

**FEBRUARY 1. 69**

# **FOREIGN TRADE**

**DEPARTMENT OF TRADE AND COMMERCE, OTTAWA**



**Ministerial Mission Visits Latin America**

**"Hands across the table"** would be an apt caption for the picture on our cover. Taken in Caracas last November, it shows the Minister of Industry and of Trade and Commerce, the Hon. Jean-Luc Pepin, (center left) during the ceremony that marked the renewal of the Modus Vivendi between Canada and Venezuela by an exchange of letters. Mr. Pepin hands the Canadian letter to Dr. Reinaldo Leandro Mora, Acting Minister of Foreign Affairs for Venezuela, and receives the Venezuelan letter in return. On the extreme left of the photograph is the Canadian Ambassador to Venezuela, B. I. Rankin, and seated next to him is the Hon. J. J. Greene, Canada's Minister of Energy, Mines and Resources.

**This exchange was only one event** in the month-long Ministerial Mission to Latin America in which five Ministers took part, accompanied by representatives of a number of federal government departments and agencies. Never before has Canada dispatched a mission of this kind anywhere—a fact that members announced with some satisfaction in each of the nine countries visited.

**The Mission returned to Canada late in November** and since then its report has been completed and tabled in the House of Commons. Readers of "Foreign Trade" will naturally have a special interest in the sections that deal with economic and trade matters and it is this section that is reprinted on pages 6 to 10. Incidentally, "Foreign Trade" will feature business conditions and trading opportunities in South America in the March 15 issue.

**The current issue seems to be the right one** to carry an article on Florida—even though we didn't slip away into the sunshine to do the research for it. It was researched and written by the Consul and Trade Commissioner in New Orleans, whose territory includes Florida. He is impressed with the potential for Canadian products there—and depressed because so few Canadian firms seem to be actively exploiting these opportunities.

**Our next issue will tell exporters** how to go about advertising in Eastern Europe (it's easier than you think), what imported electrical equipment is needed in three Latin American countries, how to sell men's suits in Britain, and how West German department stores go about purchasing imported products.

# 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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# Florida—the Boom Means Business

**Rapid rise of industry and emergence of Miami as center of trade with Latin America and Caribbean make this an attractive market.**

W. J. MILLYARD, *Consul and Trade Commissioner, New Orleans*

■ In Miami they don't speak of what's happening as a boom, but a "superboom", and they're not referring to the perennial tourist trade, either. An industrial explosion has swept through the state, particularly southern Florida, and its vortex is in Dade County which contains Miami, Miami Beach, Coral Gables and North and South Miami. Although it started some years ago, it really gained momentum in 1963 and each year since then has surpassed the previous one. By all indications, 1968 has outpaced 1967.

It isn't long since the mere thought of Miami going industrial would have been anathema to the city fathers, certain that it would kill off the tourist trade on which the area has depended for so long. But events have proved them wrong. Industry and tourism are getting on well together and in some ways are complementary. For one thing, the new plants are located in areas which don't encroach on the tourist preserves. And they are mostly smallish light industries minus the smokestacks that belch out noxious gases so that the fabled Florida sunshine isn't clouded. Many who come as holiday visitors, enchanted by the tropical life, stay on and help to furnish the work force. It is hardly surprising that the construction industry is the number one employer in the area and in 1968 a record 19,500 housing units were erected in Dade County, of which 14,000 were high-rise apartments.

## **Industrial Growth Is Diversified**

Since 1950 manufacturing employment in the United States has risen at an annual average rate of less than 1.5 per cent but Florida's by about

6.5 per cent. In 1967 Florida had a record increase of 701 new plants and major expansions, bringing employment in manufacturing establishments to 292,500, a gain of 66.9 per cent over a decade. In a recent commentary on the Florida scene, the Federal Reserve Bank of Atlanta made this observation:

"The phenomenal growth in the state's manufacturing was not achieved through employment alone; it was accompanied by a broad diversification of the manufacturing base. As late as 1950, two relatively low-wage industries—food processing and furniture, lumber and wood industries—provided about half of the state's total manufacturing employment. In 1967 the two industries' share declined to about 27 per cent. Since 1950 employment in relatively high-wage industries, such as fabricated metals, electric and non-electric machineries, and chemical industries, increased substantially. Especially impressive in the changing profile of Florida's employment was a spectacular upsurge in both machinery and electrical machinery."

A Canadian visitor to Miami expecting to see this industrial prosperity reflected in the downtown business section will not find a host of new office buildings. The skyline hasn't changed as it has in many Canadian cities and the growth has been outwards rather than upwards. The suburbs extend for seemingly endless miles, embracing strategically situated industrial parks in which the new plants and offices are located. As indicated above, emphasis has been particularly heavy in the field of electronics and after California and Texas, Florida is said to be running third.

A number of these plants were set up to cater to the flourishing aircraft industry.

## **Cuban Refugees Help**

About the time that the boom was getting under way in the early 60's, refugees from Cuba began to arrive in large numbers and for a while it looked as if Miami wasn't physically capable of absorbing them. In fact, at one juncture an appeal was made for other cities in the country to take their share. The majority of Cubans preferred to remain in Florida and eventually provided a readymade work force for the new plants. Today there are over 300,000 of them in Dade County and Spanish is heard on all sides. An official in the Miami Chamber of Commerce recently commented to me that "they are an industrious, law-abiding group of people and they've done a lot for the city." Many of the shops and restaurants in the heart of the city are owned by Cubans and their professional people are doing well too. Every day of the year, 200 are flown in from Havana under a special agreement with the Castro Government and well-organized committees help them to find housing and employment. Cuban women have proved particularly adept at sewing and needlework, with the result that so many apparel plants have sprung up that they form one of the largest clothing manufacturing complexes outside of New York. Furthermore, Florida fashions are now being shipped in quantity to the New York market in competition with those from California.

