are doing remarkably well even though the industry is increasingly dominated by international giants.

We don't know whether it is the renaissance of Hoechst or the strange fascination which the bygone era of cartels still has for many people, but this is an extremely popular book. Hoechst has already printed three editions of the German original.

Inquiries to: Canadian Hoechst Ltd., 3400 Jean Talon West, Montreal, Quebec.

The Far East and Australia

Europa Publications *1,252 pages* *$25.00*

The recent tour by the Minister of Industry, Trade and Commerce of several of the "Pacific Rim" countries in itself demonstrates Canadian interest in that area. Businessmen looking for facts and figures (and contacts) there will welcome the appearance of a new reference book by Europa Publications covering over thirty countries in Asia and Australasia, including the Asian areas of the U.S.S.R.

The volume follows the well-established pattern of the other Europa reference books. The introductory section covers the Asian world generally, its religions, development problems and foreign aid, and its major primary products. Section two is devoted to regional organizations, such as ECAFE, CENTO, the ADB, the Mekong River Development Project, and so on. The remainder of the book deals with individual countries and has a final section on reference material. The extensive "Who's Who in the Far East and Australia" should prove particularly helpful.

Order from: Europa Publications Limited, 18 Bedford Square, London, W.C.1, England.

That Works Out to . . .

David Taylor, Commodity Officer with the Wood Products Branch of the Department, gives his secretary, Carol Howell, a brief lesson on how to use a slide rule that does conversions into the metric system. Put out by the British Standards Institution to help in Britain's move to metric (to be completed by 1972) it will prove equally useful to Canadian exporters. It converts length, area, volume, mass, force and pressure from imperial standard into metric measurements and Fahrenheit degrees into Centigrade. It can also do wire-gauge conversions.

Need one? Send your order, with 21 shillings or the dollar equivalent, to the British Standards Institution, Sales Branch, 101-113 Pentonville Road, London, N. 1, England.

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