

**JUNE 21. 69**

# **FOREIGN TRADE**

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE, OTTAWA



**Doing  
Business  
in Italy**

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**The galleried arcades in Naples that you can see on our cover** are typical of the country that we are featuring in this issue, as everyone who has visited Italy knows. Our choice of a cover photograph confirms that we are not concentrating only on the industrial North but are also writing about the Mezzogiorno (literally "high noon"), the 52,000 square miles lying south of Rome of which Naples is an important part.

**A glance at the table of Canadian exports on page 6** might lead the reader to conclude that Canadians sell to Italy almost entirely raw materials and foodstuffs. Judging by figures alone, he would be right: these are still the big sellers. But that's only part of the story—as we discovered when we set about planning this coverage of the market in Italy and the methods of doing business there.

**There really is wide variety in our exports.** Last year they reached the \$131 million figure and they were made up of 465 different statistical categories. They included 22 different kinds of fish products, 11 different kinds of raw furs, \$16,000 worth of women's stockings, \$22,000 worth of ice skates, \$115,000 worth of gloves and mittens. And we could go on listing unusual exports.

**In fact, in our correspondence with the Rome and Milan offices** while we were planning this feature, we discovered that Canadian companies have recently shipped to Italy liver extract, instant mashed potatoes, baby chicks, seeds, and acetylene black, among other things. One Canadian firm supplies Italian companies building pipelines and refineries or working on other construction projects overseas with prefabricated housing to be used for offices and living quarters.

**Naturally, our Trade Commissioners in Rome and in Milan have contributed** the bulk of the articles for this issue. But we have drawn on other sources too. The leading article, for example, was written by Frank Piscopo, chief of the Overseas Analysis Division of our Office of Economics. An Italian by birth, his affection for and his understanding of his native country illuminate the facts that he presents.

**We hope that you will find this special feature both interesting and stimulating.** If you have never thought of Italy as a market for your product and are inspired to do some research, we know that officers of the Department in Ottawa or the Trade Commissioners in Rome and in Milan will be glad to help you with your initial investigations.

# FOREIGN TRADE

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The Hon. JEAN-LUC PEPIN, Minister; the Hon. OTTO LANG, Minister without Portfolio; J. H. WARREN, Deputy Minister

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O. MARY HILL, Editor  
MICHAEL A. JOHNSTON, Assistant Editor

Address correspondence to the Editor, "Foreign Trade", Trade and  
Commerce Building, Wellington and Lyon Streets, Ottawa, Canada.

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# ITALY—an Expanding Economy in a Changing Country

F. A. PISCOPO, *Chief, Overseas Analysis Division, Office of Economics*

■ Italy is a country of contrasts and contradictions, in its physical features as well as in its social order and economic structure. In an area of 131,000 square miles, about half the size of Alberta, there is an amazing variety of landscape and climate and 53 million lively people crowded together.

Italy is also a country where sophistication and wealth exist side by side with primitive conditions; where erudition thrives in the midst of illiteracy; where some of the world's most modern and efficient industries share the market with the small artisan and the backward farmer; where a market economy prevails, but many of the large corporations are state-owned; where the businessman and the politician too often are inclined to look at each other as antagonists rather than partners in the same overall task.

What stands out forcefully is the fact that Italy is a country caught up in a rapid process of change. It is adjusting itself, not without problems, to a quick transition from a rural economy based on a largely self-contained and traditionalist society to a leading industrial power, guided by new sets of values and wide open to the economic and cultural influences of the world. The success of this evolution appears to depend mainly on the lessening of the economic and social contrasts and disparities now visible.

## Structural Problems

Recovering from the physical destruction and psychological collapse of World War II, Italy has become the world's seventh industrial power, the fourth in Europe and a leader in several industrial sectors. Over the last fifteen years it has had one of the most consistently high rates of economic growth and only one real slowdown, during the 1963-64 balance-of-payments crisis.

The gross national product has doubled in value from 1960 to 1967's figure of over U.S.\$67 billion. A further increase of 5.7 per cent in real terms was achieved in 1968. The GNP per capita is estimated at more than U.S.\$1,300 a year; this places Italy appreciably ahead of any other Mediterranean country, slightly ahead of Japan, but still a long way behind North America and most of the countries of Northwest Europe. One Italian in 15 now has a car and a telephone and one in 12 owns a T.V. set. In addition, Italians are in general well fed, well clothed and housed in conditions very similar to those prevailing in other parts of Western Europe. The official reserves are now exceeded only by those of the United States and Germany and the lira, a non-transferable and internationally feeble currency two decades ago, has become one of the most solid in exchange markets.

What has made this possible has been, above all, the drastic change in the structure of the Italian economy, accompanied by a reshaping of the pattern of Italian life. As recently as 1958, agriculture generated 19 per cent of the gross domestic product and provided employment for over one-third of the total labor force. In 1967, agriculture originated only 12.5 per cent of the gross domestic product and employed less than one quarter of the labor force. By contrast, industrial activity and the service sector expanded rapidly and increased their contribution to the GDP from 37 and 44 per cent in 1958 to 40.5 and 47 per cent in 1967. At the same time, the number of people working in industry and the service sector rose quickly, while a massive movement of population away from the farms and rural areas gained momentum.

Notwithstanding the great progress made, the Italian industrial sector is characterized by modern, efficient and

large plants coexisting with a multitude of small family-type enterprises. The contribution made by these small companies has been vital to the country's growth. Nevertheless, the fragmentation of production limits the rise in productivity and is one reason for the relatively low wages and the hesitant trend of consumer demand.

Italian industry has become widely diversified and produces an extensive range of goods. In the important sector of research-based production, however, the Italian industry is still in its adolescence, if not infancy. Table I shows the relative importance of the various branches of industry (page 4).

A good measure of the over-all growth of Italian industry is provided by the index of industrial production. In the 1960's, the index increased at an average annual rate of about 7 per cent. This performance compares favorably with that of any other industrial country, with the exception of Japan.

Agriculture has become a relatively depressed sector, with productivity and income below the national average. The modernization of production and the streamlining of marketing methods have become imperative now that Italy is fully exposed to the effects of the EEC's Common Agricultural Policy. The trend towards fewer but larger holdings, encouraged by the Government, should help in improving farm incomes. Although almost one quarter of the labor force is still employed in agriculture, food production falls about 12 per cent short of the national requirements. Italy, in fact, depends in various degrees on all kinds of imported foodstuffs, with rice, wine, fruit and vegetables the most notable exceptions.

## South Is Less Developed

The economic and social disparity between the North and the South is certainly one of the thorniest problems confronting any Italian government. The South comprises about 40 per cent of the area of Italy and has about



(Left) Six days out of seven, open air markets are in full swing in Italy; there are over 300,000 licensed street vendors. (Below) The supermarket is taking hold only slowly; the small retailer still holds sway. (Below, left) Improving opportunities and incomes for people like these in southern Italy is a prime concern of the Italian Government. (Below, right) The engineering industry employs some 18 per cent of Italian labor, like this man working on a rotor for a low-pressure steam turbine in a large factory in Genoa.



36 per cent of the total labor force. Employment in the South accounts for less than one-third of the national total and it produces somewhat less than one quarter of the gross national product. There the elements of the past are more clearly visible than in the northern regions; people live nearer to nature and follow more traditional patterns. The South continues to be a poor region, notwithstanding the rapid progress made in the North, the establishment of some industrial centers in the South itself, and an average annual rate of growth of 5 per cent, in real terms, for the country as a whole.

Emigration to other areas in Italy or to foreign countries is still the safety valve that prevents the situation in the South from deteriorating further. The movement of several million people from the South to the industrialized and urbanized North has given rise to a host of new problems. The South has lost many of the most active elements of its population. The North has benefitted from more manpower but if the newcomers were not to become a mass of destitute unemployed, jobs had to be created, houses built, and a public infrastructure provided. All this was done to an appreciable extent, but social strains and economic difficulties were unavoidable.

Among the structural problems of the Italian economy, unemployment is probably the one that summarizes and reflects all the shortcomings of the system. For decades, Italy has had a high rate of unemployment, accompanied by an even higher level of under-employment, despite the massive emigration. The need to create new jobs is still very acute but it must be recognized that in relation to the number of people with jobs, unemployment had tended to diminish.

### Trade and Investment

The most impressive improvement in the Italian economy has probably taken place in commercial transactions with foreign countries. All the components of the current account balance in the balance of payments have improved during the past two decades. The traditional deficit on merchandise transactions has been narrowed substantially and, in fact, the trade balance on an f.o.b. basis has been in surplus since 1965. The only reason for the trade deficit (exports f.o.b.

Branches and classes of industry	Labor force employed	Gross fixed investment (per cent)	Gross product (at factor cost)
Mining and quarrying	2.1	3.3	1.9
Manufacturing	72.6	66.7	70.8
of which			
Food and allied industries	9.1	4.6	7.6
Tobacco	0.4	0.2	0.5
Textiles <sup>1</sup>	13.0	7.2	5.7
Clothes, articles of apparel and leather goods	5.6	1.7	5.6
Timber, wooden furniture and fittings	3.4	0.5	3.6
Metalworking	5.8	8.0	4.5
Engineering	18.1	15.9	23.4
Building materials	4.0	2.9	4.0
Chemical and allied industries <sup>2</sup>	6.9	18.6	9.3
Rubber processing	1.2	1.5	1.2
Paper, printing, and paper and board processing	4.4	5.4	3.9
Sundry	0.7	0.2	1.5
Housebuilding and plant installation	22.2	6.5	20.5
Electric power, gas and water	3.1	23.5	6.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup>Including production of manmade fibers.  
<sup>2</sup>Including petroleum and coal distillation products.

TABLE II  
ITALIAN BALANCE OF PAYMENTS

	1964	1965	1966	1967	Jan.-Sept. 1968
	(U.S.\$ million)				
Current account					
Exports f.o.b.	5,863	7,104	7,929	8,601	7,374
Imports f.o.b.	-6,508	-6,458	-7,595	-8,512	6,579
Trade balance	-645	646	334	89	795
Net services and transfers	1,272	1,565	1,783	1,635	—
Current balance	627	2,211	2,117	1,724	—
Capital movements	163	-619	-1,541	-1,361	—
Over-all surplus or deficit	790	1,592	576	363	—
Commercial banks' capital	-442	-635	-408	195	—
Official monetary movements	-348	-957	-168	558	—

IMF—International Financial Statistics.

minus imports c.i.f.) is the need to supplement the internal agricultural output with supplies from foreign countries. With the exclusion of agricultural products, Italy has been running a sizable trade surplus for several years (see Table II).

Invisible transactions (especially tourism and emigrants' remittances) have always produced a large net surplus, often more than adequate to offset the losses in merchandise trade. Since 1965, the Italian balance of payments has shown some novel features.

The improvement in the exchange of goods has produced a substantial surplus on current account, which was in part offset by a growing outflow of capital. Long-term business investment abroad has risen strongly and Italian capital, usually accompanied by Italian knowhow, is now at work in many countries, including Canada, Eastern Europe and many parts of Africa and Latin America.

In the lineup of industrial countries that increased their foreign trade between 1960 and 1968 Italy is in

second place, outranked only by Japan. The largest expansion of trade was with the other countries of the EEC, but trade with the EFTA countries, with North America and with Eastern Europe also made substantial gains.

In present-day Italy, the exchange of goods and services with other countries represents about a third of the gross national product as against a quarter in the early 1950's. This means that external transactions have expanded faster than domestic output; it also means that Italy has made great strides in integrating its economy with the rest of the world. In view of the generally favorable development of the balance of payments, of the solid position of the lira and of the high level of reserves, it is clear that the Italian economy has been able to withstand greater exposure to international competition and to gain from the deeper penetration achieved in foreign markets.

#### Current Situation

The first half of 1968 gave evidence of a slowing down in the rate of economic expansion. Domestic demand and industrial production slackened; imports levelled out. Exports, by contrast, maintained a steep rise, which contributed materially to the firmer tone of activity that prevailed in the second half of the year.

The index of industrial output rose by 6.2 per cent in 1968, as against over 8 per cent in the previous year. The industrial slowdown was most noticeable in the engineering, mechanical, food and textile sectors. The chemical, building materials and construction industries, on the other hand, sustained a much livelier pace than the average for all sectors. Agricultural output in 1968 appears to have been about 4 per cent smaller than in 1967, so the relative purchasing power of the already handicapped farmer was further reduced. In addition to the chronic structural difficulties, poor weather adversely affected farm production.

On the demand side, the available indicators suggest a marked weakening in both investment and consumption. The rise in private consumption slowed down from 7 per cent in 1967 to 4.2 per cent in 1968. This, in turn, induced a serious decline in the rate of growth of business capital invest-

ment, which rose by a mere 3.1 per cent in comparison with nearly 10 per cent in 1967.

The main reason for the appreciable over-all growth recorded in 1968 was the 17 per cent increase in the value of exports. The necessity to offset abroad the weaker trend of domestic demand, together with the full activation of the Common Market, provided much of the thrust in exports. The vigorous import demand in major foreign markets, especially in Germany, Switzerland and the United States, helped materially. By contrast, imports rose by only 4.3 per cent as against 14.4 per cent in 1967. As a result, the usual deficit on the trade balance was virtually wiped out. According to preliminary information, Italy's current account balance showed a surplus of about U.S.\$1.9 billion in 1968. A sharp expansion of official reserves was avoided primarily by

means of a vastly increased capital outflow, estimated at U.S.\$1.3 billion.

With little pressure in the labor market, wages increased only moderately. Prices also moved up very slowly: 1.4 per cent for retail prices and 0.5 per cent for wholesale prices. In 1968, therefore, monetary stability and balance-of-payments equilibrium were achieved.

Influential voices have been raised in Italy pointing out that the country today must think less about being internationally competitive and more about creating jobs and lifting the standard of living of the average citizen.

The Government appears to be aware of the need for reflation internal consumption. The Treasury Minister, Emilio Colombo, in closing the debate over the 1969 budget, showed a firm intention to expand internal demand both for consumer and for



These bags belong offloaded in the port of Savona in northern Italy contain instant mashed potatoes processed by McCain Foods Limited in Florenceville, New Brunswick. Its Geona agent has built up a good demand for this Canadian product.

capital goods. Increased government spending, higher pensions, and easier credit terms are expected to facilitate the pickup of the internal market. In addition, on March 22, the authorities acted to stem the outflow of capital by instructing the banks to re-

patriate by June 30 a large share of their foreign funds.

Unused labor resources and the availability of capital should make possible quicker growth this year. The expected expansion of domestic demand is bound to be reflected in larger

imports, especially of industrial materials needed to feed Italian industries. Imports from Canada, which recorded a more than threefold increase from 1958/59 to 1967/68, seem likely to make a further advance this year.

## Italy and Its Foreign Trade

Italy's trade with its EEC partners is increasing; U.S. share of Italian market has decreased. Canadian sales reached \$131 million last year, with agricultural exports down.

ROY W. BLAKE, *Consul General and Trade Commissioner, Milan*

### CANADA'S TOP EXPORTS TO ITALY

Commodity	1966	Rank	1967	Rank	1968	Rank
	(Cdn.\$'000)		(Cdn.\$'000)		(Cdn.\$'000)	
Iron ores (all)	12,857.7	2	19,688.0	1	16,050.8	3
Wheat (all)	21,653.7	1	19,363.9	2	27,669.1	1
Wood pulp (all)	11,611.7	4	18,692.6	3	21,389.1	2
Barley	12,792.1	3	17,982.4	4	9,245.1	4
Rapeseed	6,389.7	5	10,050.7	5	—	—
Aluminum scrap	4,968.7	7	4,286.6	6	4,526.6	5
Lumber (all)	3,215.6	10	4,228.8	7	4,255.7	6
Aluminum pigs	4,078.6	8	3,840.0	8	2,664.8	11
Nickel (all)	2,747.6	11	3,436.1	9	2,715.5	10
Aircraft (eng.)	—	—	3,173.4	10	3,440.4	7
Steel sheet and strip (all)	—	—	2,636.3	11	3,366.6	8
Asbestos fibers (all)	2,721.7	12	2,620.0	12	3,044.1	9
Navigation instruments	5,652.4	6	2,572.5	13	1,425.9	17
Plastic and synthetic rubber	1,826.5	13	2,108.1	14	1,575.2	16
Liner board	3,327.4	9	1,794.8	15	2,080.5	13
Cattle, live	1,718.9	14	1,586.1	16	—	—
Milk powder	1,070.6	17	1,479.5	17	1,105.8	20
Molybdenum ores	—	—	1,468.0	18	—	—
Zinc pigs	1,091.7	16	1,411.0	19	—	—
Scrap iron and steel	—	—	1,262.1	20	1,418.6	18
Copper scrap	—	—	—	—	2,295.7	12
Pulpwood	1,669.8	15	—	—	—	—
Seed potatoes	823.1	18	—	—	—	—
Potassium chloride	—	—	—	—	—	—
Abrasive basic products	774.5	19	—	—	—	—
Copper alloys and shapes	—	—	—	—	1,394.3	19
Computers	742.9	20	—	—	—	—
Pig iron	—	—	—	—	1,670.6	14
Brass and bronze scrap	—	—	—	—	1,659.4	15
<b>Total of above</b>	<b>101,634.9</b>		<b>123,680.9</b>		<b>112,993.8</b>	
<b>Total exports</b>	<b>114,786.6</b>		<b>141,439.1</b>		<b>131,210.3</b>	

Source: DBS

Italian trade continued to expand strongly last year, in spite of labor difficulties and the unstable political situation. Exports increased by 17 per cent to U.S.\$10.2 billion and imports by only 4.3 per cent to U.S.\$10.3 billion, up from \$8.7 billion and \$9.8 billion in 1967. This resulted in a nearly balanced trade for the year, compared with a deficit of about \$1.1 billion in 1967. The Italian Minister of Foreign Trade pointed out recently that for the first time in 100 years of Italian history, commercial trade has been substantially in balance. Italy now ranks seventh in total volume of foreign trade.