## **Latin America's Shopping Center**

In the past, several Southern cities have claimed to be the "Gateway to the Americas" but Miami may have



—Dept. of Publicity & Tourism, Miami

This is Miami's spectacular new cruise passenger terminal, with M/V "Freeport", of Lubeck, at dock on her maiden voyage.

the fairest claim of all. When the United States severed relations with Cuba, Florida was hard hit because the Cuban market had accounted for a large share of South Florida's export trade. It became necessary to look elsewhere for business and attention was focused on the other Caribbean Islands, Central and South America. The Miami telephone directory lists 140 manufacturers' agents and a large number depend on these markets for their livelihood. In the new mammoth \$30 million Dodge Island Terminal, Miami possesses the most modern roll-on-roll-off port and when the new passenger facilities are completed, it hopes to vie with New York as the take-off point for Caribbean cruise ships. The steady flow of ships to and from the Caribbean is amazing and for many of the islands, Miami is the main supply base even for such staples as bread, meat and poultry. About 75 per cent of the outgoing products originate in Florida. A number of the city's architects, builders and suppliers are actively engaged in the development of Caribbean resort projects and there is growing interest in this lucrative field.

Dade County is dead serious in establishing itself as the shopping center of Latin America and over twenty blue-chip companies have now moved their Latin American headquarters to Coral Gables. They include names like Esso, Dow Chemicals, RCA, Canada Dry, Firestone, Coca-Cola, Corning Glass, Caterpillar Tractor and Minnesota Mining and Manufacturing.

The area has much to attract a Latin businessman which northern cities lack. Distances are much shorter and consequently travel costs are considerably less; so is travel time. If he comes in the winter, he doesn't encounter cold or snow and isn't compelled to invest in heavy clothing. He hears and can read Spanish and if his object is to visit the big companies in Coral Gables, he has only a 15-minute taxi ride from the airport. Hotel accommodation is plentiful and if he wants to combine fun with business, which many Latins do, the "Gold Coast" on Miami Beach can offer him a superlative choice of big-name entertainers.

This past October, Miami's impressive new \$10 million International

Merchandise Mart was opened, designed as a showcase for both buyers and sellers. It has permanent showroom space for some 1,200 fashion and giftware exhibitors, as well as a transient area for trade shows and conventions. The 1969 plans call for 36 market weeks, including not only apparel and giftware but furniture, home decorative arts and other groups of products. Special promotion efforts are being made to attract Latin American buyers including the supplying, gratis, of Spanish and Portuguese translators. Eventually the Mart will be enlarged to include a 1,000-room motel, a service station, a decorative arts center of 100,000 square feet, a 300,000-square-foot furniture mart, a service building and bank.

#### Other Cities

The Southern United States represents one-tenth of the land area and 14 per cent of the people in the United States. It comprises seven states: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee. There are five major ports in which distributors are likely to locate to serve the southeast. These in-

clude Jacksonville, Savannah and Charleston on the Atlantic and Tampa and Mobile on the Gulf Coast. The two Florida cities can produce impressive figures to show that they are in the forefront. Most of the goods distributed in the Southeast are funnelled to and through the principal urban centers because a large and increasing proportion of the people live in these centers, and because goods destined for rural communities frequently move to them for reshipment.

If the saying that Paris is not France holds good, it is equally true that Miami is not Florida, important though it may be. Jacksonville and Tampa in their own way are galloping ahead just as fast as Miami. In fact, in point of population Jacksonville, 350 miles up the coast from Miami, ranks as the state's largest city (504,350 in January 1968 versus Miami's 343,300). Not only has it long been a base for insurance and financial companies, but in recent years has expanded industries like chemicals, printing, forest products and metal fabrication. It is served by three railway lines and is linked to U.S. and foreign ports by 130 steamship

lines. It handles more cargo than any port on the South Atlantic. A \$100 million port improvement and expansion program has been under way since 1966 and when completed, Jacksonville will have one of the world's most complete general cargo terminals. It is an active and important distribution center.

Tampa, the Gulf city famous for its cigar industry, has also shown remarkable growth. It likes to boast that it is primarily an industrial and shipping area. It is the distribution center for the world's major phosphate production around Lakeland, thirty miles inland. In 1967 the area produced 28 million tons of phosphate rock to supply 70 per cent of the U.S. and 30 per cent of the world demand. With the great race now on to feed the world's expanding population, the Port of Tampa seems to be assured of a busy future from the phosphate trade alone. Nearby St. Petersburg, with tourism its mainstay, is making a successful bid to persuade northern manufacturers to move their research and engineering divisions there because the living conditions appeal to hard-to-find scientific personnel.

No review of Florida industry would be complete without reference to agriculture, which remains one of the primary sources of income. Because most of Florida lies considerably farther south than the rest of the country, a good portion of its crops supply the northern markets from late fall to spring. Citrus is still the most important and the industry is constantly being refined and expanded. The city of Orlando in the central region remains the focal point of the fruit growing industry but it may shortly find itself a major tourist center as well.

### Opportunities for Canadians

The present prosperity in Florida is broadly based and is not likely to suffer any serious setback unless the whole nation experiences a recession. How can Canadian exporters best participate in the business that is being generated? Most Canadian visitors will look long and hard before they find any "Made in Canada" merchandise in the Florida department stores. The fault does not lie with the stores but with the lack of interest on the part of most Canadian manufacturers.

In rooms like these at the Miami Merchandise Mart, manufacturers of giftware and apparel can set up permanent showrooms. Buyers are attracted not only from the southern U.S. but also from Latin America and the Caribbean. The Mart also arranges special "market weeks" each year.



Whisky, lumber and newsprint from Canada are consumed in substantial quantities and some office furniture and transportation equipment are being sold. Some Canadian companies have succeeded in securing defence contracts from Florida firms. In consumer goods, one suggestion for interested Canadian firms, especially apparel and giftware manufacturers, is to write to the International Merchandise Mart, P.O. Drawer 69, Tamiami Station, Miami, to inquire about

getting space during the various market weeks being held this year. It might be advantageous for some companies, especially those wishing to promote Latin American trade, to obtain a booth in the area reserved for permanent exhibitors.