The figures for the first two months of 1969, however, seem to indicate that imports are rising more rapidly than they did last year. The forecast now is that in 1969 imports will rise by 15 per cent and that exports will go up somewhat less than 15 per cent.

The surge forward in Italy's trade in the last two decades can be appreciated by looking back to 1950, when exports totalled only U.S.\$1.2 billion and to 1954, when the figure was \$1.43 billion. About 1963, imports began to increase more rapidly than exports; in 1963 the trade deficit reached \$2.53 billion and even in 1967 it was over \$1 billion. Much of the rise in imports stemmed from the



Milan looks the part of a city in a thriving country that has become a leading industrial power.

need to import more agricultural products and foodstuffs for domestic use and this need continues.

### Major Suppliers

Among Italy's trading partners, the EEC countries as a group are in the lead; 36.2 per cent of its imports came from the EEC last year. West Germany is the country's main EEC supplier, with sales to Italy at U.S. \$1.8 billion in 1968, compared with \$1.7 billion in 1967. France comes next to Germany as a source of Italian imports within the EEC, with sales worth \$1.16 billion in 1968 (\$1.05 billion in 1967).

The United States has become Italy's second largest supplier, out-ranked only (as pointed out above) by West Germany. Last year the U.S. sold to Italy goods worth \$1.20 billion, compared with \$1.06 billion a year earlier. None the less, the percentage of Italian imports supplied by the U.S. is decreasing and the percentage from the EEC countries is increasing.

Britain's exports to Italy totalled U.S.\$433.9 million in 1968 (\$433.5

million in 1967). Imports from the Soviet Union reached U.S.\$285.9 million as against \$275.3 million in 1967.

### Chief Italian Markets

The greatest growth in Italian exports is in sales to the other five members of the European Common Market. Italy is reported to be running a surplus of \$32 million a month with these EEC countries which are currently absorbing nearly 40 per cent of total Italian exports. The elimination of all customs duties between the six member countries has been particularly beneficial to Italian manufacturers, who have found they can compete successfully with their neighbors. West Germany is the main market in this area for Italian goods and the German economic boom has sharply boosted demand for Italian goods. France has similarly developed into a very large, expanding market.

In its trade with the non-EEC world, the United States is Italy's most important export market, with exports reaching a level of over \$1 billion in 1968, a substantial expansion over the previous year.

Manufactured goods account for over 90 per cent of Italy's exports to the world and trade missions from many countries have commented upon the high rate of efficiency in Italian plants, particularly those manufacturing household appliances and automobiles. The undisputed leader in the export field last year was the engineering industry, followed by the textile industry and, a considerable distance behind, by the chemical, fuel and metallurgical industries. The Italian flair for design has also become an important factor in attracting overseas customers. The strength of Italian exports has had an important effect on Italian business, reflecting the fact that the exchange of goods and services represents about one-quarter of the country's gross national income. The economy of Italy is expanding faster than that of almost any other country in Western Europe.

### Composition of Imports

A study of the composition of Italian imports reveals that the country buys abroad a large volume of raw materials for its industries and

that, despite efforts to increase domestic production of agricultural products, it must still import foods. In fact, in 1968 Italian imports of agricultural products reached a new high of \$1.96 billion.

The figures on U.S. trade with Italy, for example, give main imports from the U.S. last year as feeds and grains (U.S.\$128.8 million), aircraft and parts (\$112 million), oilseeds and cakes (\$64 million), coal (\$48 million), and raw cotton (\$29 million). Yet the U.S. Department of Commerce points out that the greatest opportunities for increasing U.S. sales to Italy lie in high technology goods, such as sophisticated office equipment and computers, goods handling and distribution systems, and biomedical and microelectronics equipment.

#### Trade with Canada

Canada's exports to Italy rose sharply for several years—from \$93.2 million in 1965 to \$114.8 million in 1966 and to \$141.4 million in 1967.

Last year they dropped to \$131.2 million, mainly because the restrictions introduced on imports of agricultural products into the EEC seriously affected Canadian sales to Italy of rapeseed and barley. Larger sales of some industrial materials, such as sulphate pulp and asbestos fibers, did not compensate for these losses.

The dynamic growth of the Italian economy, however, should continue to offer growing markets for Canadian bulk products in the field of consumer goods. Italy is still the largest market in Europe for frozen foods and consumption rose by 20 per cent in 1968. With the number of supermarkets increasing every year and national income rising steadily, this demand for frozen foods is likely to rise sharply. Canadian frozen fish fillets are already being sold in Italian supermarkets, and so are frozen whole Canadian salmon and smoked salmon, and frozen peas. Indeed, the growth possibilities for all kinds of Canadian frozen foods are most attractive.

In fact, the large Italian market also offers numerous opportunities for aggressive Canadian exporters of manufactured goods, technical equipment, scientific instruments, medical equipment and sophisticated products which are new or different and can do a better job. The analysis of Canadian exports to Italy shows that the range of manufactured products which are being successfully marketed by Canadian producers is widening, despite the overwhelming predominance of the great bulk items which have traditionally appeared in this trade. The top 20 exports to Italy are shown in the table on page six.

The two Canadian offices operated by the Department of Industry, Trade and Commerce are located in Rome and Milan. The offices have programs for increasing trade with Italy in a number of products which have shown promise. Any Canadian manufacturer interested in examining the market possibilities is urged to get in touch with these offices.

### Canadian Trade Commissioners in Italy

#### Rome



**G. F. G. Hughes**  
Minister-Counsellor  
(Commercial)



**J. E. Montgomery**  
Commercial Secretary  
(Agriculture)



**C. Renaud**  
Assistant  
Commercial Secretary



**C. D. Miller**  
Assistant  
Commercial Secretary

#### Milan



**R. W. Blake**  
Consul General and  
Trade Commissioner



**V. G. Lotto**  
Consul and  
Trade Commissioner



**D. T. Wismer**  
Vice Consul  
and Assistant  
Trade Commissioner



**B. M. White**  
Vice Consul  
and Assistant  
Trade Commissioner

# When You Visit Italy

C. D. MILLER, *Assistant Commercial Secretary, Rome*

■ When you visit Italy you will naturally be interested in getting the best possible business value from your trip. To help make your visit a success, we offer the following suggestions.

**Before You Leave**—Write to us at Rome or Milan at least one month before you start on your trip, if possible. This will give us ample time to do some basic market research for you before you get here and to recommend where you should spend most of your time. This advance notice also gives us a chance to contact prospective agents, importers, licensees, etc., on your behalf. Another good reason for writing ahead is that we can advise you to avoid timing your visit to coincide with holiday periods. Italy has about twice as many national holidays as Canada and too many Canadian businessmen have arrived in Italy only to find their effective working days curtailed because of a holiday which was unknown to them.

Another word of caution—don't come to Italy for two or three days, especially on your first trip, hoping to accomplish things at the same rate as in North America. To begin with, the role of the telephone in business is restricted virtually to making appointments. Italians like to do business face to face, so you will have to call on them to be taken seriously.

**Travel Documents**—Holders of Canadian passports do not need a visa for a visit to Italy. If your stay here will exceed three months, contact us on arrival and we will assist you in obtaining the required "Permesso di Soggiorno". If you enter Italy directly from Canada, you won't need a smallpox vaccination or cholera injection, but if your travels have taken you through infected areas, you will.

You are allowed to bring into Italy any amount of Italian or foreign currency.

We recommend that you book your hotel accommodation before you leave Canada, especially if you will be here during April to October. The tourist invasion starts about Easter and especially during the summer months, good hotel space is hard to find. Furthermore, if you will be in Milan during its annual International Samples Fair (April 14 to 25), you should book your accommodation well in advance. A good source of information on hotels and on transportation in Italy is the Italian State Tourist Office (ENIT). Its Canadian address is: Italian State Tourist Office—ENIT, 3

Place Ville Marie, Montreal, Quebec. Tel. 866-7667/8/9.

**When to Come**—For maximum business effect, plan to be here in the period mid-January to mid-June, or late September to mid-December. You should avoid the summer months because the holiday period is protracted. The Italians start vacating their cities in late June and the last holidayers don't return to their jobs until mid-September. And even if the officials you wish to meet are at work, the summer business hours are built around lunch and a siesta, restricting visiting hours to 10.00 a.m. to 1.00 p.m. and 5.00 to 7.00 p.m. In addition,

## Italian National Holidays and Feast Days, 1969

January 1 Circumcision  
(Circoncisione di Nostro Signore)

January 6 Epiphany  
(Epifania di Nostro Signore)

March 19 St. Joseph  
(San Giuseppe)

April 7 Easter Monday  
(dell'Angelo)

April 25 Liberation Day  
(Anniversario della Liberazione)

May 1 Labour Day  
(Festa del Lavoro)

May 15 Ascension Day  
(Ascensione di Nostro Signore)

June 2 Republic Day  
(Proclamazione della Repubblica)

June 5 Corpus Domini

June 24 St. John  
(San Giovanni)  
(Patron Saint of Genoa and Turin)  
(Genoa and Turin only)

June 29 St. Peter and St. Paul  
(S.S. Pietro e Paolo)

August 15 August Bank Holiday  
(Ferragosto)

November 1 All Saint's Day  
(Tutti i Santi)

November 4 Victory Day  
(Anniversario della Vittoria 1918)

December 7 Milan Patron Saint's Day  
(Sant' Ambrogio)  
(Milan only)

December 8 Immaculate Conception  
(Immacolata Concezione)

December 25 Christmas Day  
(Santo Natale)

December 26 Boxing Day  
(Santo Stefano)

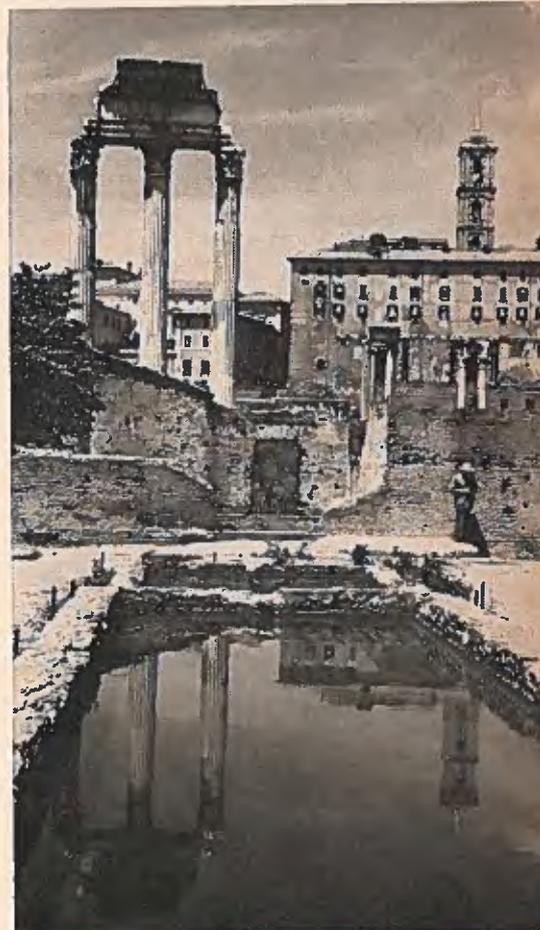
the summer in Italy is hot and by noon on most days you'll wish you were splashing in the surf instead of hurrying down a noisy street in a business suit.

**When You're Here**—Accommodation in the major cities will cost you \$15 to \$18 per night for a single with bath in a first-class hotel. A de luxe establishment will charge \$20 to \$25.

Inter-city transportation should present no problem to the visitor. The major centers are connected by frequent air service. Florence, with its airport a long way from the center of the city, is the only big town not well served by air.

In the winter some of the northern airports (especially Milan) are often closed because of fog. If you can't afford to have the weather interrupt your itinerary, you would do well to travel by train. First class accommodation on the fastest trains is very pleasant indeed.

The Italian autostrada (superhighway) network is now the second most extensive in Europe and in return for a stiff toll allows fast inter-city travel between all the major commercial centers.



Historic sites like the Roman Forum are a plus for the business-minded visitor.

## Doing Business in Italy

# How to Approach the Italian Market

Sound research, a personal visit, selecting good agents, using trade fairs, advertising selectively—all these will help.

CLAUDE RENAUD, *Assistant Commercial Secretary, Rome*

■ The bulk of Canadian exports to Italy still consists of wheat, wood pulp, iron ore, aluminum, copper and grains, yet Canadian manufacturers managed to sell an impressive \$10 million of finished products there last year. Sporting goods, kitchen utensils, vitamins, photographic equipment and fur garments are only a few of the many examples of the success which rewards the Canadian exporter who has quality goods for sale at the right price.

The Italian market has tripled in size over the last decade and is likely to double again in the next ten years. Canadian exporters of manufactured goods should prepare to enter it now, even with the prospect of little immediate gain, pending the emergence of a richer middle class.

Trade promotion techniques used elsewhere in the world must be adapted for the Italian market. The first step in any approach by the Canadian exporter is to gather trade information on Italy. The astute

reader will soon discover that the best way to survey the Italian market is to go there at the time of an appropriate fair. Appointing a single agent for Italy is often not sufficient; covering the country usually calls for several representatives. Depending on the product, association with a manufacturer of complementary products is sometimes the answer. Sending samples is essential not only to show the goods being offered, but also to deal with some of the potential snags arising from import regulations. Finally, if the Canadian exporter really wishes to launch a consumer product, he will have to consider advertising.

The best way to do business in Italy is to go there. More than in most countries, personal contacts are of prime importance. Few Canadian businessmen need hesitate before making a survey trip to the principal cities of Italy, possibly combining pleasure with business. (See the short feature on page nine.) Before the trip, however, it may be worthwhile to consult

some of the trade literature which is available in French and English.

For Canadian exporters planning a first trip to Italy, good sources of information are listed below.

Background material in English on Italian business is rather sparse. Some of the better sources are:

1. The publications of the Economist Intelligence Unit, Via Manzoni 12, Milan. *The Economist* of London also publishes an excellent general economic survey each spring.

2. The monthly *Galling Report*, obtainable from the *Daily American*, Rome's English-language daily newspaper, Via Tomacelli 146, Rome.

3. Regular reviews of Italian economic conditions published by the Italian banks. Most noteworthy are those from Banca Nazionale del Lavoro, Via V. Veneto, Rome; Banco di Roma, C.P. 2442, Rome; Banco di Sicilia, Via del Corso 261, Rome, and

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### For Market Information on Italy . . .

#### IN CANADA

The Europe Division and the Commodity Branches of the Department of Industry, Trade and Commerce in Ottawa.

Italian Chamber of Commerce of Montreal, 800 Place Victoria, Suite 3423, Montreal 1, Quebec.

Italian Chamber of Commerce of Toronto, 159 Bay Street, Toronto 1, Ontario.

#### IN ITALY

The offices of Trade Commissioner Service in Rome and Milan.

Minister-Counsellor (Commercial), Canadian Embassy, Via G.B. de Rossi 27, I 00161 Rome, Italy. Tel. 855.341.

Consul General and Trade Commissioner, Canadian Consulate General, Via Vittor Pisani 19, I 20124 Milan, Italy. Tel. 652.485.

The offices of the Provinces of Ontario and Quebec located in Milan.

Ennio Vita-Finzi, Trade and Industry Counsellor, Ontario Government Office, Via Senato 12, I 20121 Milan, Italy. Tel. 781.162.

Ettore Lanfranco, Economic Counsellor, Quebec Government Office, Via Manzoni 16, I 20121 Milan, Italy. Tel. 795.673.

The commercial banks. All main Canadian banks have correspondents in Italy and the Bank of Montreal has an office in Milan.

G. A. Mignacca, Director, Bank of Montreal, Via San Paolo 7, I 20121 Milan, Italy. Tel. 874.944.

from the Association of Italian Joint Stock Companies, Piazza Venezia 11, Rome.

Many trade fairs are held each year in Italy. The most important ones are listed in the official calendar of the fairs, shows and exhibitions issued each year by the three Italian Ministries of Industry, Agriculture and Education and published in the *Official Gazette*. In 1969, the calendar listed nine international general fairs (horizontal fairs) and 26 international specialized fairs (vertical fairs).

There are many trade fairs of only regional importance. These could be of interest to the Canadian exporter already selling in Italy who wishes to broaden his penetration of the market. Their appeal is not broad enough, however, to make a trip to them worthwhile for the uninitiated Canadian exporter.