Few Canadian companies have agents or distributors in the state, although in our New Orleans office we have compiled a directory of the best ones in the principal cities. For some products a single representative will

cover the entire state but for others the territory will have to be split between two or more to ensure adequate coverage. Possibly some Canadians may even wish to consider appointing a Miami firm to take care of the Caribbean and the Latin American markets for them, as many small manufacturers in the United States have done to advantage. There are excellent opportunities for Canadian exporters in Florida and we would be glad to help you exploit them.

## Pakistan Focuses on Fertilizer Production

■ Pakistan's record wheat crop has reinforced its conviction that agriculture should have top priority. The planners are now preparing the way to self-sufficiency in fertilizers too, but for some time Pakistan will continue to import. The import bill for fertilizers was estimated at U.S. \$77 million in 1967-68 and in 1969-70 it will be U.S.\$102 million. Pakistan made a special appeal to aid donors last year to meet these costs. The response was excellent; most fertilizers are now being brought in under aid and this trend is likely to continue.

Canada provided a soft loan of Cdn.\$4 million in its 1967-68 program which is being used by the West Pakistan Agriculture Development Corporation to import Canadian urea and by the East Pakistan Agriculture Development Corporation to buy Canadian potash. The Corporations circulate tenders to local agents and (through the Canadian International Development Agency) to Canadian suppliers. The use of an agent is not mandatory—in fact, the WPADC allows lower bids if agents are not used—but Canadian suppliers have consistently preferred to use them. Here is a quick rundown of the position for individual fertilizers:

**Urea**—Likely to be imported into West Pakistan until 1970. During 1970-71 two 340,000-ton urea plants will come on stream and the country will then become a net exporter. East Pakistan is also expected to require urea until 1970. In that year a 340,000-ton plant will be ready which with the existing 80,000-ton plant should meet East Pakistan's requirements for some time.

**Ammonium Sulphate**—West Pakistan may import some during 1968-69. A 40,000-ton plant is to be completed in

1969 which with the existing 42,000-ton plant will meet immediate needs. After 1969, some ammonium sulphate may be brought in from East Pakistan. East Pakistan does not produce ammonium sulphate at present but a 120,000-ton plant is scheduled for 1969. This would appear more than adequate; East Pakistan's ammonium sulphate needs were estimated in 1968 at 20,000 tons.

**Ammonium Nitrate**—West Pakistan has a 60,000-ton ammonium nitrate plant with a 25,000-ton extension planned for this year. This appears adequate for foreseeable needs. There is no production and apparently no requirement for this fertilizer in East Pakistan.

**Triple Superphosphate**—Imports will be needed by West Pakistan up to the late 1970's. Only 18,000 tons are produced now; a further 186,000 tons is scheduled for 1970. This will still be well below West Pakistan's requirements which in 1969 will be 300,000 tons. East Pakistan is to produce 32,000 tons of triple in 1968 and in 1971 a further 120,000. As in West Pakistan, production even after 1971 will be below requirements.

**Potash**—The planners foresee no potash requirements for West Pakistan in the near future, although it seems to us reasonable to expect some demand. Potash deposits have been located near Dhariala and it is hoped that by 1970 production will be 17,500 tons a year. In 1969, East Pakistan's potash requirement was approximately 44,000 tons. Demand seems likely to increase rapidly. There are no projects under way to produce potash in East Pakistan.

In West Pakistan, the opportunities for Canadian manufacturers to supply equipment and Canadian consultants to con-

tribute technology appear limited. Eighty per cent of increased production up to 1971 will be in the private sector by firms already associated with foreign sources of technology, plant and capital. The West Pakistan Industrial Development Corporation, however, also plans to increase the capacity of its plants in the near future and may require technical assistance and equipment. These extensions may be financed by WPIDC from its own resources or it may ask the Central Government to seek foreign aid.

In East Pakistan, the increases in fertilizer production will be primarily in the public sector. The emphasis will be on increasing triple superphosphate capacity. The East Pakistan Industrial Development Corporation will be mainly responsible for the expansion of fertilizer capacity and may seek foreign aid.

Canadian engineering consultants with expertise in fertilizer plant and equipment manufacturers should make both the West and the East Pakistan Industrial Development Corporation aware of what they have to offer so that they may be considered for any business available, whether on commercial terms or as a part of the aid package negotiated between the Canadian International Development Agency and the Economic Affairs Division of the Pakistan Central Government. They should also make themselves known to private industry and to the World Bank (IBRD) which is financing fertilizer projects in Pakistan. And, of course, they should keep in touch with the Departments of Industry and Trade and Commerce in Ottawa and the Commercial Secretary, Office of the High Commissioner for Canada, Hotel Shahrazed, Islamabad, Pakistan.

—B. NORTHGRAVE, *Assistant Commercial Secretary, Islamabad*

# Ministerial Mission Visits Latin America

*Last autumn a Ministerial Mission visited nine countries in Latin America—Venezuela, Colombia, Peru, Chile, Argentina, Brazil, Mexico, Guatemala, and Costa Rica. It was an exploratory Mission and one representing a wide range of Canadian concerns. Its object was to uncover all means and avenues of strengthening existing ties between Canada and Latin America and to create new ones. The political and cultural aspects of our relations came in for special attention as areas warranting more precise definition. The actuality of our relations with Latin America was reflected in the very substantial trade and economic content of the report. It is this section of it, virtually in the form in which it was tabled in the House of Commons, which is reproduced below for the information of Canadian businessmen.*

■ With respect to the economic and trade aspects of the Mission's activities, it was not the purpose of the Mission to enter into negotiations or conclude agreements or contracts on any specific matter, but rather to lay the basis for a fundamental reassessment of Canadian policies and practices, designed to strengthen trade and economic relations with this area to the fullest extent possible.