Among the most popular businessmen's rendezvous is the Milan International Samples Fair, held in April each year. A visit to this fair is the most economical way to assess the Italian market and the competition. Italian industry is well represented. Alternatively, a visit to a specialized trade fair may provide more opportunities for meeting potential agents or buyers.

The Italian Government offices in Canada can provide precise information on the dates and relative importance of Italian trade fairs.

### Appointing an Agent

Finding an Italian agent to promote a Canadian product is a crucial step. The following suggestions, drawn from the experience of other exporters, may be useful.

Milan is by far the most important distribution center in Italy but in certain fields other centers are predominant—such as Venice for glassware and Florence for giftware.

Very few representatives have a network adequate to cover the whole Italian market. It may pay the Canadian exporter to have separate agents in the North (Milan), the center (Rome) and the South (Naples or Palermo). Regional disparities accentuate the need for several representatives with well-defined territories.

Less than 10 per cent of total sales are made through large retail organizations. It is therefore necessary to

## Trade Fairs in Italy, 1969 and 1970

### International General Fairs 1969

Messina, August 3-18  
Bari, September 10-23  
Bolzano, September 12-22

### 1970

Milan, April  
Bologna, May  
Palermo, May  
Padova, May  
Trieste, June

### International Specialized Fairs 1969

Parma, September 20-28 (food processing)  
Padova, September 25-29 (public utilities)  
Bologna, October 4-12 (industrial construction)  
Padova, October 9-13 (transport and storage)  
Verona, October 9-13 (agriculture)  
Genova, October 18-26 (communications)  
Genova, October 18-26 (shipping containers)  
Genova, November 15-25 (hotel equipment)  
Padova, December 6-8 (broiler poultry and beef cattle)

### 1970

Bari, January (handicrafts)  
Genova, January (dental technology)  
Genova, February (camping and nautical sports)  
Naples, February (hotel equipment)  
Verona, February (earthmoving equipment)  
Bologna, March (shoe fashions)  
Bologna, March (foodstuffs)  
Naples, March (furniture)  
Verona, March (agriculture)  
Bologna, April (graphic arts)  
Florence, April (handicrafts)  
Parma, April (supermarket techniques and products)  
Naples, May (children's goods and toys)  
Naples, May (giftware)  
Ancona, June (fisheries and nautical sports)  
Naples, June (general fair)  
Trieste, June (wood)

aim at the small shopkeeper in order to sell large quantities of consumer goods. There are so many small shops or "boutiques", most of them independent, that only well-organized distributors can cover an area properly. Unless potential customers of the Canadian exporter are few in number, it is mandatory to have several representatives.

The difference between the landed price of an article (c.i.f. value plus customs duties and taxes) and its retail price is wide. Branded pre-packed products are usually subject to fixed or recommended resale prices. Retail margins range from 10 to 30 per cent or even higher. The General Turnover Tax (called IGE and equal to 4 per cent) is levied at every transaction level. The fewer the number of intermediaries, the lower the retail price. Some manufacturers have extended the scope of their business to include retailing.

In certain instances, it may be practical for the Canadian exporter to find an Italian manufacturer whose products are complementary to his own and appoint him as agent.

### Sending Samples

Samples with a commercial value can be temporarily imported into Italy, provided a deposit equivalent to the customs duty is made. Samples imported on this basis must be re-exported within six months, when the deposit is refunded. Samples of no commercial value can be imported duty-free. Certificates of origin and consular invoices are not required.

Imports of edible products are subject to a multitude of regulations on labelling and permitted content. The Canadian exporter should make thorough inquiries before shipping edible samples and it might be worthwhile to make a test shipment.

It is advisable to talk to the airlines about having export goods go by air freight. This makes it possible to quote c.i.f. Milan. Otherwise, quote prices c.i.f. Rotterdam or c.i.f. Genoa. Normal terms of payment are net 30 days or, if the customer is not well known to you, irrevocable letter of credit.

For electrical appliances, the current is 50 cycles and 120 and 220 volts are both available. Official approval by the Istituto Italiano del Marchio di Qualità, Viale Misurata

## Doing Business in Italy

61, Milan, is not mandatory, but it is recommended to improve the product's sales appeal. All quantities should be converted to the metric system.

Parcels sent by post must be cleared through Customs, an operation normally carried out by a customs broker at a cost rarely lower than \$5.00.

Italian customs procedures are complicated and can mean delays. Should time allow, a trial shipment will help to assess the difficulties to be encountered.

### Advertising in Italy

Press advertising worth Cdn.\$225 million last year accounts for almost two thirds of the expenditures on major media in Italy. Expenditures on exhibitions in a year could total as much as Cdn.\$110 million. Much lower than these two most popular means of advertising—in the Cdn.\$35 million to \$45 million category—are expenditures on television, posters, direct mail and point-of-sale displays. The grand total is estimated at about Cdn.\$600 million or, for a population of 54 million, slightly more than Cdn.\$11 per head.

About one-third of newspaper advertising expenditures go to the daily newspapers and two-thirds to weekly or monthly publications. The main dailies are the *Corriere della Sera*, published in Milan, circulation 525,000; *La Stampa*, published in Turin, circulation 425,000; *Il Giorno*, published in Milan, circulation 265,000, and *Il Messaggero*, Rome's leading daily, circulation 255,000.

The main users of press advertising are cosmetic, toileteries and pharmaceutical manufacturers, which each account for 15 per cent of the total. Food advertising accounts for 14 per cent and beverages 11 per cent. An analysis of expenditures by product group in the major media shows that press advertising is preferred by all groups over radio and television.

CVP Italian Pubblicità e Marketing S.p.A., Via a Veneto 54/b, Rome, is the largest Italian advertising agency, accounting for 5 per cent of the total billing. It operates in Milan and Rome and places advertising primarily in magazines and television. Seven of the top ten agencies are directly linked with non-Italian groups, mostly U.S., British and German.

## Clearing Imports through Customs ... means paying tariffs and

a number of other taxes, as explained below.

R. BROOKES

*Commercial Assistant, Rome*

■ Italy's basic Customs Act, as amended, dates back to Royal Decree number 20 of January 26, 1896, which is known as the Consolidated Customs Laws. However, by Law No. 29 of January 23, 1968, the Italian Government was committed to introduce within three years new legislation to bring custom procedures in line with present-day techniques and in harmony with those of Italy's five partners in the European Economic Community (EEC).

Trade both ways between Canada and Italy is governed by the reciprocal exchange of most-favored-nation tariff treatment under a *modus vivendi* as well as under the provisions of the General Agreement on Tariffs and Trade (GATT).

Italy's tariff structure, in common with the other five EEC countries, is based on the Brussels tariff nomenclature. It is broken down into 21 sections and 99 chapters. Most of the customs import duties are calculated, for goods liable to ad valorem rates, on the dutiable values of the goods themselves. In such cases, the value for duty is the c.i.f. value of the im-

ported commodity. In addition to the duty, Italy also levies other fees, taxes, surcharges, frontier tax, fabrication tax, etc., depending on the type of goods imported. These additional charges are payable at the time the goods are cleared through Customs.

As of July 1, 1968, Italy and the other five member states of the EEC reached one of the main objectives set by the Treaty of Rome in 1957. They completed the formation of a customs union with the coming into effect of a single Common External Tariff (CET or CXT) which has been applied uniformly by the Six from July 1, 1968, to imports from all non-EEC countries (also called third countries), including Canada.

The table gives an example of customs clearance procedure and how the duty and additional fees and taxes are applied. This is of course one of the simpler examples of import customs clearance, based on the ad valorem duty rate on the value of a product imported into Italy. It gives the Canadian exporter some idea of how the duty rate and additional charges are imposed. However, some products are subject to specific duties (as opposed to ad valorem)—that is, a fixed lire

Duties on a Product Worth Cdn.\$100 c.i.f.

When imported into Italy from	an EEC country    a non-EEC country*	
	(Canadian dollars)	
Duty rate ad valorem (say 10%)	0.00	10.00
Administrative fee (1%)	1.00	1.00
Value duty-paid product \$101.00, \$111.00		
Turnover (or sales) tax (say 4% on duty-paid value of product)	4.04	4.44
Equalization (or compensatory) import tax (say 3% on duty-paid value of product)	3.03	3.33
Total duty and other ancillary fees, taxes, etc., (to be paid at the time of clearance through Customs in equivalent amount of lire)	8.07	18.77

\*Includes Canada

amount per kilo, or per quintal (of 100 kilos) or other metric unit of weight or measure. Others are dutiable on a "mixed" rate—that is, partly ad valorem and partly specific.

Still another peculiarity of the CET is the so-called "import levies". These apply to some (not all as yet) agricultural products under the Common Agricultural Policy (CAP). Import levies are movable specific duties (as opposed to fixed ad valorem rates) which change frequently, sometimes even from one day to the next, and at other times each week or two or each month. Levies replace the duty on certain agricultural products and are based on the difference between the world market price c.i.f. Europe and the EEC price (fixed by the EEC Council of Ministers in Brussels).

### "Added Value" Tax

Another step to be taken by Italy to fall in line with its EEC partners and which will affect Italian imports is the change from the present application of the turnover (or sales) tax (Imposta Generale sull'Entrata—in brief, IGE) to what will be known as the "tax on the added value" (Imposta sul Valore Aggiunto, in brief, IVA). Italy was to begin applying the IVA system as of January 1, 1970, but has requested (and is confident of obtaining) a two-year extension of the present IGE system. The reason for requesting a two-year extension is that Italy is preparing a complete reform of its taxation procedures and measures, of which the transfer from IGE to IVA is only one aspect. If and when the IVA system commences, it will absorb the present IGE and the equalizing (or compensatory) import tax and should be applied at a flat rate of 10 per cent on all imported products, as opposed to the present many rates charged, depending on the type of product.

### Customs Brokers Helpful

In view of the many complexities and intricacies of the Italian tariff, we suggest that Canadian exporters whenever possible quote c.i.f. Italian ports and leave the Customs clearance problem to be solved by the Italian importer, who usually has his own reliable customs broker to cope with this aspect of the transaction.

However, if any Canadian exporter wants to get some idea of the customs duty payable on his goods he can write to us, describing the goods as accurately and in as much detail as possible, giving the Brussels tariff nomenclature number, if possible, and

any other useful information. Another point to bear in mind is the importance of having the services of a reliable and competent customs broker, whose services and experience can be invaluable. We will be glad to recommend one to any Canadian exporter.

## Co-operating with Italian Consultants

■ The achievements of Italian industry in the manufacturing field are well known—automobiles and refrigerators are outstanding examples. Perhaps less well known are the achievements of Italian construction companies and consulting engineers abroad.

Italian firms are now working on all continents on hundreds of different projects, from large public works through the entire range of planning and building plants, refineries, chemical and petrochemical plants, and oil and gas pipelines. One Italian company alone has built 32 refineries, over 270 oil and natural gas treatment units, 50 petrochemical plants, one nuclear power plant, and over 11,000 miles of oil and gas pipelines, and has carried out almost six million feet of drilling.

An outstanding example in the manufacturing field is Fiat's penetration of Eastern Europe. Yugoslavia is building Fiats under licence, and Poland recently negotiated a similar agreement. The U.S.S.R. has engaged Fiat to construct and manage an \$800 million plant at Togliattigrad on the Volga River. This huge plant is scheduled to begin producing Fiats by early 1970 and eventually reach an annual output of 600,000 automobiles.

These projects, often on a large scale, demonstrate the inventiveness and talent of Italian technology.

Are Italian engineering and consulting firms interested in international collaboration? One example was the participation of an Italian consulting firm with U.S. and French companies in a consortium which was awarded the contract for the Tarbela Dam in Pakistan—claimed to be the largest dam ever planned.

Are there opportunities for Canadian engineering consultants in co-operation with Italian firms internationally and in Italy? Though the inventiveness and technological abilities of Italian companies are considerable, one country alone rarely has all the experts necessary to undertake the many international and national projects going forward. Canadian consultants would be well advised to consider discussing joint co-operation

with their Italian counterparts at every opportunity. Some large Italian construction companies are now arranging on an international basis the financing of major construction projects in developing countries. Here too there may be an area for co-operation with Canadian consortia. The Canadian Consulate General in Milan and the Commercial Division of the Canadian Embassy in Rome will be pleased to introduce Canadian consultants to appropriate firms.

One area of particular interest in Italy is the planning and designing of schools and hospitals. In the Italian Government's economic planning (which has been projected to 1980) particular emphasis is placed on improvements in educational facilities and hospitals. It is estimated that by 1980 the Italian population will reach 58.4 million (53.2 million in 1968) and the number of school-children will increase from 10 to 15 million, requiring a vast program of school-building. Today's university students are expected to double in number by the end of the decade—from about 500,000 to one million. Some 15 new universities will be required to accommodate them.

The national hospital construction program will be speeded up to meet the expanding demands of the next ten years. Estimates indicate that the number of hospital beds required will be 600,000 (or ten for every thousand inhabitants) resulting in a total increase of 225,000 beds.

Hospitals and schools are therefore an area in which Canadian architectural consultants might find opportunities. Normally school-building commissions are granted only to Italian architects through competitions, but the Ministry of Education has an additional program whereby contracts are granted to firms which produce prefabricated building components. There may be opportunities for Canadian architectural consultants to work with these firms and the Commercial Division of the Canadian Embassy in Rome can introduce Canadian companies to them.

—J. E. MONTGOMERY  
Commercial Secretary, Rome

## Doing Business in Italy

# Understanding the Distribution System

Canadian exporters should try to shorten the distribution chain for their products.

B. M. WHITE, *Vice-Consul and Assistant Trade Commissioner, Milan*

■ Through some of Europe's busiest ports and over 2,500 miles of its best superhighways, more than \$10 billion worth of imported goods speed each year into one of the Continent's worst distribution systems. Such, indeed, is the general opinion of Italy's distribution network—and it is held by nationals as well as foreigners. In this country, you often see pushcarts and street vendor's stalls hard by modern supermarkets. Most of the goods displayed in the big stores, arranged in soldierly order and in an almost clinical environment, can also be found on the stalls outside.

The curbside retailers of the open markets (*mercati ambulanti*) set up shop at 6.30 a.m. in the morning and fold their tents at 7.00 p.m. Like a vast gypsy army, they change venue daily. Working six days out of the seven, they always return to the same spots on the same days of the week. Italy has more than 300,000 licensed street vendors—one peddler to every 174 people and one stall or pushcart for every three retail stores. Over half of the stalls sell foodstuffs. The others handle anything from suits, shoes, automotive parts and household furnishings to plants and live animals. The Italian housewife could theoretically do all her shopping without setting foot inside a store.

Most of the goods in the markets are Italian. The street trader has established sources of supply and replenishes his stock from the manufacturer or the wholesaler as he needs to. He usually sells at a slightly lower price than the retail store which has rent and other fixed overheads to recover. What's more, the pushcart salesman avoids the turnover tax because he doesn't give bills.

Many of the stalls are family concerns with father, mother and children all helping. They may stay in the same hands for generations. To put

them in proper perspective, street traders and corner stores together do almost 92 per cent of Italy's retail business; department stores and chains do only 8 per cent of the total trade.

### Butcher, Baker, Greengrocer

The small shop is the most important factor in the retail pattern. There are 800,000 of them, 460,000 selling food. Within the length of a block, the housewife can buy all her daily needs from small specialist shops such as the dairy, baker, butcher, poultryman, greengrocer, pork butcher, dry goods store and tobacconist.

Most retail shops don't occupy more than 200 square feet. This is true of hardware, clothing, jewellery and auto parts stores as well as food outlets. Again, the family business is the rule. There are no important group buying organizations for these shops; the owner deals with the local manufacturer, wholesaler or importer and frequently takes his purchases away with him in his car.

The Canadian exporter aiming at this section of the market should calculate that the middleman will require 30 to 35 per cent and, if there are two (i.e., importer and wholesaler), this may mean that the f.o.b. price of the goods is almost doubled even before the retailer takes his markup. The small shop marks up according to its location, from 40 per cent to as much as 150 per cent in the city center. This explains why an importer asks for the c.i.f. price then, after considerable mental gymnastics, he is liable to tell you that the price is twice as high as it should be; he has reckoned in all the markups on the way to the customer.

Small outlets will probably continue to dominate the Italian retail scene for another generation. However, licensing procedures are changing and this

could deal the death-blow to uneconomic units. At present, the licences are issued by local chambers of commerce or municipal commissions (made up of a senior municipal official and local trade associations). Whether or not one gets a licence is, therefore, decided to some extent by the applicant's competitors. This has inhibited the growth of supermarket and department store retailing and is one reason why the famous *La Rinascente* has not yet been able to open a store in Turin. Licences cover a specific range of goods and the range varies according to who issues the licence. Next year a simpler method will be introduced, making it possible to get licences almost immediately. It is expected that it will make possible a rapid increase in supermarkets, department stores and discount houses.

### Alternatives to the Wholesaler

The way the wholesale trade is organized also contributes to the inefficiency of the Italian distribution system. However, some consolidation now appears to be taking place because the 90,000 wholesale licences issued in 1966 were 10 per cent down from the 1961 figure. The cost of distribution is highest for food products. This may well create increasing pressure for farmers' co-operatives or marketing boards to be established.