Intensive discussions were held with the government Ministers and senior officials responsible for development and for economic and commercial policies in each of the countries visited, as well as with the heads of the government co-ordinating agencies concerned with industrial and economic planning. In addition to the meetings held at ministerial level, officials met with their counterparts, and detailed discussions were held by the president of the Canadian International Development Agency and the president of Export Credits Insurance Corporation on concrete issues of special interest to their Agencies.

Numerous meetings were held with leading members of the local business communities, including representatives of Canadian firms resident in the area, and in some cases round-table sessions were organized with the major business and industrial associations.

Meetings were also held with the executive secretary and senior officials of the United Nations Economic Commission for Latin America, of which Canada is a member, at their headquarters in Santiago, Chile, and with the secretary-general and senior officers of the organization for Central American Economic Integration in Guatemala City.

Everywhere, the Mission met men and women of outstanding competence and experience, dedicated to their tasks and confident in their ability to deal with the complex economic issues facing their countries.

Despite the diversity of these countries, they have certain common characteristics with important economic implications. While they are all at various stages of development, facing many of the deep-seated problems common to the developing world as a whole, in varying degrees they have already reached standards of living and of economic performance and organization comparable to those in many countries of the industrialized world.

These are economies in rapid process of transformation—with increasing elements of the population being progressively brought into fuller participation in the market system, with vast diversified mineral, forestry, fisheries and agricultural resources still

untapped, with specific long-range plans for the improvement of their infrastructure, and with large-scale needs for advanced technology and capital equipment.

## Multilateral Co-operation

The deepening of Canada's bilateral trade and economic links with Latin America is of first importance. However, high priority should also be given to the strengthening of co-operation on a wide range of international economic issues where Canada and Latin American countries share common or complementary interests and objectives. For example, the close identity of views with Argentina with respect to the stability of world wheat pricing and marketing; common interests with Chile, Peru and Mexico with respect to copper, lead and zinc; with Venezuela with respect to petroleum; parallel interests with all countries of the area in the liberalization of world trade; in equitable arrangements for primary products (such as coffee, cocoa, sugar); in the development of world free trade for tropical and primary products, and in the establishment of a new scheme of tariff preferences for the developing world.

It was agreed with the governments of the various countries visited that it would be important to work even more closely together in international or-



The Hon. Jean-Luc Pepin, Minister of Industry and Trade and Commerce (center), presses home a point during a conference with Peruvian Government officials and heads of government agencies. He is addressing directly Senor Ramon Remolina, Director General of Peru's Agricultural and Livestock Development Bank seated second from right.

ganizations such as UNCTAD and GATT to strengthen co-operation in pursuit of common objectives in the world at large.

### **Economic Policies**

The government representatives with whom the Mission met all emphasized the tremendous importance they attach to their economic development and industrialization. In all cases, the Government themselves, through special agencies devoted to "fomento" (or the promotion of development plans) are playing a major role in shaping and implementing these long-range policies.

In some cases, the main emphasis in their economic policies remains that of import substitution, with high tariffs or restrictions on non-essential products, but there is increasing awareness of the need to move towards more competitive conditions and in a number of countries the emphasis is beginning to shift towards developing export potential oriented to world markets.

While most Latin American countries are anxious to retain a degree of control and direction over foreign investments and ownership, they all

indicated their strong interest in increased private investment from Canada.

Closely related to the economic development programs of each of these countries are the important moves towards economic integration in Latin America—through the Latin American Free Trade Area, the proposals for an Andean Pact, the Central American Common Market. While some of these moves are running into difficulties and delays, they are beginning to have an effect, particularly in stimulating the development of "complementary agreements"—arrangements designed to encourage specialization and rationalization by allocating certain types of production facilities as among particular countries.

Latin American economic integration, whatever the pattern it may take in years ahead, could have some adverse trade implications but it creates new opportunities and challenges for Canadian trade and economic relations with Latin America.

### **Bilateral Trade**

Canada already exchanges most-favored-nation treatment with each of

the countries in the area through direct Trade Agreements and under the GATT. In Caracas, the Mission signed the annual renewal of the Modus Vivendi between Canada and Venezuela. In Bogota, agreement was reached on the desirability of early conclusion of a direct Trade Agreement between Canada and Colombia to replace the existing trade relations governed by a long-standing British Treaty.

Canadian trade with Latin America as a whole, which in 1967 included exports of \$337 million and imports of \$418 million, is at disappointingly low levels, particularly in light of the potential that exists and when compared with Canada's trade with other countries overseas and with the trade of other countries with Latin America.

### **Imports into Canada**

While recognizing that the world trading system is one of multilateral trade and payments, many of the Latin American countries are preoccupied with their chronic trade imbalances, and accordingly tend to pay special attention to the state of two-way trade with their main trading partners. For this and other reasons,

it is important to develop increased trade between Canada and these countries in both directions at higher levels than at present, and to create opportunities that will make this expansion possible.

It was made clear to the Latin American Governments that the Canadian market is by and large open on a competitive basis, with few import limitations and with relatively low or nil tariffs for many of the products of interest to Latin American countries. Thus, the responsibility for expanding sales to Canada must rest with the Latin American countries

themselves. It was emphasized that Canada will welcome vigorous efforts by the producers and exporters of Latin America—not only of traditional products such as coffee, but also of many new products—to develop, promote and diversify their sales to the dynamic Canadian market. Canada will wish to examine whether, within its over-all multilateral approach, there is anything further that can be done to facilitate and assist these efforts. Canada's experience and expertise in export trade promotion may be something that could be shared with the countries of Latin America.

Because of geography and the present state of shipping facilities, a high proportion of Latin American exports to Canada of such basic products as coffee and bananas are traditionally consigned in the first instance to major commodity markets such as New York. This is a feature of Canada's trade with Latin America that tends to detract from the full appreciation, and perhaps the full development, of Canada as a market for Latin American products. It is intended to examine what possibilities there may be, on an economic basis, for the encouragement of direct shipment of Latin American products to Canada.

The countries of Latin America almost without exception have great potential for increased foreign exchange earnings from tourism. Mexico, for example, currently earns some \$8 to \$10 million from Canadian tourism in that country but this still represents only a small portion of total Canadian tourist expenditures abroad. The Mission indicated that increased efforts by Latin American countries in promoting their attractions in Canada could result in their obtaining a larger share of Canadian tourist expenditures. It was suggested to the various countries that they might benefit from the experience of the Canadian Government Travel Bureau and some of them have indicated an interest in studying Canadian methods and techniques in this field.

### Canadian Exports

The Mission indicated that Canada attaches importance to increasing further its present exports to Latin America in such traditional commodities as newsprint, asbestos, automobile parts, aluminum—and to seeing them supplemented by other important Canadian products such as wheat, for which Latin America already represents an important commercial market and potentially one of the world's major markets for the future.

The Mission discussed the possibility of sales of Canadian wheat in a number of countries. Brazil, Venezuela, Colombia, Peru, Chile, Guatemala and Costa Rica all to some degree import wheat on a commercial or credit basis and it is envisaged that these discussions should assist the Canadian Wheat Board in their efforts to increase Canada's share of wheat



President Eduardo Frei of Chile (second from left) warmly greets three Canadian Ministers, members of the recent Ministerial Mission to Latin America, at the Presidential Palace in Santiago. (Left to right) Hon. Mitchell Sharp, Minister for External Affairs, Hon. Jean-Luc Pepin, Minister of Industry and of Trade and Commerce, and Hon. J. J. Greene, Minister of Energy, Mines and Resources.

sales to these important markets. The Latin American situation will be taken fully into account in the Government's current review of credit policy for wheat exports.

The Mission also discussed in various countries how Canadian sales of such products as newsprint and automotive parts might be affected by Latin American economic integration. Production of newsprint in Chile and other countries and the establishment of automobile production and other industries by major international companies in Latin America, coupled with regional tariff preferences, will lead to intensified competition with Canadian exports to these markets. The Mission recognized that regional integration might result in a degree of protection of local production but drew attention to the importance both for Canada and Latin America of ensuring continued access on reasonable terms for competitive Canadian goods.

In addition to Canada's traditional exports—and this is a point which the Mission emphasized and elaborated in each of its meetings with Latin American Governments—Canada is clearly in a position to participate much more fully in the economic and industrial development of Latin American countries. There are many similarities between the kinds of technical and industrial problems that Canada has had to face and overcome in its own continental expansion and the kinds of problems that the countries of Latin America are now facing. In many of these fields, Canadian industry has attained high standards of advanced capability.

A central element of Canada's export trade of the future must lie in the field of specialized and advanced technology and expertise—the "secteurs de pointe" of a modern economy.

In the United States, Europe and Japan—Canada's major world markets—Canadian industry is demonstrating its ability to compete with local suppliers on their own home ground. The developing countries of Asia and Africa also provide important markets, but mainly on a non-commercial basis.

Latin America, on the other hand, offers unique and distinctive opportunities for Canadian industry to participate in major projects and in in-

dustrial development on a commercial basis, in a receptive climate, and on terms of equality with suppliers around the world. It is up to Canada to ensure that it is in a position to develop fully these opportunities.

Thus, there are broad avenues of economic activity which will benefit both Canada and the countries of Latin America, and in which Canadian industry can make a major contribution. Among these are:

- telecommunications
- consulting engineering services
- construction of airports
- mining, forestry and fishing equipment
- hydroelectric equipment
- grain storage facilities
- port handling equipment
- forest fire fighting equipment
- pulp and paper machinery
- aerial surveys
- specialized aircraft
- nuclear reactors
- subway equipment
- road and railway equipment
- educational equipment

### Specific Opportunities

For illustrative purposes, the following are a few of the wide range of specific opportunities which were identified and discussed in the various countries.

In Venezuela, the Mission had detailed discussions with Venezuelan authorities with respect to the subway which is to be constructed in Caracas. An offer of Canadian Government financing of U.S.\$75 million was confirmed and it is hoped that in the international competitive bids to be opened in 1969 Canadian companies will obtain an important share of the business which will result from the Caracas subway. In Argentina, Brazil and Mexico there are also possibilities for the sale of Canadian subway equipment and the Mission obtained full details on these projects and financing terms that may be required.

In Venezuela, the Mission also discussed possible Canadian participation in airport construction, municipal waterworks, pipelines, petrochemical plants, and pulp and paper plants. Export Credits Insurance Corporation is considering a request from the Venezuelan Development Corporation for a long-term loan of about \$2 million

to be used for the purchase of Canadian equipment and services.

Most of the countries visited have plans for substantial increases in electrical generating capacity which should provide opportunities for sales of Canadian equipment and services. In Argentina, Export Credits Insurance Corporation confirmed its commitment to provide financing for the supply of equipment and services for El Chocon, a major hydroelectric development, in cases where Canadian exporters were successful bidders. The Mission also had specific discussions with respect to the Barranquilla power project and the Alto Anchicaga power project in Colombia and other hydro- and thermo-electric projects in Brazil, Chile and Mexico.

The Mexican authorities also indicated interest in the further development of their livestock, forestry and mining industries, suggesting scope for participation by Canadian expertise in these fields.

The Government of Chile is interested in equipment for forest fire fighting and discussions were held with respect to the possible supply by Canadian companies of aircraft and ground equipment for use in fire-fighting.

The River Plata development, which involved Argentina, Brazil, Bolivia, Paraguay and Uruguay, was reviewed with the Corporation Nacional de Desarrollo in Argentina. This important project, for which much planning remains to be done, offers immediate opportunities for Canadian consulting engineers and later for the provision of Canadian equipment.