Some of the big Italian manufacturers have bypassed the traditional wholesale channels, opening their own retail outlets or selling direct to retailers. Among those who have streamlined their distribution in this way are Motta and Alemagna (pastries), Olivetti (office machines), Zoppas (electrical domestic equipment), Salvarani (kitchen furniture), Rizzoli and Mondadori (book publishers), and Carlo Erba and Falqui (drugs).

Canadian exporters should seriously consider the possibility of licensing



(Above) Unchallenged leader of Italy's department stores is La Rinasceote; this is its Milan store. (Above, right) Upim, an Italian chain, is part of the Rinasceote group and operates 123 stores. (Center, right) The inside of an Upim outlet in Milan looks much like the interior of a Canadian retail store. (Below) La Rinasceote caters generally to the more affluent Italian man or woman, to whom it offers a wide selection of imported as well as Italian-made merchandise, selected by a group of highly trained and discerning buyers.



# Doing Business in Italy

arrangements with manufacturers who have their own retail outlets. Selling through the small number of specialized independent shops may be the answer for unique products. Because there are only one or two in a particular field in any city, this means high markups which would effectively exclude products that are similar to domestic ones.

## Mail Order and Department Stores

Mail order accounts for one per cent of retail sales but it is expected to increase its share. There are about 200 firms in the field and the top three—La Base, Postal Market and Vestro—between them have an annual sales volume of \$15 million. Some three million catalogues are distributed each year for the spring, summer and fall seasons. Most of the merchandise offered is Italian. Canadian exporters who are interested should make a direct approach to the firms' purchasing offices with samples and c.i.f. quotations. Names and addresses may be obtained from the Milan office.

According to Italian statistics, at the end of 1966 there were 69 department stores in the country. Because a store with as little as 200 square metres (2,160 square feet) can qualify as a department store, most of them would not be considered department stores by Canadians. In fact, department stores as we know them number about twenty, eleven of which have been built in the last 40 years. Perhaps one reason for this situation is that only four Italian cities have over a million people each and together they account for less than 15 per cent of the total population.

The unchallenged leader of Italy's department stores is La Rinascente, an organization over 50 years old. It has seven outlets in six cities. It seems strange to North Americans that one store can dominate its market sector in a city as La Rinascente does. No matter what the hour, there is always a crowd of shoppers thronging its aisles, anxious to spend money.

La Rinascente has its own manufacturing facilities for certain items and for others it has quota contracts with manufacturers. It sells a high percentage of imported goods and one

method it uses is reciprocal buying agreements with foreign department stores. Under such an agreement, La Rinascente and its counterpart each avail themselves of the other's buying advantages. (A recent attempt to establish a similar agreement with Canadian department stores has not borne fruit.) La Rinascente places great stress on having a sound purchasing organization to guarantee continuity of supply.

La Rinascente's central purchasing offices are in Milan but a buyer visits New York at least once a year. In Milan, Canadians must make an appointment for interviews with its specialized buyers. They are located in a maze of cubicles. The classic picture of a salesman sitting hopefully, nervously and expectantly outside the purchasing officer's door seems to have come to life. But only the surroundings are forbidding; the buyers are sympathetic and knowledgeable. The successful exporter will find his discomfort well rewarded if his product is accepted; he knows then that it will be given a wide exposure to a discriminating public.

The only direct competition that La Rinascente, with its affluent clientele, faces is from Coin which has its head office at Mestre, near Venice. This organization operates 13 outlets at present and two more are planned for this fall. Paulo Morrasutti is another important one with stores in principal cities. The head office is in Padua.

## Chain Stores

A department store will handle 50,000 different items at various times during the year. By contrast, chain stores keep 6,000 quick-turnover lines constantly in stock. They are very similar to Zellers or Woolworths and they sell at the same fixed price and quality in all their branches.

Each Italian chain—Standa, Upim and Gamma—aims at a particular sector of the buying public. Upim, which is part of the La Rinascente group, has 123 stores and offers a better quality of goods.

Chain store outlets have increased rapidly in the past ten years and now there are over 400 in Italy. Well over half are in the Upim or Standa chains. It is expected that the number of out-

lets will increase, particularly in smaller centers and the less wealthy parts of the country.

This low-price sector of the market is difficult for Canadians to penetrate. If you want to tackle it, you should approach the buyers for the chains direct.

At least 150 out of the 400 chain stores have food departments, many of them laid out on supermarket lines. Supermarkets really began in Italy in the early 1950's and their widespread acceptance and rapid growth have been phenomenal. As expected, they have done best in the more affluent parts of the country. Sixty per cent of the 374 fully-fledged supermarkets are in Northern Italy, mainly Milan, Genoa and Turin; 25 per cent are in Central Italy, particularly Rome, and the other 15 per cent are in the South and the Islands.

## Frozen Foods in Supermarkets

Nowhere are the changes in consumption patterns more evident than in the growing acceptance of frozen foods. Sales last year reached \$20 million, a record. Italy still lags behind other markets in Europe for frozen foods with a per capita consumption of half a pound in 1967, compared with two pounds in Sweden. One of the main reasons for slow development in the past was the absence of handling facilities in the retail outlets. The supermarkets changed that and now even small corner stores are beginning to make room for a frozen food display case. Most supermarkets have a frozen food display some thirty feet in length, containing everything from frozen fish and frozen turkeys to frozen fruits and vegetables.

Many an Italian husband has asked what he brought upon himself when he agreed to his wife's taking a job. The soul-searching becomes even more intense at mealtimes. Instead of spending two or three hours cooking, the working housewife now serves frozen foods, but the small size of the freezer section in the typical Italian refrigerator prevents her stocking up and restricts sales.

For a time it looked as if the supermarket boom would mean much larger sales of North American products and, in fact, as long as U.S. companies were managing some of the

supermarkets, this was true. However, as the management came under Italian control, these sales dwindled. True, there are still many U.S. and one or two Canadian brand names to be found but many of the products now are made in Europe by U.S. subsidiaries. The prices of imported goods are considerably higher than of their Italian counterparts. For the Italian consumer, the appeal of North American goods is a slight preference for the exotic, but this is not strong enough to overcome major price differences. Many North American products are actually bought by the North American community in the country.

Talks with the trade are not very encouraging. There is not a large de-

mand for North American foodstuffs. Canadian sales to supermarkets consist mainly of fish, especially canned salmon. An expansion in sales of frozen fish and fish products can be expected as a result of more refrigerated handling and display facilities.

Canadian sales to supermarkets can best be made in an indirect way. Bulk shipments of frozen fruits and vegetables to be packed under local brand names have been bought in the past by importers who sell direct to supermarkets. Canadian firms would do well to investigate this channel. The disadvantage, of course, is that this does not build up a demand for a particular brand and thus provide some guarantee of continued sales. Special-

ized items may find a limited market but bear in mind differences in taste.

The new licensing regulations should result in some rationalization in all sectors of distribution. Wholesalers' costs, for example, must come down. There will be more large-scale retail organizations and especially more supermarkets.

Domestic and EEC suppliers offer stiff competition to Canadian goods. There is a future in Italy for unique products, however, and this is where exporters should concentrate their efforts. The Trade Commissioners in Rome and Milan will do a preliminary investigation of the potential market for your product if you send them c.i.f. prices and descriptive brochures.

## Licensing as an Alternative

When exporting is difficult, licensing may be more profitable.

C. E. RUFELDS, *Consul and Trade Commissioner, and*  
W. H. SKOUSE, *Commercial Assistant, Milan*

■ Has booming Canadian demand stretched your company's finances and production capacity to the point where you are unable to take advantage of export opportunities? Or are your overseas sales declining because of common market and free trade areas, new tariff barriers and high ocean freight costs? If the answer is yes to either of these questions, you should take a close look at licensing in Italy.

There are considerable advantages in licensing. Many Italian firms are interested in licensing opportunities and reciprocal licensing arrangements and most of them are in the secondary manufacturing sector which is the area of prime interest to Canada. The size of these firms is relatively small; this should make it easier for Canadian companies to come to an arrangement with them. Italy has not been canvassed for licensing agreements to the same extent as other European countries. Licensing is a way to overcome the problem of EEC

tariffs and transportation costs. There are other advantages. Manufacturers can frequently continue to ship Canadian components, usually the more sophisticated parts, for inclusion in the final product. The advantages and the way you set about licensing are described in more detail in *How to Win World Markets\**, which also discusses protection of patents, trademarks and industrial design.

### First Steps

When you have made up your mind to go ahead, the first step is to find potential licensees and to choose the most suitable one. The Trade Commissioners in Milan and Rome will help you with this, either by suggesting a firm that has already been in touch with them or by directing you to the

appropriate trade association. Another method of reaching potential licensees is through trade fairs; Italian firms exhibit at vertical fairs much more than their Canadian counterparts do. Visiting these fairs is part of the Trade Commissioner's job and the information he obtains is afterwards carefully reviewed with the businessman's needs in mind. (See list of trade fairs on page 11.)

But no matter how diligently the Trade Commissioner searches for suitable Italian firms to manufacture your product or use your process, the final choice is yours. There comes a point where you must make a personal visit because success or failure depends on your judgment and selecting a business partner by correspondence is much too risky. Only by going to see for yourself can you find out whether your company and the Italian firm are compatible in business outlook and methods. You also need firsthand information on the technical aspects and on production and marketing requirements and you must come to a firm understanding on the method of payment and the accounting procedure because production and sales

\* *How to Win World Markets*, edited by O. Mary Hill, price \$2.50 from the Queen's Printer, Ottawa. When ordering, please enclose a cheque or money order made payable to the Receiver General of Canada.

# Doing Business in Italy

statistics are not always to be relied on in Italy.

There are, of course, some disadvantages and difficulties which have to be surmounted. Loose patent laws may lead to infringements so you should understand the patent and trademark position in Italy. Here is a brief summary.

**Trademarks**—Any individual or legal entity, Italian or foreign, may file a petition for registration of a trademark in Italy. If the application complies with the legal provisions, the competent authorities will grant the registration; the official date of registration is the date of filing the registration name. The grounds for refusing registration of a trademark are very similar to those listed under Section 2 of the U.S. Trade Mark Act of 1946 (amended). A trademark may be registered for 10 or 20 years and renewed for subsequent periods of 10 or 20 years. If the owner of a registered trademark does not use it within the Republic of Italy for a period of three years and cannot justify its non-use, the trademark loses its validity.

A trademark may identify both the manufacturer and the seller; the seller may add his own trademark to the manufacturer's but he is prohibited from removing the manufacturer's trademark. The owner of a registered trademark may assign or license it to a third party, provided that (a) the assignment and licence are exclusive, and (b) the factory, equipment or knowhow necessary for the manufacture of the products identified by the trademark are transferred to the third party with the property or licence to use the trademark. It is important to note that these limitations on the transfer of trademarks derive from Italian legal theory which favors the protection of trademark rights insofar as they are useful to the public; trademark rights are useful when they guarantee that a product bearing a certain trademark has the same qualities as similar products with the same trademark. If different manufacturers use the same trademark to identify similar products, the public may be deceived; trademark rights in that case should no longer be protected.

Because of this special aspect of Italian trademark law, Canadian owners of Italian trademarks should

also bear in mind that the Italian exclusive licensee may legally prohibit a third party from importing into Italy products manufactured by the licensor which bear the licensed trademark because it would infringe the licensee's exclusive trademark rights. Trademark rights may be protected by instituting civil and/or criminal lawsuits against infringers.

**Patents**—The Central Patent Office in Rome is vested with the right of granting patents for industrial inventions. The Patent Office's examination of the application is limited to formal investigations aimed at finding out whether it complies with the relevant statutes. No technical examination is made of the novelty of the invention; if a patent is granted for an industrial product or process which is not new, the validity of the patent will be decided by the courts when the owner of the patent institutes lawsuits against alleged infringers.

Only inventions which may have an industrial application in a branch of manufacturing can be patented. Any individual or legal entity, Italian or foreign, may ask for a patent to be issued. Industrial inventions may be patented for a period of no more than 15 years from the date of filing the application. Industrial models and ornamental designs may be patented for a period of no more than four years from the date of filing the application.

If a patent is not used within Italy for a period of three years and the failure to use the patent is not justified, the owner will lose the right to prohibit third parties from exploiting it. The three-year term is reduced to one year for patents on industrial models and ornamental designs. By use of a patent is meant the manufacture of patented products or the practical application of the patented process within Italy; the import and sale in Italy of patented products which have been manufactured outside Italy are not considered a use of the patent in Italy and therefore are not sufficient to avoid the loss of patent rights through non-use.

The validity of patent rights is frequently tested in Italian courts because in the Italian system there is no preliminary examination of the novelty of the invention for which a patent is requested. The owner of a patent may

sue infringers by bringing an action in a civil court; he has to prove the existence of the patent and the infringement by the defendant. The validity of patents is a highly technical subject and few judges or attorneys understand it without the help of technical experts who are appointed by the court and the parties.

Upon petition by the interested party, the court may grant a temporary injunction to abstain from producing products which it is claimed infringe patent rights. The owner of the patent may recover damages for injury sustained as a consequence of the unlawful conduct of the infringer, who may also be ordered to destroy the patented products or violates the patented process.

The latest figures on the trade in patents and knowhow between Italy and other countries show that Italy spent U.S.\$128.6 million more than it earned in 1967. Although the net import was down from the previous year, the total trade in patents and knowhow was greater—an increase of 20 per cent more in Italian sales abroad and of 5.7 per cent in purchases.

The opportunities are obviously there. If you are interested, ask the Trade Commissioners in Rome and Milan to help you to find a partner. Provide as much specific information as possible on the type of product and the kind of arrangement that you have in mind. Send technical information, brochures or conceptual designs with an indication of the industrial sector where potential licensees are likely to be found. You should also say what type of market coverage you desire.

## International Loan Announced

**Power interconnection in Argentina**—The Inter-American Development Bank will lend \$5 million from its Fund for Special Operations to help improve electric power transmission in Misiones Province and to connect the local system with the Acaray hydroelectric plant in neighboring Paraguay. Misiones Province is mainly agricultural and has a per capita installed capacity of only 41 watts. The project will be within the framework of the Alliance for Progress.

# Southern Italy Welcomes Investors

... and offers concessions and incentives to speed development of the South.

C. D. MILLER, *Assistant Commercial Secretary, Rome*

■ Think of Southern Italy. Do the words "hot", "dry", "grapes", "olives" spring to mind? They should, because all of them apply. But if you are an industrialist, you will be interested to know that Southern Italy also has ultramodern steel and petrochemical complexes set amid a fast-growing industrial base.

If your firm has a product which shows promise of doing well in the EEC but you are unable to export it from Canada into this market because of transportation costs, tariff or non-tariff problems, then you may want to consider making it within the EEC. Why not in Southern Italy?

There are a number of advantages to investing in the Mezzogiorno. One is that production in Southern Italy not only puts your product inside the Common Market, a fast-growing customs union with 200 million people with a high per capita income, but also gives you easy access to the Mediterranean area generally—North Africa, the Middle East or Southern Europe.

The other advantages are the incentives offered by the state, such as loans and grants, tax relief, and reductions on freight and services. These will be explained later, following a brief description of Southern Italy and the institutions entrusted with its development.

## What Is the South?

Throughout this article, "the South" or "Southern Italy" or "the Mezzogiorno" refers to those areas of Italy under the jurisdiction of the Cassa per il Mezzogiorno (Fund for the Development of Southern Italy). The Cassa was established by legislation in 1950 as the first big step in stimulating advance in Italy's less developed areas. The term Mezzogiorno covers 40 per cent of Italy's total land surface and includes the islands of Sicily and Sardinia. Twenty million people (38 per cent of Italy's population) live

in the Mezzogiorno, whose northern boundary is a line drawn roughly across the peninsula from northeast to southwest, passing 50 kilometers south of Rome.

The Mezzogiorno was created by Italian legislation in 1950, in recognition of the fact that southern Italy was far behind the industrial north in economic terms and would require imaginative and effective assistance to transform it from its current backward agricultural state into a modern industrial area.

A glance at the accomplishments from 1950 to 1965 may provide useful background. In the first 15 years, the Cassa's main efforts were directed toward providing the skeleton infrastructure of roads and surfaces needed for sound economic growth. At the same time, the Cassa devoted much of its expenditure to the agricultural sector, projects such as aqueducts and land reclamation. In the last few years the accent has shifted from infrastructure and agriculture to industry; the agricultural budget is now only 25 per cent of the total. This shift in priorities was a phased program based upon the knowledge that it would take a generation to budge the South from its preference for the land, but that only through industrialization could living standards in the Mezzogiorno be improved at the desired pace.

Critics of the Cassa's accomplishments point out that the north-south gap is widening and that per capita income in the industrial triangle of Milan, Turin, Genova (\$1,800) is twice that of the Mezzogiorno. But Cassa officials can reply with some pride that the South's real per capita income has doubled since 1950, and one has only to see the industrial centers springing up to predict that the future will prove even better.

## Mezzogiorno Institutions

A brief explanation of the major institutions connected with the Mezzo-

giorno should assist businessmen contemplating an investment in the South. (Please refer to the box feature for addresses of these organizations.)