The Mission explored the plans of Brazil, Argentina, Mexico and Chile for the development of nuclear power facilities and this is an area where significant potential exists for the sale of Canadian equipment.

In Costa Rica the Mission received suggestions with respect to four specific new projects which Canada might wish to consider financing, in addition to a number of projects already under way.

The International Nickel Company of Canada is proceeding with plans to develop nickel resources in Guatemala with an investment of approximately \$150 million. The Mission discussed this project in Guatemala and it is expected that INCO's operations should provide an opportunity for

Canadian companies to bid for part of the capital equipment which will be required for this project.

Telecommunications is another field of special interest in Latin American planning, and specific discussions were held in a number of countries with respect to possible Canadian participation. In Chile, the Canadian International Development Agency is providing financing of \$4.2 million for the expansion of the national telecommunications network. Among other immediate prospects is the call for international competitive tenders for the construction of a Central American telecommunications network. This project has great importance for the development of Central America and its implications were discussed in detail by the Mission in both Guatemala and Costa Rica.

Canada's experience in the storing and handling of grain is of interest to some of the countries in Latin America and both Argentina and Brazil have requested specific information on the possibility of Canadian equipment and technical assistance in this field.

Following discussions in Peru which indicated that there were possibilities for the sale of Canadian capital equipment and agricultural products, the Mission announced that Canada would participate in the Pacific International Trade Fair to be held in Lima in 1969. The Banco Industrial of Peru is interested in the possibility of obtaining a loan from Export Credits Insurance Corporation to enable it to re-lend to a purchaser of Canadian capital equipment. Discussions were also held with FINEPI (Fund for Financing the Preparation of Investment Projects) (Peruvian authorities) regarding special projects to be financed from the existing Canadian loan of \$500,000.

In mining there are opportunities for increased co-operation in the technical field. A number of countries expressed particular interest in Canada's expertise in offshore exploration and it is likely that some countries will participate with Canada in a joint program in offshore exploration next year.

These are but a few of the many specific possibilities in the general areas listed above where there is challenging scope for the participation of a wide range of Canadian expertise, industrial technology and capital

goods, and the Mission urged the governments and agencies of the countries of Latin America to look to Canada as a competitive and efficient source of supply for these goods and services. The planning and development agencies of many of the countries visited undertook to maintain close contact with Canadian Trade Commissioners as their detailed plans for specific projects are developed.

It is clear, however, that the initiative must come from Canada itself. The basic motivation must originate from within Canadian industry and from the Canadian business community. The Mission was convinced that increased attention by Canadian businessmen, particularly through more frequent and regular visits, would be well repaid. All concerned must be not only fully alert and aware of existing opportunities but, in many cases, private enterprise must continue to take imaginative steps to co-ordinate industrial operations in such a way as to enable Canadian industry to bid successfully for large-scale projects on a turnkey basis.

### Export Financing

It is also clear that, in Latin America, financing terms and credit facilities are often as crucial in determining the award of contracts as price, quality and delivery. These countries are under heavy pressures to assign priorities in the face of scarce financial resources, and foreign suppliers are increasingly receptive to providing attractive credit terms. It is intended that financing facilities available to Canadian suppliers and exporters should remain competitive and capable of matching those of Canada's competitors. One particular financing requirement which became increasingly evident to the Mission is the desire of importing countries in Latin America to be provided with financing for part of the local costs involved in their projects. Among the considerations put forward in explanation of this interest is that the implementation of such projects gives rise to additional imports not directly related to the projects but arising therefrom.

As other supplier countries are prepared to provide at least a part of such financing requirements, Canada should give serious consideration to this aspect as part of the review of its export effort.

As a result of this Mission, the whole range of Canadian Government financing techniques and facilities will be closely re-examined to determine whether any further improvements may be required, bearing in mind the Latin American situation.



## How Production Compares

A glance at the third edition of the *World Bank Atlas* discloses that (based on mid-1966 figures) the People's Republic of China is the world's most populous country, with 710 million people. Next come India with 498.7 million, the U.S.S.R. with 233 million, the United States with 197 million, and Pakistan with 117 million. Canada ranks 26th with just over 20 million.

When one turns to gross national product per capita (calendar year 1966) the ranking changes, not surprisingly. Here the United States leads, with a figure of U.S. \$3,520. (All these figures are in U.S. dollars, converted from national currency estimates, essentially on the basis of exchange rates.) In second and third place are two West European countries, Sweden (\$2,270) and Switzerland (\$2,250). They are followed by Canada (\$2,240) and New Zealand (\$1,930). For the U.S.S.R. the figure is U.S.\$890; there is no estimate for the People's Republic of China and the editors warn that figures for all the centrally planned economies are not likely to be entirely accurate.

The population and GNP figures are later segregated by continent and charted on outline maps, with all countries on each continent included, even if the population falls below one million. This makes it easy to find the leading producer in Africa, say, (Libya, with a GNP per capita of \$640) or in Asia (tiny Kuwait, with a figure of \$3,410, followed by Brunei \$1,330). There is an interesting technical note at the end discussing some of the difficulties in working out the statistics because of the "divergent price and product structures of the different countries." The GNP per capita estimates are given at factor cost rather than at current market prices.