The most important Mezzogiorno institution is the Cassa per il Mezzogiorno (Fund for the Development of Southern Italy), the major technical and financial body entrusted with the implementation of development programs in the South. The Cassa, a state agency, carries out the programs drawn up by a Committee of Ministers for Southern Italy, headed by a Minister for the South.

As proof of the Italian Government's determination to strengthen the South economically, a 1965 law requires that 40 per cent of government as well as state agencies' investments between 1965 and 1970 must be made in the Mezzogiorno. Furthermore, state agencies (and these comprise giants such as the IRI group, with annual sales of over \$3 billion) must place 25 per cent of their orders with industries in the South.

The 1950 law creating the Cassa also appropriated a fund of \$2 billion to be spent up to 1960 on development schemes, largely in agriculture and services such as roads. By 1965, the appropriations had reached \$4 billion and the Cassa's scope of activities was increased to include industry, fisheries, railways, ports and vocational training. A 1965 law also extended the life of the Cassa to 1980 and set total expenditures between 1950 and 1970 at \$6 billion.

The first 15 years of the Cassa's life saw widespread assistance programs. Now the idea is to concentrate on geographic areas within the Mezzogiorno which show promise of being fast-growth centers in agriculture, industry, or tourism. Three such centers are Bari, Brindisi and Taranto on the "heel" of Italy, all of which have a burgeoning industrial base.

The Cassa, with the over-all coordinating responsibility for development of the South, acts through the follow-

## Major Institutions of the Mezzogiorno

Cassa per il Mezzogiorno  
20 Piazzale dei Congressi, EUR  
Roma

I.A.S.M., Istituto Assistenza Sviluppo Mezzogiorno  
124 Viale Maresciallo Pilsudski  
Roma

I.S.V.E.I.M.E.R., Istituto Sviluppo Economico Italia Meridionale  
19 Via S. Giacomo  
Napoli

I.R.F.I.S., Istituto Nazionale Finanziamento Industrie in Sicilia  
1 Via Generale Magliocco  
Palermo

C.I.S., Credito Industriale Sardo  
68 Corso Vittorio Emanuele  
Cagliari

I.M.I., Istituto Mobiliare Italiano  
121 Via Quattro Fontane  
Roma

Centrobanca, Banca Centrale di Credito Popolare  
18 Corso Europa  
Milano

Efibanca, Ente Finanziario Interbancario  
5 Via S. Nicola da Tolentino  
Roma

Mediobanca, Banca de Credito Finanziario  
10 Via Filodrammatici  
Milano

Banca Nazionale del Lavoro  
Sezione Speciale per il Credito alle Medie e Piccole Industrie  
Via Veneto  
Roma

Banco di Napoli  
Sezione Credito Industriale  
176 Via Roma  
Napoli

Banco di Sicilia  
Sezione Credito Industriale  
180 Via Roma  
Palermo

Mediocredito  
2 Piazzale delle Belle Arti  
Roma (for the Lazio region)  
61 Corso Stamira,  
Ancona (for the Marche region)  
6 Via Martelli,  
Firenze (for Toscana region)

20



One of the early objectives of the Cassa per il Mezzogiorno was to irrigate and reclaim land and settle farm workers in new villages like these. (Below) Equally important is the attraction of new industries to the area to provide employment and raise living standards. This is a Pirelli plant making submarine cables at Ivrea.



FOREIGN TRADE

ing financial institutions to achieve its development aims.

**ISVEIMER** (Southern Italy Economic Development Institution)—a public credit institution granting medium-term loans to industrial projects on the Mezzogiorno mainland. Its endowment fund is provided by the Cassa (40 per cent), Banco di Napoli (40 per cent) and other organizations.

**IRFIS** (Sicilian Regional Finance Institution)—This body grants special loans for developments in Sicily only.

**CIS** (Sardinian Industrial Credit Institution)—This organization, operating only on behalf of Sardinia, offers medium-term loans for projects on the island.

(The islands of Sicily and Sardinia have special autonomy under the Italian constitution, with their own powers over certain legislation in addition to national laws. This enables them to offer special incentives such as tax relief, capital grants and loans, additional to the standards which apply to mainland Mezzogiorno.)

In addition to the above three financial bodies, there are many industrial credit institutions and banks involved in financing development. One of the most important of them is the Istituto Mobiliare Italiano (IMI). IMI is the major body offering medium or long-term credit. Some of the others are Centrobanca, Efibanca, Mediobanca, Banca Nazionale del Lavoro, Banco di Napoli, Banco de Sicilia and Mediocredito.

No outline of the agencies involved in the development of the South would be complete without mentioning IASM, a non-profit organization, whose role is assisting firms wishing to invest in tourism or industry in the Mezzogiorno. IASM can contact local authorities on your behalf, advise on plant location, explain the various incentives available, and help with recruitment and training of labor and marketing.

### Financial Incentives

The major incentives are grants, loans, tax relief and freight and service reductions. Not every industrial project located in the Mezzogiorno, however, automatically qualifies for assistance. The enterprise must be a "technically organized industrial establishment", meaning that it must be

building or have built a factory or factories to produce goods or services, using at least one technical process. However, eligibility can be based not only upon a new investment but also on a reorganization or enlargement of an existing plant.

The other eligibility hurdle is overcome provided your project satisfies at least one of the following criteria:

1. It contributes to the production of goods or services necessary for the development of Southern Italy.
2. It produces capital goods, tools or accessories connected with the development of production in the Mezzogiorno.
3. It increases, improves or rationalizes the use of the natural resources of the South.
4. It concentrates wholly or predominantly on export.
5. It contributes to the modernization of production, either in the South or nationally, especially in increased efficiency, improved technology, or marketing.
6. The project introduces to the Mezzogiorno a new process or product.

### Grants Made Directly

Industrial grants to firms locating in Southern Italy exceeded \$400 million by the end of 1968. They are made directly by the Cassa and are received within six months of completion of the project, whether it be an enlargement of an existing factory or a new plant. The Mezzogiorno, of course, does not always seem desirable to the potential investor. Certain areas and centers are preferable because of labor supply, port facilities, natural resources or proximity to the market. The Cassa, in recognition of this situation, has created "zones" within the Mezzogiorno area, and "industrial nuclei" within them. Taranto, Brindisi and Bari are three leading examples of industrial nuclei and have gained considerable fame as fast-growing centers for heavy industry and petrochemicals.

The grants available from the Cassa can reach a maximum of 20 per cent

of the value of the building, machinery and equipment, up to a valuation total of \$10 million. If the valuation is between \$10 and \$20 million, the maximum grant is 20 per cent on the first \$10 million and 10 per cent on the remainder. The over \$20 million portion of an investment can earn a maximum grant of one-half the average percentage on the first \$20 million.

The grant can reach 30 per cent on the value of the machinery and equipment itself, provided it is purchased in Southern Italy. Starting from the above maximum figures, the Cassa assigns point values to the following three factors and arrives at a "score" which determines your grant.

1. Location of plant—it is more beneficial to locate in one of the industrial nuclei than outside them.
2. Size of investment—the Cassa feels that small firms need grants more than large ones, and so the larger the investment, the lower will be the score under this factor.
3. The industrial sector of the plant. At present, the engineering, chemical and food sectors are favored.

### Loan Scheme Extensive

The loan scheme is an extensive one, reaching over \$3.7 billion by January 1968, and the maximum loan is as high as 70 per cent of the investment cost up to \$20 million. For total investments exceeding that figure, the maximum loan is 70 per cent on the first \$20 million and 35 per cent thereafter. The rate of interest varies from 4 to 6 per cent; the lower rate applies to small and medium-sized investments, with the criteria of location, size and type of industry, as explained under grants, also applicable. The loans are obtained from ISVEIMER, IRFIS or CIS, depending on the locale of the plant. These institutions receive an interest contribution from the Cassa, which enables them to offer these attractive rates. (The Cassa itself has been a large borrower from the World Bank and EIB.) A mortgage on the plant provides the collateral. The repayment period can be up to 15 years, with payments beginning after five years.

## Tax Relief, Other Reductions

The basic provision here is a ten-year exemption from income tax (generally 25 to 35 per cent) starting from the first year the industrial plant makes a profit. Furthermore, when the ten-year exemption is up, the firm is taxed only on 50 per cent of the profits, provided they are reinvested in eligible projects in the South.

Firms also receive a 50 per cent reduction in the general 4 per cent

Italian turnover tax for its purchases of building machinery and materials, whether imported or bought locally.

The normal power and fuel rates are cut in half for eligible companies and freight reductions can help to keep costs down on acquisition of raw materials and distribution of the finished product.

## First Move Is Yours

If the foregoing outline of the Mezzogiorno industrial incentives

looks attractive, we suggest that you contact the Cassa, which will gladly send you some of its latest introductory multilingual publications. Many of the banks and credit institutions, such as IMI, have literature in English and French. Write IASM for its assistance in working out the specific incentives that will apply to your project. The Trade Commissioner's Office in Rome would be pleased to hear from you and to put you in touch with the correct officials.

## What to Sell in Italy

# Numerical Control Systems for Machine Tools

W. H. SKOUSE

*Commercial Assistant, Milan*

■ Steel output in Italy in 1968 stood at 17 million tons, putting it in seventh place among steel-producing countries. This is remarkable because all the raw materials for manufacturing this steel have to be imported. Paradoxically, the import of raw materials is one of the reasons for the success of Italian steel in Europe and some other export markets. Unlike its Common Market partners, Italy does not subsidize the mining of low quality iron ore and coal but buys best quality material from different sources at competitive prices. Much of this is brought in by government-owned ships specially built for this purpose. Unloading is done straight into the steel mills located on tide-water up and down the coast. Canada has some share in this commerce: in 1968 Cdn.\$16.1 million worth of iron ore came into Italy from Canadian mines.

Italy uses its steel output to good purpose. Almost half a million tons per year go to shipbuilding. A good deal went into the manufacture of 1.7 million cars last year and 104,000 tons were converted into machine tools. Yet to build the ships, the cars, and all the other products using steel, there must be a massive production machinery industry. The size and efficiency of the production machinery industry are based on Italy's machine tool output. Italy has some 55 con-

ventional machine tool manufacturers with an output in 1968 of 104,000 metric tons valued at \$230 million. Exports of machine tools were valued at 46,000 metric tons worth \$120 million. Canada bought Cdn.\$3.03 million worth.

Despite the vigorous growth of its machine tool industry, Italy still lags behind in the application of modern technology to the use of machine tools. Numerically controlled (NC)

machine tools are today's short cut to keeping down labor costs and speeding up production. The NC machine tool performs the work of a conventional machine tool quicker and without an operator. One skilled man can supervise the output of a number of machines producing different key parts. In Italy only about 200 NC machine tools are in operation. The ratio of application of point-to-point positioning systems to continu-



Canadian iron ore unloaded here goes by belt directly into the Taranto steel plant.

ous-path systems is approximately 100 to 1. The first Italian continuous-path control system was designed and built by Olivetti in 1959. The first point-to-point positioning system was built by Prodest as recently as 1960, based on a project of the Italian Automation Institute. At present there are four manufacturers producing their own systems: Olivetti of Ivrea, Prodest Elettronica of Milan, Cea Perego of Milan and Dea of Turin. In addition three firms are building them under foreign licence: Compagnia Generale di Elettricit  of Milan (to the design of the parent company, General Electric), Nuova San Giorgio of Genoa (Sperry Rand), and Microtecnica of Turin (Rheem). Of these, only Olivetti makes machine tools as well as control systems. Although all NC systems currently available are electronic, studies are being sponsored by the Italian National Research Council to develop systems based on fluid logic devices.

The technological gap in the modern application of machine tools between such countries as the United States, Britain, and in smaller measure West Germany, is large. The Italian Machine Tool Association and the Italian Automation Institute have recently renewed their attempts to persuade industries to use NC machine tools, especially in point-to-point positioning systems. There is small use for continuous-path systems because of a shortage of suitably complex work to be done. The technical exigencies which have created a booming market for continuous-path in the United States are rarely encountered in Italian industry. The first step being taken by the Italian authorities is to convince industries to couple NC with manual setting of co-ordinates, as this presents the minimum change from traditional procedure. Having practised with manual setting and numerical read-out, the transition to punched tape is more readily acceptable.

Signs of an awakening interest in using NC tools are now appearing in Italian industry, but some years must pass before any evidence of a narrowing of the technological gap becomes apparent. In the meantime, Italy's conventional machine tools will grind slowly on until the inevitable day when price competition from abroad will compel the use of NC tools.

The price to be paid for training personnel in the use of this modern equipment is high. The capital investment required will be large and only absorbed over a period of time. An NC locally made point-to-point positioning system serving only one machine tool costs approximately \$7,000. A continuous-path system costs almost

double. Over the past five years Italian industries have purchased an average of 71,000 tons of conventional machine tools each year. It is evident therefore that when acceptance of NC equipment comes, there will be a demand for these appliances. This will leave the door open for foreign suppliers of NC systems.

## Prefabricated Wooden Vacation Homes

D. T. WISMER, *Vice Consul and Assistant Trade Commissioner, Milan*

■ Italy has scarcely any timber frame wooden houses as we know them. The larger Italian cities consist mainly of apartment buildings of reinforced concrete, standing shoulder to shoulder out into the suburbs. In the countryside, the farmer's single family dwelling is built of stone and mortar with little wood. Italy long ago depleted its considerable stands of timber and as a result there are no skilled carpenters.

What does all this imply for Italian production of prefabricated vacation homes? The trade informs us that approximately 1,000 prefabricated vacation homes were sold in Italy in 1968. Most of these homes, although prefabricated, were built not of wood but of precast concrete slabs or steel panels. They were built by a score of Italian companies operating in this field. Prices ranged from a low of \$8 per square foot for a 440-square-foot bungalow built of concrete blocks to a high of \$24.50 per square foot for a 200-square-foot "villetta" built with a steel frame, fir exterior and synthetic hardwood interior. Prices generally include cost of erection and of plumbing fixtures. One 650-square-foot model built entirely of sheet iron is priced at \$20 per square foot. Of particular interest to Canadian contractors is a 650-square-foot model selling for \$20 per square foot constructed primarily of wood (roof, floor, interior walls) but with exterior walls of cement-asbestos slabs. Not only are the Italians concerned with durability when it comes to building, but also about the threat of fire.

Things are changing, however, and there are several indications that the

market for vacation homes is fast approaching the takeoff point. Articles are now appearing regularly in the Italian press drawing attention to the health and sociological effects of urbanization. One has only to pass a winter in a big industrial city such as Milan, where the airport is closed two days out of three because of "inclement weather conditions" (more widely known as smog), to understand why the corner butcher, the accountant next door or your friendly bank clerk dwell on how nice it would be to have a place "in the country" or "in the mountains" or "at the sea". The significance for the Canadian manufacturer of vacation homes is that these people form a part of Italy's ever-growing middle class with steadily rising incomes. They will soon be able to afford that second home.

Industrialization has been accompanied by changes in the ideals, habits and way of life of the people. They are now ready as never before to seek the most realistic and economical answer to their housing needs. Prefabricated vacation homes from Canada could be one of them.

Sites for vacation homes abound in Italy; every large Italian city is surrounded by any number of them within a two-hour drive. The country's scenic beauty and Mediterranean climate account for the fact that 28.6 million people visited Italy in 1968, spending an estimated \$1.5 billion. Italian earnings from tourists increased 62 per cent in the last decade. Developers are continually announcing new plans for tourist complexes, thus providing another possible outlet for Canadian suppliers.

## What to Sell in Italy

### Are You Competitive?

Armed with the price per square foot offered by Italian competitors, as given above, Canadian manufacturers of prefabricated vacation homes interested in the Italian market should calculate a c.i.f. price delivered Italy to determine whether they stand a chance of success in terms of price only. Total tax on Canadian prefabricated wooden buildings entering Italy is currently 19.2 per cent of the c.i.f. price. This rate will fall over the next three years as follows: to 17.8 per cent effective January 1, 1970, 16.4 per cent effective January 1, 1971, and a final rate of 15 per cent effective January 1, 1972. At the present time only Finland ships prefabricated wooden vacation homes to Italy and these in small number. Prices of the Finnish product vary from \$2,500 to \$5,500.

### Take the Next Step

When you have computed a c.i.f. price per square foot that seems to be competitive, what is the next step? Usually it is to get in touch with reputable firms interested in marketing your product. Experience at the Milan office is that a newspaper advertisement outlining your needs will attract a good number of interesting inquiries. The Milan office will be pleased to place such an ad in Italian for you, at your expense. Before we place the ad you should send us a dozen sets of promotion literature together with your c.i.f. prices. This will allow an initial followup to the response to the ad and help to establish the bona fides of the interested Italian companies. Should things look promising, a representative of your company should come to Italy to interview the Italian firms. The Milan office is again prepared to help you, scheduling your calls and assisting you to solve any translation difficulties (although more and more Italian businessmen are adopting English as the language of international commerce).

Hopefully, negotiations will lead to the appointment of an agent or a representative. The agent will need plenty of help to publicize your vacation homes—brand-new on the Italian scene. He will probably suggest that you exhibit one of your homes at the Milan Fair (held annually in April with an attendance of four million) or at other suitable Italian trade fairs.

Once again, experience dictates that this is a must to bring about volume sales.