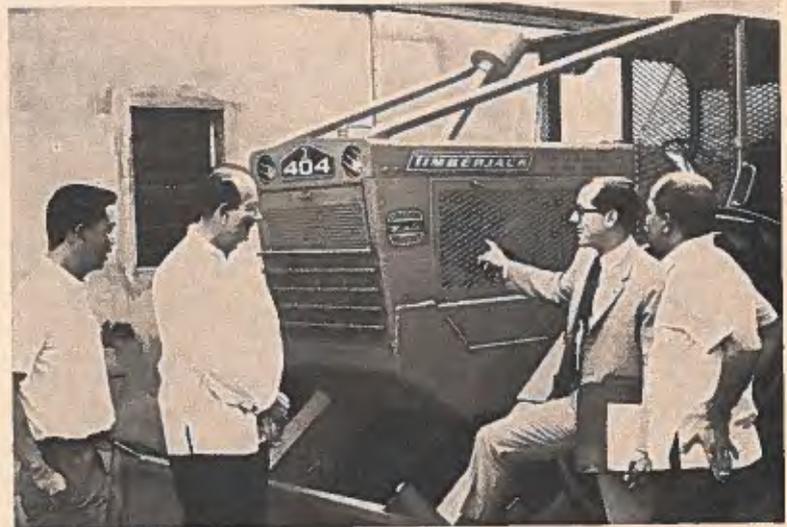
The interested businessman can obtain a copy of the Atlas by writing to the International Bank for Reconstruction and Development at 1818 H Street N.W., Washington, D.C. 20433.

## Canada in the Philippine Market



*The new microwave system operated by the Philippine Long Distance Telephone Company incorporates Lenkurt carrier equipment. On the left is D. S. Baker, our Consul and Assistant Trade Commissioner in Manila, participating in a demonstration of this equipment given by the long lines operation radio facility supervisor.*

Traditionally, Canada has sold primary products in the Philippines but recently it has also become a good market for manufactured products with the emphasis on quality. Products worth \$27.8 million moved to the Philippines in the first ten months of 1968 and 53 per cent represented manufactures, compared with only 16 per cent in 1964. The photographs illustrate this growth.



*This 404 Log Skidder made by Timberjack Machines in Canada will be used in the Philippine logging industry. Looking at it are the president (second from left) and sales manager (right) of the importing firm, Oregon Industries. Second from right is R. A. Fairweather, Vice Consul and Assistant Trade Commissioner in Manila.*



*Here is the first 1969 model Ford LTD assembled in the Philippines from imported Canadian components. It is being examined and approved by (left) C. Allan Foran, president, Ford Philippines Inc., and (second from right) J. L. Mutter, our Consul General and Trade Commissioner in Manila for the past six years.*

## Freezers and Refrigerators in Britain

W. D. WALLACE

*Commercial Counsellor, London*

■ The demand for domestic refrigerators in Britain has risen steadily over the past few years. Because only 48 per cent of the homes have refrigerators, the prospects for future sales should be bright but they may be affected by the recently imposed credit restrictions.

The first of these was a tightening of credit by changing the instalment buying (hire purchase) terms. Effective November 2, 1968, the deposit was raised from 25 per cent with the balance over 30 months to 33½ per cent deposit with the balance over 24 months. This was followed on November 23, 1968, by a 10 per cent increase in the purchase tax, raising the tax on refrigerators and freezers from 33½ to 36½ per cent. (As an example, refrigerators previously retailing at £55 will now retail at £56 3s.0d.) The most important measure affecting future imports was the regulation which came into force on November 27, 1968, requiring importers to make a deposit of 50 per cent of the invoice value of goods with H.M. Customs at the time of making the customs entry. The deposit is returned to the importer at the end of six months, but without interest. It is estimated that it may add 2 per cent to costs. More serious, however, is that many importers lack financing to handle imports on this basis and this may mean a decline in imports of refrigerators and freezers.

Two important factors tend to restrict the market for large units: the small kitchens in British homes and the fact that housewives are not accustomed to buying and storing food in large quantities. Small electric refrigerators in the 4.5 to 6 cubic foot range account for almost 90 per cent of sales; there is only limited demand for the large Canadian and U.S. models. The prices of most refrigerators, except for the small size, are still beyond the means of the average wage-earner. The market is well supplied with both British and imported refrigerators. The sales of electric ones

are increasing steadily but sales of gas refrigerators (at present about 8 per cent of the market) are declining.

### Distribution Methods

Electricity and Gas Board showrooms deal direct with the manufacturers and between them handle some 30 per cent of refrigerator sales. Department stores buy direct from manufacturers or from wholesalers. Radio and electrical appliance shops and most furniture stores buy through wholesalers or distributors who handle about 25 per cent of the sales. A large proportion of the imported refrigerators are resold by British manufacturers under their own brand names; the rest go through distributors.

Over a period of years, the production of domestic refrigerators and freezers has varied considerably and the industry has never reached full capacity. The output in 1960 was 1,047,000 units; it then remained below this level until 1965 when it reached a peak of 1,074,000 units, then declined to approximately 910,000 in 1967. Production has concentrated on small-size units but output of those from six to eight cubic feet is increasing.

The decrease in the last two years has been more than offset by the substantial rise in imports of lower-priced refrigerators from Europe. British imports of domestic electric refrigerators have increased from 83,000 units (c.i.f. value £1.7 million) in 1965 to 203,000 units (£3.4 million) in 1967, and in the first five months of 1968 they totalled 185,000 units (£3.3 million). Imports increased by 183 per cent in a market expanding at a rate of approximately 30 per cent. This reflects the large demand for the small refrigerators which can be imported at lower prices than they can be produced in Britain (see Table I).

Refrigerators and freezers from Canada and other Commonwealth countries which meet the Commonwealth content requirements and those from EFTA countries are duty-free. Imports from other sources are subject to a tariff of 10 per cent ad valorem. There is a countervailing duty of 24s.

10d. per cwt. on imports from Italy to offset customs rebates on its exports imposed in August 1968.

Imports of domestic refrigerators from Canada have declined from 1,690 units in 1965 to 567 in 1967 but imports from the United States have increased from 173 to 791 units. In the first five months of 1968, shipments from Canada amounted to 217 units and from the United States 303.