There is an Italian song entitled "La mia casetta in Canada" which

means "My little house in Canada". Some enterprising Canadian company could change the words and have 53 million Italians singing "My little house from Canada".

## Wood Pulp

G. F. CARRETONI, *Commercial Assistant, Milan*

■ Italy presents very good opportunities for Canadian exporters of wood pulp, considering that approximately 60 per cent of the pulp needed by local paper factories must be imported and demand is always increasing.

During 1968 Italian imports of pulp totalled approximately 1,153,000 metric tons, an increase of about 4 per cent over the previous year. Canada rated third among the main suppliers with 187,000 tons (value about \$21.5 million), a rise of about 22 per cent over 1967 (see Table I).

The majority of imports consist of chemical pulp, while semi-chemical and mechanical pulp are mainly produced locally. Almost 87 per cent of the mechanical pulp used in Italy last year came from Italian mills, and almost 93 per cent of the semi-chemical type. Over 89 per cent of the chemical pulp, on the other hand, was imported.

Annual consumption of paper and paper products in Italy, at 59 kilos or 130 pounds per capita, is still the lowest among EEC countries but is gradually going up (see Table II). By 1975 it should reach the level of France (currently 79 kilos, or 174 pounds). This is far from the Netherlands' 108 kilos or Germany's 99 kilos per capita per annum.

Productive capacity of the paper industry has kept pace with demand, therefore, for newsprint, printing and writing paper local production is sufficient to cover consumption; some additional output is made available for export. Production of wrapping/packing paper and paperboard covered 89 per cent of local consumption during 1968 and other paper products manufactured locally satisfied approximately 95 per cent of internal demand.

It should be pointed out, however, that although production of newsprint

has exceeded consumption, 10,304 metric tons were imported during 1968, mainly from Sweden and Finland (9,330 tons) and the United States (974 tons). It is believed that the newsprint imported is mainly of special quality—for example, for air-mail editions.

The expansion of the Italian paper market is expected to continue. The forest area there is very limited; the country is planning to make pulp from fast growing poplar trees as its main domestic source but to meet the increasing paper production, large imports of wood pulp will still be needed.

TABLE I  
ITALIAN IMPORTS OF WOOD PULP  
(mechanical and chemical)

	1967	1968	(per cent change)
	(metric tons '000)		
Total Imports	1,108	1,153	+ 4
from			
Sweden	329	323	- 1.9
Finland	216	222	+ 2.8
Canada	152	187	+22.6
United States	130	133	+ 2.3
Austria	91	91	- 0.6
France	37	43	+16.2
Norway	30	29	- 1.7
Portugal	21	28	+33.3
U.S.S.R.	22	23	+ 2.2
South Africa	18	20	+10.8
Yugoslavia	11	14	+31.8
Germany	16	13	-15.6

TABLE II  
ITALIAN CONSUMPTION OF  
PAPER PRODUCTS

Type	1966	1967	1968
	(metric tons '000)		
Newsprint	366	375	389
Printing and writing paper	695	777	794
Packing paper and paperboard	1,426	1,612	1,706
Other paper products	210	269	304

# Nuclear Power Equipment and Knowhow

G. F. G. HUGHES, *Minister-Counsellor (Commercial), Rome*

■ The development of the production of economic electrical power from nuclear energy has come about at just the right time to assist in the steady expansion of the Italian economy. Although active exploration for oil and gas continues, particularly offshore in the Adriatic, Italy must import nearly all of its fuel needs. This situation partly explains why it is one of the world's first major users of nuclear power. In fact, it comes third after Britain and the United States in total production of power from nuclear sources.

Italy's electrical power requirements continue to expand at over 10 per cent a year and ENEL, the state electrical authority, foresees an increasing proportion of its new power plants as nuclear—possibly all of them after 1975. Plans announced nearly two years ago called for a minimum program of one plant of between 600 and 750 MWe each year to reach a target of 8,000 to 10,000 MWe installed capacity by 1980. Given Italy's interest in and concentration of research on the reactor system fuelled by natural uranium and moderated by heavy water, the potential for Canadian participation in both the scientific and commercial aspects of the Italian program can be appreciated.

Italy's first nuclear power plant at Latina (near Rome), with a capacity of 210 MWe, was constructed jointly by the British Nuclear Power Group and AGIP Nucleare. It went critical in December 1962 and has given good performance since mid-1963, when it produced full power. The second station of 160 MWe at Carigliano was installed by General Electric (U.S.) and went critical in June 1963. The Trino Vercellese station (256 MWe) of Westinghouse design became operative in June 1964. ENEL, which came into being about that time as the state authority responsible for electrical power generation and distribution for the whole country, undertook a complete review of the national requirements and tenders for the first of the next generation of nuclear plants were called in late 1967. The announcement of the successful bidder for the 600 to 750

MWe plant has been delayed, but once announced, it is expected that invitations to bid on the fifth nuclear station will be issued promptly. To meet the planned schedule of construction, the sixth plant may be called for tender shortly thereafter.

Hand in hand with the nuclear power program, Italy took an early interest in establishing research and development facilities. In 1954 the Government set up CNRN (Comitato Nazionale Ricerche Nucleari) and a program was initiated which included the construction of a 5 mw. experimental reactor at Ispra (now the seat of a vast research center financed by EURATOM) and a 1,000 MCV Electrosincrotron. In 1960, CNEN (Comitato Nazionale per l'Energia Nucleare) took over major responsibilities in the nuclear research field. This organization, now with a staff of about 3,100, is involved in a great many research and development projects, both on its own and in partnership with other organizations and industries inside and outside Italy.

Noteworthy among the many programs being pursued by CNEN are:

**EUREX-2**—development of a chemical reprocessing plant for enriched uranium (300 tons a year is the expected capacity required by 1975).

**PRO** (Program Reactor Organic) jointly undertaken with AGIP Nucleare, Montecatini Edison and Fiat.

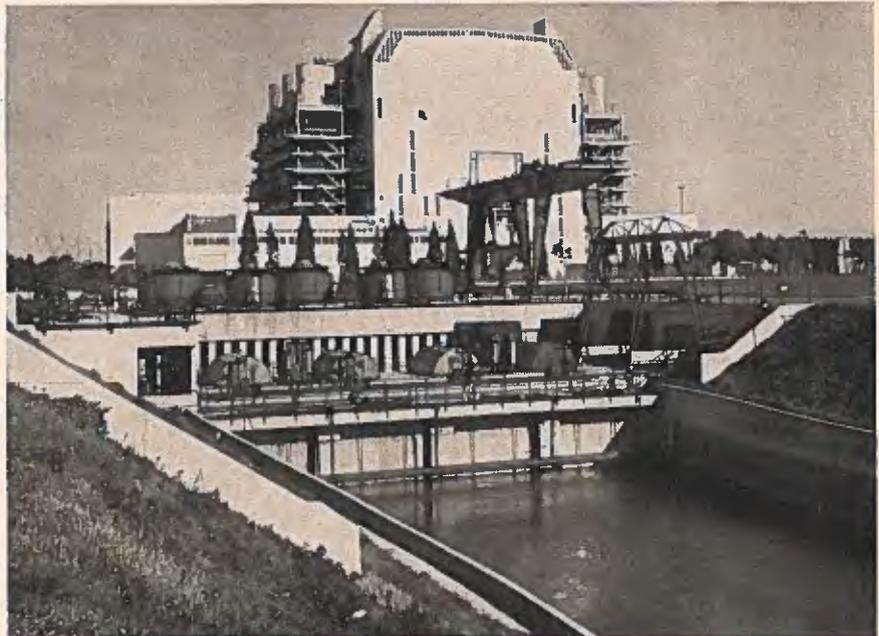
**PCUT**—in Matera, a province in the South, for the reprocessing of highly enriched uranium.

**PEC**—(Prova Elementi Combustibili) in partnership with Ansaldo Meccanica Nucleare for the development of a high-flux reactor for testing fuel elements in a fast reactor environment.

Development of components.

Basic research.

**CIRENE**—This program, though mentioned last, is among the most important, and certainly one of the most interesting from the Canadian point of view. The project, if successful, will be the model for subsequent large-scale development. It was approved in



This 210 MWe plant at Latina, near Rome, was Italy's first nuclear power plant and in service since mid-1963. There are now three, with tenders called for a fourth.

## What to Sell in Italy

July 1967 and involves the building of a 35 MWe reactor under the joint sponsorship of CNEN and ENEL through the latter's research organization CISE. Being installed at the Latina nuclear power station, it will be fuelled by natural uranium, heavy water moderated and boiling light water cooled with good steam quality at 750 p.s.i. It thus parallels closely the basic design of the CANDU family and though of much lower power, resembles the AECL reactor being installed at Gentilly, Que.

Vital to short- and long-range planning in both the technical and power fields is the need for government commitment at the highest level. This

essential backing was assured in August 1968 when the Interministerial Committee on Economic Planning (CIPE) approved a comprehensive report. The recommendations made in it are to ensure co-operation and common direction, to provide for intensified research and to indicate guidelines for industry. Although several private companies continue to be active in the nuclear industrial field, (Fiat is a notable example) the most prominent role was assigned to the two largest state-owned financial groups. ENI (Ente Nazionale Idrocarburi) will be dominant in fuel, from prospecting to fuel reprocessing. IRI (Istituto Ricostruzione Indus-

triale) will be prominent in reactor construction and equipment manufacture.

Responsibility for basic research and development continues to be vested in CNEN, the state atomic energy commission. Bearing in mind the heavy commitment that CNEN has in the CIRENE project, it is logical to conclude that Italy's power program may well follow or closely parallel the Canadian pattern for some time. The areas for collaboration with Italian organizations and industries in the technical sphere and the supply of power-station equipment provide a real challenge for Canadian counterparts.

## Grain, Seed, Seed Potatoes

J. E. MONTGOMERY

*Commercial Secretary, Rome*

■ The following is a brief review of the market for Canadian grains, forage seeds, hybrid seed corn and seed potatoes. The Commercial Division of the Canadian Embassy in Rome or the Canadian Consulate General in Milan will be glad to provide additional information and help Canadian exporters contact Italian buyers. Italy is not as large a market as some but it is one which can be rewarding.

**Wheat**—In 1968, Canada sold to Italy 13.28 million bushels (360,000 metric tons) of wheat valued at \$27.65 million. This included 4.12 million bushels (110,000 tons) of durum wheat. Italy produced 9.6 million tons of wheat that year, virtually the same quantity as in 1967. Its soft wheat production rose from 7.0 to 7.5 million tons but production of durum wheat fell from 2.55 to 2.08 million.

Italy imported 1,356,400 metric tons of wheat in 1968. Of this, 626,300 tons (70,900 tons more than in 1967) were soft wheat and 730,100 tons (438,800 tons more than in 1967) were durum. In 1969, it is expected that Italy will be in the market for approximately 200,000 tons of Manitoba's, 90 per cent of which would be Manitoba Northern which is highly regarded in Italy. The bulk of this would be required from July onwards.

Italy is expected to have a continuing need for durum wheat. Import requirements of durum for the remainder of 1969 are estimated at 200,000 tons, even after the Italian crop is harvested in June. Canada sold Italy 50,800 tons of durum wheat in the 1966-67 crop year, 33,300 in the 1967-68 crop year and has so far sold 70,000 this year. Argentina is normally the major supplier to the Italian market but imports also come from the United States, Greece and the U.S.S.R. Canadian Extra No. 4 (Canada Western Amber) durum is particularly well regarded in Italy.

**Barley**—In 1967, Canada exported to Italy 13.06 million bushels (280,000 metric tons) of barley valued at \$17.9 million. In 1968, sales of Canadian barley totalled 7.4 million bushels (160,000 tons) worth \$9.2 million. Although this decline may be attributed to seasonal fluctuations in supply and demand, there are two factors which threaten Canadian sales: competition from France, and increasing domestic production of barley and use of home-grown corn for animal feed. In the 1968-69 crop year, France had sold 265,900 tons of barley to Italy at March 1, 1969; for the same period of 1967-68 the figure was 13,600 tons. Italian corn production has risen from 3.3 million tons in 1965 to 3.9 in 1968. Imports averaged 5.17 million tons a year.

**Oilseeds**—In 1967, Canada enjoyed a \$10 million market for rapeseed in Italy. By the end of 1968, these sales had declined to \$555,000. Initially, this decline was triggered by a special Italian tax on the oil content of rapeseed which was imposed internally in 1967. This special tax has now been removed but Canada is faced with competition from much larger rapeseed production in the EEC, Poland and East Germany, from U.S. soybeans and sunflowerseed, and from oil from Soviet Bloc countries.

The Oilseeds Mission to Europe which visited Italy last February concluded that Canada could expect to be only a residual supplier of rapeseed to Italy. Spot sales may continue if Canadian suppliers have rapeseed in East Coast export position for delivery in March to May each year, when supplies from other sources run short. The increased availability of euric acid-free rapeseed may also enhance Canada's position. Argentina's marketing policy for linseed oil and meal is putting severe pressure on the crushing of flaxseed in Italy and it is not likely that flaxseed crushing will become a factor there.

**Forage Seeds**—In 1967, Canada sold to Italy 1,520,300 pounds (760 short tons) of forage seeds valued at \$205,500 but in 1968 sales were only 811,800 pounds (406 short tons) valued at \$113,000. Although this decrease

may be attributed to year-to-year fluctuations in demand and supply, Canada must overcome some long-term problems to maintain its position in this market. Canadian suppliers must meet the EEC requirements for certification and arrange for Canadian varieties to be registered in Italy. Another method of increasing sales to Italy would be a multiplication program. Italy imports substantial quantities of forage seeds each year. In 1968, imports totalled 31,200 short tons and exports 2,900 short tons. The most popular types of Canadian seeds are alsike clover, single-cut red clover, brome grass, fescues and timothy.

A survey of the Italian seed trade carried out by the Commercial Divi-

sion of the Canadian Embassy in Rome indicates that Italian importers are well satisfied with the quality and service Canadian exporters provide and that they are interested in increasing purchases from Canada.

**Hybrid Seed Corn**—As mentioned previously, corn production in Italy is expanding rapidly. This has resulted in an interesting market for imported hybrid seed corn. Between 1966 and 1968, imports into Italy of hybrid seed corn averaged 1,800 metric tons per year with an average annual value of \$500,000. The main sources of supply are the United States and Yugoslavia. There were no imports from Canada recorded in the Italian trade

figures but there may be a market here for the varieties used in Canada, particularly early maturing varieties for Northern Italy.

**Seed Potatoes**—According to Italian trade figures, Italy imported 4,500 metric tons of seed potatoes from Canada out of total 1968 imports of 60,000 metric tons. The Netherlands is by far the largest supplier, followed by West Germany, France and Canada. Imports of Canadian seed are almost exclusively of the Katahdin and Kennebec varieties but it is hoped that newer Canadian varieties will be registered in the Italian approved list and that this will result in increased sales.

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## New York Builds a World Trade Center

■ The Manhattan skyline will have a new landmark and the Port of New York a new facility for the development of foreign trade when the World Trade Center, which the Port of New York Authority is now building on a 16-acre site in lower Manhattan, is completed in 1972.

The most dramatic feature of the Center will be twin 110-storey towers, the tallest buildings in the world. When completed, the center will serve international businessmen in three principal ways, providing an international marketplace for buyers and sellers, centralized world trade services, and a focal point for world trade information. Construction of the Center began in 1966 with a Canadian company participating in the foundation work and first occupancy is scheduled for 1970.

At present, U.S. Customs, international banks, shipping lines and other organizations involved in foreign trade are scattered in various locations throughout the city, making the flow of paperwork involved in offshore shipments time-consuming and expensive. The World Trade Center, by attempting to centralize all the businesses and services involved in offshore trade, should speed up this process. An estimated 50,000 people will work there.

The World Trade Center will provide contact with a cross-section of the United States business community engaged in foreign trade, as well as with representatives of international businesses in numerous other countries.

Firms located in the Center will have at their disposal a comprehensive array of world trade services, such as international banks; freight forwarders and marine insurance firms; land, air and water carriers; the United States Bureau of Customs and customs brokers, and some foreign government trade agencies.

An advanced communications system will link participating firms and agencies with other organizations within the World Trade Center itself and with home offices, customers, exchanges and other trade units outside the Center.

Supplementary services will include a World Trade Information Service which will provide accurate and timely details on world trade regulations, markets and opportunities, and a World Trade Institute which will serve as an instrument for world trade education, research and promotion by providing facilities to enable government agencies and businesses to communicate on common problems. A hotel in the same building as the Information Services will provide an essential amenity for the

80,000 business and other visitors who are expected to come to the Center every day.

The Port of New York Authority reports that more than 650 firms and organizations have reserved space in the project. Among these are government agencies from over 28 foreign countries as well as a cross-section of the international business community. Altogether over 49 nations with either official or business representation have taken space in the Center so far.

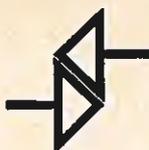
Since construction began, the work has gone on at a rapid pace. At the moment, foundations for the North Tower have been completed and the Tower's great steel skeleton is rapidly climbing skywards. Meanwhile, excavation has been completed on the site of the South Tower and the remaining old buildings on other sections of the site are being demolished.

Canadian companies which would like further information on the Center and ways in which they might make use of its services should write to the Commercial Division of the Canadian Consulate General in New York.

—C. J. VAN TIGHEN  
New York

Deputy Consul General (Commercial)

# trade lines



## Germany's steel industry is busy

The North Rhine-Westphalian Economic Research Institute forecasts a 6 per cent increase in German domestic steel consumption in 1969 and lower exports than last year. Total steel output is expected to be 40 million tons, a million tons less than in 1968. Orders on hand in February were 5.6 million tons, close to the record 6 million in the mid-1960s. Most West European countries have been operating steel mills at near maximum rates and it now seems that steelmaking capacity in some areas has been overstated in official statistics—Duesseldorf.

## Basel's river traffic levels off

The Rhine port of Basel handled 7.8 million tons in 1968, compared with 7.9 in 1967 and 8.4 in 1966. Inward freight amounted to 7.5 million tons and was largely made up of petroleum products, metals, wheat, feedgrains and coal. Exports down the Rhine consisted mainly of machinery, chemicals and foodstuffs—Berne.

## Big urban center for San Fernando Valley

Aetna Life and Casualty Co. plans to develop the last major parcel of undeveloped urban land in Los Angeles. The San Fernando Valley project will cost over \$300 million by the time it is finished in 1980. It will include 8,000 multiple housing units, a hospital, a hotel and a high-fashion shopping center—Los Angeles.

## Hong Kong plans for containerization

Members of the Public Works Department of Hong Kong have just completed a tour of container terminals in Europe. A survey is now under way to see what import and export cargoes might be containerized. Plans are being drawn up for a container terminal at Kwai Chung, northwest of Hong Kong harbor—Hong Kong.

## West Germany increases investment abroad

Germany's direct foreign investment in 1968 totalled DM1,540 million, DM485 million more than in 1967. This brought the total of its foreign investment to almost DM12,000 million—Duesseldorf.

## New plastics firm in CARIFTA

Polymer International Corporation, a U.S. firm which makes various polyethylene end products, has taken over the plant and equipment of Modern Methods

(Caribbean) Ltd., a Port-of-Spain firm which recently closed down. Polymer Caribbean Ltd. is said to have received TT\$250,000 capital from the Industrial Development Corporation of Trinidad and Tobago and to have brought in TT\$500,000 worth of new equipment. It will cater to the entire CARIFTA market and give the area new capabilities in injection moulding, blow moulding, and the manufacture and printing of flexible packaging—Port-of-Spain.

## British and Swiss co-operate in turbine business

English Electric and Escher Wyss of Zurich have signed a contract and will jointly plan, manufacture and sell all types of turbopumps and turbines for hydroelectric power stations throughout the world. English Electric has had a similar agreement with Sulzer Bros. of Winterthur since 1960 and Escher Wyss has had an agreement with Sulzer Bros. since 1966—Berne.

## Belgium builds large nuclear plants

The nuclear power stations at Tihange (near Liege) and Doel (near Antwerp) will between them have a capacity of 1,600 mw. and are expected to go into service in 1972. Both are to use pressurized water reactors. The 800 mw. Tihange station will have a single reactor and cost and output will be shared equally between Belgium and Electricité de France. The Doel station will be built in two 400 mw. stages. Steam generators for the Tihange station will be made by a Franco-Belgian consortium of ACEC and Cockerill-Ougree-Providence for Belgium and Forges at Ateliers du Creusot and Framatone for France. ACEC and Cockerill-Ougree-Providence will make the steam generators for Doel—Brussels.

## Brazil needs cement despite record production

Brazil's production of Portland and blast furnace cement reached a record high of 7.3 million metric tons in 1968, 13.7 per cent more than in 1967. In December a record 641,000 tons were produced. However there is still a shortage of cement because of the many public works programs and government incentives for housing. Import permits for some 15 million tons have been granted at a customs duty temporarily reduced from 37 to 15 per cent on the c.i.f. value. Israel, the U.S.S.R., Bulgaria, Romania, Poland, Yugoslavia, Mexico and Angola all supply cement to Brazil. Several new cement mills are planned—Sao Paulo.

### **Telecommunications station set up on Martinique**

The Pleumeur-Bodu station in Brittany will have a space telecommunications station on Martinique costing some FF20 million. It will be linked up with the Intelsat satellite and Symphonie networks. Construction will begin this year, with commissioning in 1971—Paris.

### **Machine tool society founded in Switzerland**

Thirty-six machine tool manufacturers of the Swiss Engineering Society have recently founded the Swiss Society for the Construction of Machine Tools and Manufacturing Technique in Zurich. The new organization will promote scientific and technical development of machine tools, research, training of personnel, and the improvement of technical documentation and co-operation. It will work closely with the Federal Institute of Technology in Zurich and contribute towards financing vocational training and research—Berne.

### **Yugoslavia builds aluminum complex**

An aluminum complex is now under construction near Titograd. The largest industrial complex in the Montenegrin Republic, it will consist of one plant to process 200,000 tons of alumina a year and an electrolysis plant with an annual capacity of 50,000 tons of aluminum. Various other factories are planned on the square-mile site. The target date for aluminum production is 1971—Belgrade.

### **Australia and Japan will sign \$1½ billion ore contract**

Japanese steel mills and Cliffs W.A. Pty. Ltd., a U.S. mining firm operating in Australia, will sign the world's largest single iron ore contract. It calls for the shipment of some 124 million tons of pellets and fines over 21 years and is worth Cdn.\$1.5 billion. The ore body is located at Robe River in Northwestern Australia and is estimated at 3,000 million tons. An investment of some Cdn.\$300 million will provide two towns for 6,000 people, an 80-mile railway, port facilities and the largest pelletizing plant outside North America. Australians will have equity participation in the project—Melbourne.

### **Another New Zealand ironsand find**

Adaras Developments Limited of Hamilton, New Zealand, has discovered a large deposit of millions of tons of ironsands near New Plymouth in North Island where drilling began last February. The Marcona Corporation of San Francisco has an investment of \$10 million in the New Zealand company. As the present steel complex at Glenbrook (south of Auckland) has enough ironsands to draw on for the next 25 years,

ironsands from the new find which is 250 miles from the mill will probably be exported. An experimental shipment will leave New Plymouth in August but its destination is unknown—Wellington.

### **Malaysia to form national shipping line**

The new Malaysian International Shipping Corporation will have an initial paid-up capital of M\$6 million (about Cdn.\$2 million) of which the Malaysian Government is contributing M\$1 million. Two ships provided by Japan under the postwar settlement will be the nucleus of the line and with between four and six cargoliners designed for the Far East-Europe trade will make up the initial fleet. The line will apply for full membership in the Far East Freight Conference—Kuala Lumpur.

### **General Motors installs plant in Chile**

General Motors Corporation will build a plant in Chile for the production of four-door Chevrolets. The initial investment will be U.S.\$8 million. Chevrolet trucks and buses may be produced later and there will be a servicing and spares section. The project comes within the terms of ALALC (Latin American Free Trade Agreement) as GM has plants in Argentina and will have one shortly in Venezuela—Santiago.

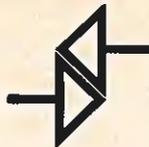
### **Kaiser Aluminum to develop New Zealand minerals**

Kaiser Aluminum & Chemical Corporation of California plans to develop New Zealand's mineral wealth and produce base metal or industrial mineral products for Asian and Pacific markets jointly with New Zealand interests. Kaiser will finance the establishment of raw product sources in New Zealand either for base metals or industrial minerals and will co-operate with New Zealand companies or individuals in partnerships or joint ventures—Wellington.

### **Hong Kong introduces junior technical schools**

The Hong Kong Government is introducing a new type of post-primary schools—junior technical schools. The schools will provide a three-year course of general education and practical training to prepare children who do not go on to secondary schools for jobs in industry. The Government will spend H.K.\$6.4 million (Cdn.\$1.1 million) to build five junior technical schools on Hong Kong Island, at Kowloon and in the New Territories, and has allocated additional funds for equipment. Target enrollment is set at 5,000 students. Each school will have ten classrooms, 12 workshops, five drawing offices or demonstration rooms, a laboratory and a playground. Operating costs are expected to be H.K.\$4.3 million (Cdn. \$764,000) a year—Hong Kong.

# foreign tariffs and trade regulations



## Guyana

**NEW PRICE CONTROLS**—The Guyana Government issued a new Prices Control Order on March 22, 1969, announcing a drop in prices for four widely consumed commodities—salt fish, cooking butter, pickled beef (boneless) and skimmed powder milk. It also announced the retention of existing prices on other items including tomato paste (2½ oz. tins), pickled beef (other than boneless), evaporated milk and wheat flour, in spite of the new bill of entry tax or “defence levy” introduced in February.

However, as a result of the “defence levy”, the retail price levels of some consumer commodities have been increased. These include sardines, salt, tomato paste (other than 2½ oz. tins) split peas and gasoline.

Further details may be obtained from the Commonwealth Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

## Nigeria

**DUTY RATES**—The Federal Government of Nigeria has announced, with effect from May 8, 1969,

### Increases in the rates of duty on:

Tomato paste and puree  
Motor spirit and diesel oil  
Kerosene  
Fishing floats for use with nets  
Machinery and parts  
Machine tools and parts for hand tools  
Fishing nets and cargo nets  
Sacks and bags  
Radio parts  
Dutiable base metal products  
Pipes, tubes and fittings

### Reductions in the rates of duty on:

Fish  
Milk  
Eggs (for hatching)  
Immuniological preparations, wadding gauze  
Bandages and other pharmaceutical goods  
Sporting goods

Buses, trucks and lorries  
Motorcycles, autcycles and bicycles

### Concessionary rates of duty for approved manufacturers on:

Textile processing materials  
Glass frits and powdered vitrite  
Ferro-alloys of manganese and silicon in primary form, ingots, blooms, slabs, billets, sheet bars and tin plate bars  
Unwrought lead  
Cathode ray tubes

**IMPORT LICENCING:** The Government has found it necessary to place all imports into the country under specific import licence, with the exception of a limited number of commodities which include certain food products, motor vehicle tires and tubes, wheat, petroleum products, medicaments, and motor vehicles other than passenger cars.

Further details may be obtained from the Commonwealth Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

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## Trade Fairs Coming Up

Canada will be participating in the following fairs in the next three months:

Pacific Fine Foods and Beverage Fair  
Los Angeles, California, July 13-16

Melbourne International Engineering Show  
Melbourne, Australia, August 4-9

San Francisco Gift Show  
San Francisco, California, August 10-13

Western Electronics Show and Convention (WESCON)  
San Francisco, California, August 19-22

Auckland International Trade Fair  
Auckland, New Zealand, August 20-September 6

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# Trade Commissioners on Tour

## In Canada

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

Ottawa—Department of Industry, Trade and Commerce

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

Toronto—Canadian Manufacturers Association

Windsor, Ontario—Greater Windsor Industrial Commission

Fredericton, New Brunswick—Department of Industry

All other centers—Board of Trade or Chamber of Commerce

**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:

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

**Hong Kong**—F. M. Loh, Commercial Officer in Hong Kong:

Montreal—July 23-August 1  
Toronto—August 2-20  
Winnipeg—Aug. 21-22

Kelowna—August 25  
Vancouver—August 26-29

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

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

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

Montreal—June 23, 24 and 26

## Temporary Duty in Ottawa

The 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.

**D. B. Browne**, Assistant Commercial Secretary in Oslo, Norway, July 21-August 1.

**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.

**R. A. Fairweather**, Vice Consul and Assistant Trade Commissioner in Manila, Philippines, July 21-25.

**B. A. Gagosz**, Assistant Commercial Secretary in Brussels, Belgium, July 21-26.

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

**B. Northgrave**, Assistant Commercial Secretary in Islamabad, Pakistan, July 14-18.

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

**J. S. A. Sotvedt**, Assistant Commercial Secretary in Guatemala City, July 14-18.

**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.

## In Territory

**Australia**—K. F. Osmond, Commercial Counsellor in Melbourne, will visit South Australia July 23-27.

**Barbados, French West Indies**—J. M. C. Lavoie, Assistant Commercial Secretary in Port-of-Spain, will visit Barbados, Martinique and Guadeloupe July 20-26.

**Barbados, Windwards**—D. Hobson-Garcia, Commercial Officer in Port-of-Spain, Trinidad, will visit Barbados, St. Lucia, St. Vincent, and Grenada June 22-28.

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

**Cameroon**—J. R. Brocklebank, Acting Commercial Secretary in Lagos, Nigeria, will visit Yaounde July 15-23.

**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**—D. Hobson-Garcia, Commercial Officer in Port-of-Spain, Trinidad, will visit Georgetown July 16-18.

**Republic of the Congo**—J. R. Brocklebank, Acting Commercial Secretary in Lagos, Nigeria, will visit Kinshasa July 2-6.

**Sabah, Sarawak, Brunei**—J. P. Lindores, Acting Commercial Secretary in Kuala Lumpur, Malaysia, will visit Sabah, Sarawak and Brunei July 2-21.

**Trinidad**—D. Hobson-Garcia, Commercial Officer in Port-of-Spain, will visit South Trinidad July 4.

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

# Markets in Brief

## BARBADOS

**Area:** 166 square miles.

**Population:** approximately 250,000.

**Climate:** humid; temperatures range from 65 degrees from December to February to 90 degrees in summer; short rainy season July to September; in general, constant breeze, abundant sunshine, cooler nights.

**Topography:** coral formation; rolling hills, land rises towards center of island, highest point 1,104 feet; south and west coasts studded with white sandy beaches.

**Language:** English.

**Currency:** Eastern Caribbean dollar; E.C.\$1.00 = Cdn. \$0.5388.

**Weights and measures:** imperial system, but use "Old Wine" or U.S. gallon.

**Capital and chief port:** Bridgetown; population 12,000 (corporate area).

**Political status:** member of the British Commonwealth, independent country as of November 30, 1966.

**Economy:** agriculture (sugar and rum), tourism.

**Total Barbados imports:** 1967—Cdn.\$79.2 million, c.i.f. (projected); 1966—Cdn.\$70.8 million.

**Chief imports:** (Cdn.\$ million, c.i.f.) 1966—foodstuffs 18.4, manufactured goods 14.7, machinery and transport equipment 12.0, mineral fuels and lubricants 7.1, miscellaneous manufactured articles 7.1.

**Chief suppliers:** (Cdn.\$ million, c.i.f.) 1966—Britain 39.6, United States 24.1, Canada 15.5, West Indies 10.3, Venezuela 9.4.

**Value of imports from Canada:** 1968—Cdn.\$10.1 million; 1967—Cdn.\$8.4 million.

**Chief imports from Canada:** (Cdn.\$'000) 1967—meat and meat products 880; fish, fresh, frozen, salted, canned 790; lumber, all types 752; wheat flour 456; poultry feeds 418.

**Total Barbados exports:** 1967—Cdn.\$41.1 million, f.o.b. (projected); 1966—Cdn.\$27.1 million.

**Chief exports:** (Cdn.\$ million, f.o.b.) 1966—sugar 21.6, molasses 1.8, rum 1.8.

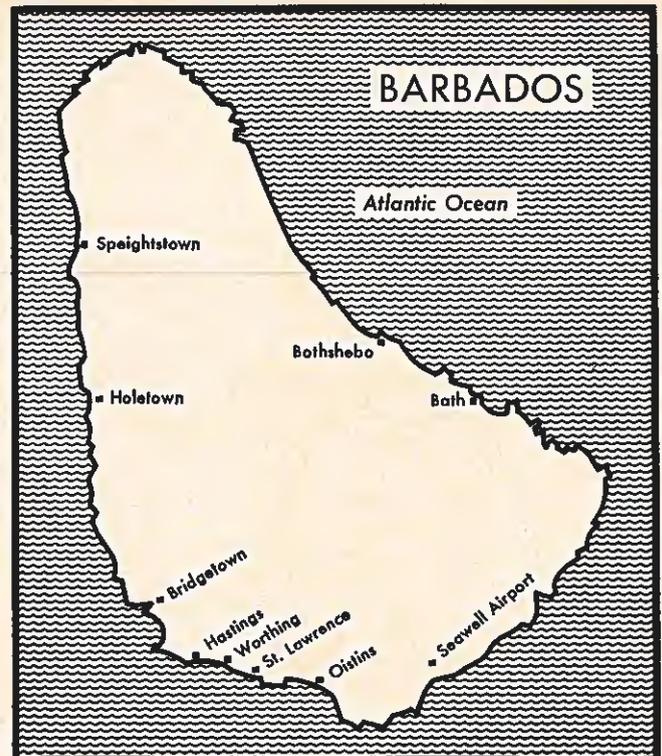
**Chief markets:** (Cdn.\$ million, f.o.b.) 1966—Britain 17.1, West Indies 5.8, United States 3.2, Canada 2.3.

**Value of Canadian purchases:** 1968—Cdn.\$1.5 million; 1967—Cdn.\$3.1 million.

**Chief Canadian purchases:** (Cdn.\$ million) 1967—raw sugar 1.9, molasses .849, rum .280.

**Import controls:** import licencing controls remain in effect on a variety of commodities, mainly items which are locally produced.

**Dollar exchange:** freely available for imported goods and services.



**Prices:** buyers prefer quotations in Canadian dollars, c.i.f. Barbados, if possible, or f.o.b. port of shipment, including export packing, documentation and handling charges.

**Terms of payment:** customarily sight draft, documents on payment. However, importers are showing a growing tendency to ask for terms of 60 to 90 days interest free, documents on acceptance.

**Samples:** those of no commercial value may be imported free of duty. If dutiable they can be brought in without payment of duty under a bond, or by making a deposit to cover the duty, refundable on re-export. If samples are brought in by a visitor, he is required to pay a commercial traveller's licence fee which at the present time is E.C.\$500.00 (Cdn.\$270.00) whether or not he has a local agent.

**Trade agreements:** Canadian trade with Barbados governed by Canada-British West Indies Trade Agreement of 1926, which provides for the exchange of preferences on a wide scale, augmented by the 1966 Protocol to the Trade Agreement. Barbados is also a signatory of the Caribbean Free Trade Association (CARIFTA) Agreement.

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

**Correspondence:** airmail; letters 15 cents per half ounce. Se-mail takes four to seven weeks.

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

Commercial Counsellor, P.O. Box 1246, Port of Spain, Trinidad, W.I.

# THAILAND

**Area:** 200,148 square miles.

**Population:** 35 million.

**Climate:** tropical with three distinct seasons: wet monsoon (May to mid-November), cool winter (mid-November to mid-February), hot summer (mid-February to April). Yearly mean temperature 82°F.

**Language:** Thai and Chinese (Tiochew); English widely understood in business and by senior government officials.

**Currency:** exchange rate free but maintained at about baht 20.85 to U.S.\$1.00; one baht equals Cdn.\$0.0522 (May 1969).

**Weights and measures:** metric system, but imperial and U.S. measures sometimes specified for quotations.

**Electric supply:** generally 50 cycle, 220 volts, single and three phase. Also available three phase three wire 380 volts and three phase four wire 220/380 volts.

**Capital:** Bangkok.

**Chief ports:** Bangkok, Songkhla, Pattani, Kantang, Phuket.

**Political status:** independent country, constitutional monarchy.

**Economy:** agricultural, dominated by rice; also rubber, maize, tin, timber, kenaf.

**Total Thai imports:** (Thai statistics) 1967—Cdn.\$1,138 million; 1966—Cdn.\$1,299 million (c.i.f.).

**Chief imports:** (Cdn.\$ million) 1967—machinery and transport equipment 396; other manufactured goods 328; chemicals 135; mineral fuels, lubricants 81.4 (c.i.f.).

**Chief suppliers:** (Cdn.\$ million) 1967—Japan 412, United States 187, West Germany 100, Britain 82.5.

**Value of imports from Canada:** (D.B.S. statistics) 1968—Cdn.\$7.2 million; 1967—Cdn.\$6.9 million (f.o.b.).

**Chief imports from Canada:** (Cdn.\$'000) 1968—aluminum 1,002, asbestos 964, zinc 635, newsprint paper 535.

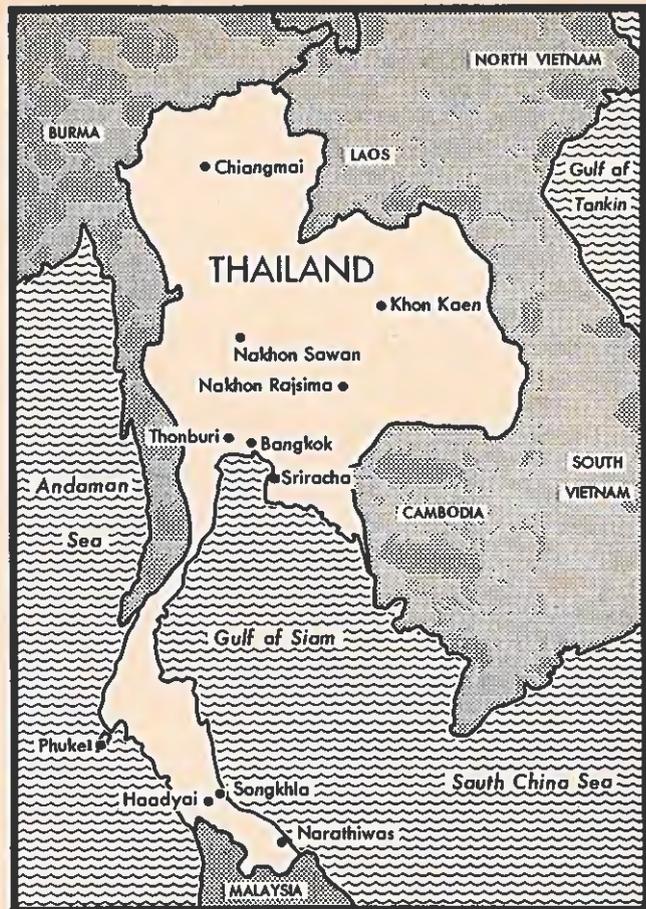
**Total Thai exports:** (Thai statistics) 1967—Cdn.\$725 million; 1966—Cdn.\$735 million (f.o.b.).

**Chief exports:** (Cdn.\$ million) 1967—rice 239; tin, unwrought 93.4; crude rubber 81; maize, unmilled 69.5; jute 44.5 (f.o.b.).

**Chief markets:** (Cdn.\$ million) 1967—Japan 154, United States 104, Hong Kong 55.5, Malaysia 51, Singapore 49.4.

**Value of Canadian purchases:** (D.B.S. statistics) 1968—Cdn.\$2.0 million; 1967—Cdn.\$4.9 million (f.o.b.).

**Chief Canadian purchases:** (Cdn.\$'000) 1968—tin blocks, pigs, bars 1,080; sago and cassava starch flour 323; lumber, exotic species, n.e.s. 255; lacquer, incl. bleached, crude shellac 75; jute 35; kapok 77 (f.o.b.).



**Import and exchange regulations:** imports freely permitted except for some 75 items under specific licence. Advance exchange control approval required but normally granted freely.

**Prices:** quote c.i.f. Bangkok in U.S. dollars.

**Usual terms of payment:** confirmed irrevocable letter of credit.

**Samples:** free if of no commercial value.

**Trade agreements:** M.F.N. for entry to Canada; single column tariff schedule for Canadian exports to Thailand.

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

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

**For detailed information in this market write to:** Asia and Middle East Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, or Commercial Secretary, Canadian Embassy, P.O. Box 2090, Bangkok, Thailand.

# Foreign Exchange Rates

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

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

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

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

Country and Currency	Value of		Country and Currency	Value of	
	Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units		Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
	June 5			June 5	
<b>Algeria</b>			<b>Denmark</b>		
Dioar	.2166	4.62	Krooe	.1432	6.98
<b>Argentina</b>			<b>Dominican Republic</b>		
Peso (free)	.0031	322.58	Peso	1.077	.93
<b>Australia</b>			<b>Ecuador</b>		
Dollar	1.200	.8340	Sucre (official)	.0598	16.72
<b>Austria</b>			(free)	.0536	18.65
Schilling	.0416	24.03	<b>El Salvador</b>		
<b>Bahamas</b>			Coloo	.4310	2.32
Dollar	1.056	.94	<b>Fiji</b>		
<b>Belgium and Luxembourg</b>			Pound	1.237	.80
Franc	.0214	46.72	<b>Finland</b>		
<b>Bermuda</b>			Markka	.2566	3.90
Pound	2.567	.38	<b>France, Monaco, etc.<sup>2</sup></b>		
<b>Bolivia</b>			Fraoc	.2166	4.62
Peso	.0905	11.06	<b>Fraoco-African Republics<sup>3</sup></b>		
<b>Brazil</b>			Fraoc	.0043	232.5
Cruzeiro (official free)	.2669	3.75	<b>French Pacific<sup>4</sup></b>		
<b>Britain</b>			Franc	.0119	84.03
Pound	2.573	.39	<b>Germany</b>		
<b>British Honduras</b>			D Mark	.2693	3.72
Dollar	.6425	1.56	<b>Ghana</b>		
<b>Burma</b>			New Cedi	1.056	.94
Kyat	.2263	4.42	<b>Greece</b>		
<b>Ceylon</b>			Drachma	.0359	27.93
Rupee	.1810	5.53	<b>Guatemala</b>		
<b>Chile</b>			Quetzal	1.077	.93
Escudo (bank rate)	.1219	8.20	<b>Guyana</b>		
(free)	.1088	9.17	Dollar	.5388	1.85
<b>China, Republic of</b>			<b>Haiti</b>		
New Taiwan Dollar (official)	.027	37.04	Gourde	.2155	4.64
<b>Colombia</b>			<b>Honduras</b>		
Peso (fixed)	.062	15.87	Lempira	.5388	1.85
<b>Congo (Kioshasa)</b>			<b>Hong Kong</b>		
Zaire	2.154	.4651	Dollar	.1778	5.62
<b>Costa Rica</b>			<b>Hungary</b>		
Colon	.1626	6.15	Forint (official)	.0921	10.85
<b>Cuba<sup>1</sup></b>			<b>Iceland</b>		
Peso	.....	.....	Krooa (official)	.0122	81.96
<b>Czechoslovakia</b>			<b>India</b>		
Koruna	.1496	6.68	Rupee	.1420	7.00

Country and Currency	Value of		Country and Currency	Value of	
	Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units		Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
	June 5			June 5	
<b>Indonesia<sup>5</sup></b>			<b>Paraguay</b>		
Rupiah	.....	.....	Guarani (free)	.0086	116.28
<b>Iran</b>			<b>Peru</b>		
Rial	.0142	70.42	Sol (free)	.0247	40.65
<b>Iraq</b>			<b>Philippines</b>		
Dinar	3.017	.33	Peso (free)	.2752	3.63
<b>Ireland</b>			<b>Poland</b>		
Pound	2.573	.38	Zloty (fixed basic rate)	.2692	3.71
<b>Israel</b>			<b>Portugal &amp; Colonies<sup>6</sup></b>		
Pound	.3079	3.25	Escudo	.0375	26.66
<b>Italy</b>			<b>Saudi Arabia</b>		
Lira	.0017	588.23	Riyal	1.503	4.84
<b>Jamaica</b>			<b>Sierra Leone</b>		
Pound	2.573	.38	Leone	.3520	.66
<b>Japan</b>			<b>Singapore</b>		
Yen	.0030	333.33	Dollar	1.503	2.85
<b>Kenya</b>			<b>South Africa</b>		
Shilling	.1526	6.55	Rand	.0154	.66
<b>Lebanon</b>			<b>Spain &amp; Dependencies</b>		
Pound (free)	.3340	2.99	Peseta	.0154	64.93
<b>Malaysia</b>			<b>Sweden</b>		
Dollar	.3520	2.85	Krona	.2082	4.79
<b>Mexico</b>			<b>Switzerland</b>		
Peso	.0860	11.60	Franc	.2497	4.01
<b>Morocco</b>			<b>Syria</b>		
Dirham	.2129	4.69	Pound (free)	.2819	3.55
<b>Netherlands</b>			<b>Thailand</b>		
Florin	.2954	3.37	Baht (free)	.0522	19.15
<b>Netherlands Antilles</b>			<b>Trinidad &amp; Tobago<sup>7</sup></b>		
Florin	.5714	1.75	Dollar	.5392	1.85
<b>New Zealand</b>			<b>Tunisia</b>		
Dollar	1.204	.82	Dinar	2.052	.48
<b>Nicaragua</b>			<b>Turkey</b>		
Cordoba	.1539	6.50	Lira	.1197	8.35
<b>Nigeria</b>			<b>United Arab Republic</b>		
Pound	2.993	.33	Pound (official)	2.478	.40
<b>Norway</b>			<b>United States</b>		
Krone	.1510	6.63	Dollar	1.077	.92
<b>Pakistan</b>			<b>Uruguay</b>		
Rupee	.2263	4.42	Peso (free)	.0043	232.56
<b>Panama</b>			<b>Venezuela</b>		
Balboa	1.077	.92	Bolivar (official free)	.2399	4.17
			<b>Yugoslavia</b>		
			Dinar (official)	.0862	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, Camerouns, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
4. New Caledonia, New Hebrides, French Polynesia.
5. Because of the complexity of the Indonesian exchange rate system, it is impractical to quote a single representative rate for the rupiah.
6. Approximately same rate for Portuguese territories in Africa.
7. Also used in Barbados, Leeward and Windward Islands.

# Strengthening Ties with Italy

. . . isn't left entirely to government agencies or individuals; other organizations work at it too.

O. MARY HILL, Editor, "Foreign Trade"

■ On May 15, twelve businessmen left Montreal for an annual visit to Italy. All were members of the Italian Chamber of Commerce in Montreal and the group was headed by the Chamber's president, John Archer, Executive Assistant to the Regional General Manager of the Canadian Imperial Bank of Commerce in Montreal. The purpose of the visit was to strengthen business and commercial ties between Canada and Italy and most of its time was to be spent in conferences with the Chambers of Commerce in nine or ten leading Italian cities.

Founded five years ago to promote commercial relations of all types between Canada (and particularly the Province of Quebec) and Italy, the Italian Chamber of Commerce has three categories of members: Canadian companies and individuals, Italian companies and individuals, and U.S. or other organizations interested in trade between Canada and Italy which may have offices in the U.S. but none in Canada, such as ENI, the Italian oil consortium, or Italian banks with offices in New York but not in Canada. Representation on the Board of Directors is equally divided between English Canadians, French Canadians, Italian Canadians, and Italians. The Chamber maintains an office and staff at Place Victoria in Montreal and organizes periodic evening or luncheon meetings.

What are the other main activities of the Chamber? Here are a few:

1. Answers inquiries from various sources on trade between Canada and Italy; it handled over 1,000 such inquiries last year.
2. Undertakes surveys of various Canadian industries—steel, firearms production, and the garment industry are recent examples—for Italian companies thinking of buying or establishing businesses in Canada.

3. Helps to orient Italian companies that are establishing or planning to establish companies here, complementing the work of other organizations in this field.

4. Publishes a magazine, *The Bulletin*, six times a year, in English, French and Italian.

5. Sends information regularly to Italy on conditions in Canada and encourages Italians to visit this country.

6. Advises Canadian companies interested in investing in Italy.

The annual visit to Italy has become a vital part of the Chamber's program. The group is selected carefully to represent various business interests and includes an expert on tax problems, an adviser on the location of industry, an investment banker, a marine insurance man, and representatives of the Bank of Montreal in Milan and of the Canadian Imperial Bank of Commerce in Zurich. The trade officer of the Province of Quebec in Milan usually accompanies the group throughout its travels in Italy. Meetings with the Chambers of Commerce there usually begin with a speech by Mr. Archer covering the economic situation in Canada, two-way trade between Canada and Italy, and opportunities for investment in Canadian commerce and industry. The members then divide up into discussion groups with their Italian colleagues covering specialized fields. The use of trade missions and trade fairs is also discussed.

The Italian Chamber of Commerce of Toronto, founded in 1963, is a year older than its Montreal counterpart. The objectives of the two organizations are much the same, but the membership of the Toronto Chamber is made up somewhat differently. In March 1969 it consisted of 29 Chambers of Commerce in Italy,

38 Italian companies, three representatives of Italian banks stationed in New York, and 130 Canadian companies. It has a permanent office at 159 Bay Street with a staff headed by Antonio Valeri, managing director. The president for 1968-69 is Ronald J. Farano, partner in a Toronto legal firm.

Among the Chamber's varied services to its members are:

1. Maintenance of files on trade regulations, tariffs and trade practices for businessmen engaged in trade between the two countries.

2. Organizing and promoting shows and exhibitions to promote trade, and of dinner meetings to facilitate the exchange of ideas.

3. Assisting trade missions coming to Canada from Italy by providing first-hand knowledge of market conditions, etc.

4. Publishing quarterly a magazine, *Italy Canada Trade*, giving information on the Chamber's activities. The magazine includes a section on trade opportunities.

5. Furnishing listings of local companies, by product category, interested in importing from Italy and also of Italian companies seeking agents in Canada.

6. Maintaining a reference library for its members.

In all these activities, the Chamber works in close association with other organizations endeavoring to promote greater trade between the two countries—trade associations, financial and marketing organizations, and government agencies. One proof that it is filling a need is the fact that last year it added fifty new members to its roster.

"Make hay while the sun shines," says the proverb. But in Northern Italy you can't count on the sun shining for long in the springtime. You must make your hay fast.



Killbery Industries of Winnipeg, which has specialized in swathers since 1952, entered the Italian market last year. Its swathers were featured at several trade shows and demonstrated very successfully under Italian farm conditions. The Winnipeg firm is following up now with hay conditioners which crimp the hay in the swath to make it dry more quickly.

The picture shows a Killbery 820 Hay Conditioner ready to be shipped to Arbos, a farm equipment dealer in Piacenza, southeast of Milan. When Killbery Industries finds a good market, it takes the advice of the proverb—even when it means shipping a demonstrator all the way by air. Seeing it on its way are, left to right, G. Atkinson, Air Canada; S. Miller, vice president, sales, and K. Spicer, executive vice president, of Killbery Industries; G. A. Gillespie, regional manager of the Winnipeg office of the Department of Industry, Trade and Commerce.

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