### Comparative Prices

Price is an important factor. The tendency has been for prices of small refrigerators to decline and of large units to increase. There is a considerable markup from c.i.f. cost to the retail price, which includes the purchase tax (now 36½ per cent) at the wholesale level. The c.i.f. value of Italian refrigerators averaged £18 per unit in 1965 and £16 in 1967. In comparison, Canadian refrigerators averaged £65 and £80, and U.S. models £121 and £74. The Canadian and U.S. units ranged in size from 14 to 16 cubic feet, one of the reasons why prices were considerably higher than for the European ones which were small models.

Recommended retail prices for 4.5 to 5.25 cubic foot units from West Germany range from £34 2s 6d to £59 13s 6d, from Italy £33 12s 0d to £58 14s 6d, and from Finland £57 15s 0d. In view of the order by the Board of Trade imposing a countervailing duty, a small increase in price is expected for Italian refrigerators—perhaps some £1 15s 0d, including purchase tax on the most popular models. In comparison, the suggested retail prices for British-made refrigerators of from 4.6 to 5.4 cubic feet range from £34 13s 0d to £58 19s 0d. Suggested retail prices for refrigerators in the 6.4 to 9.5 cubic foot size, in which more interest is being shown, range from £69 to £100 and somewhat higher for models equipped with automatic defrost. For 14 cubic foot Canadian refrigerators the retail price is close to £330 and for 16 it is £350 to £380, depending upon refinements. Because there are no fixed prices for refriger-

ators, careful shoppers can buy them at discount prices.

### Selling Freezers

In many respects the marketing of freezers in Britain is similar to that of refrigerators. Freezers are relatively new to the British consumer but demand is developing rapidly. It is estimated that sales of domestic freezers (under 12 cubic foot capacity and subject to 36½ per cent purchase tax) and commercial freezers (over 12½ cubic feet and exempt from the purchase tax) increased from 25,800 units in 1965 to over 30,000 units in 1967. Sales in 1968 are estimated at between 50,000 and 60,000 units. In

the past few years, the demand has been mainly for the domestic size but the market for the larger size is growing. Imported freezers have accounted for 60 per cent of sales; this percentage is likely to decline as local production increases. There are some ten manufacturers producing freezers, of which four make the commercial size. Annual output was put at 18,000 to 20,000 units and was expected to increase to 27,000 in 1968.

It is not possible to give a clear picture of Britain's imports of freezers because they are classified under "Refrigerators (other than domestic)" and "Other Refrigeration Equipment—Electrically Operated Refrigerators".

which include commercial and other types of electrical refrigeration equipment. Imports in this category have been increasing during the past few years (see Table II). The same tariff applies to freezers as to domestic electric refrigerators.

Retail prices for large chest-type freezers are much lower than for the large refrigerators and do not appear to be out of line for interested buyers. For domestic freezers, the markup on the manufacturer's price is close to 60 per cent (including the purchase tax) and for commercial freezers 25 per cent. Dealers usually have a basic 20 per cent margin and so do retailers: the wholesaler's margin ranges from 5 to 12 per cent.

TABLE I

#### BRITISH IMPORTS OF DOMESTIC ELECTRIC REFRIGERATORS

	1965		1966		1967		1968 (Jan-May)	
	Units	£	Units	£	Units	£	Units	£
Italy	69,015	1,281,096	102,947	1,895,275	174,333	2,808,303	168,564	2,815,995
Sweden	3,116	116,915	3,181	156,097	2,848	130,583	1,584	71,490
Netherlands	3,462	68,671	1,491	49,381	2,264	74,862	1,225	50,186
United States	173	21,009	446	43,946	791	58,314	303	37,102
Canada	1,690	109,566	899	59,736	567	45,564	217	25,472
Austria	—	—	—	—	3,003	50,486	—	—
Finland	—	—	—	—	2,294	50,394	5,177	131,185
West Germany	2,788	74,979	2,067	65,009	1,251	40,605	1,356	48,318
France	728	22,539	—	—	—	—	—	—
Denmark	484	18,907	—	—	—	—	4,714	144,165
Other Commonwealth	34	988	489	13,843	16	792	313	8,394
Other countries	1,198	26,115	1,082	39,119	1,676	54,196	1,238	40,145
<b>Total</b>	<b>82,688</b>	<b>1,740,785</b>	<b>112,612</b>	<b>2,322,406</b>	<b>202,706</b>	<b>3,413,770</b>	<b>184,691</b>	<b>3,372,372</b>

Values are c.i.f. To convert to Canadian dollars, multiply by 3 for 1965-67 and by 2.6 for 1968.

TABLE II

#### BRITISH IMPORTS OF ELECTRICALLY OPERATED REFRIGERATORS (other than domestic)

	1965		1966		1967		1968 (Jan-May)	
	Units	£	Units	£	Units	£	Units	£
Italy	229	32,778	373	55,860	1,833	185,559	860	108,167
Sweden	3,052	313,692	3,601	416,651	5,744	625,014	3,139	331,824
Netherlands	220	14,075	—	—	89	9,058	410	26,371
United States	1,273	265,301	928	209,102	1,525	299,899	729	207,472
Canada	8,586	888,910	7,375	642,790	5,502	649,359	2,042	330,000
Finland	154	16,584	307	31,125	2,155	165,502	1,137	124,386
West Germany	478	86,811	1,085	140,395	2,327	210,931	721	99,507
Norway	800	104,437	2,009	181,773	2,525	215,971	1,265	81,380
Denmark	143	17,199	—	—	2,485	139,781	4,285	220,979
Other Commonwealth	19	6,723	26	6,317	199	16,079	33	2,103
Other countries	117	14,021	490	65,545	220	31,192	700	23,004
<b>Total</b>	<b>15,071</b>	<b>1,760,531</b>	<b>23,350</b>	<b>1,208,610</b>	<b>24,604</b>	<b>2,548,345</b>	<b>12,896</b>	<b>1,223,090</b>

Values are c.i.f. To convert to Canadian dollars, multiply by 3 for 1965-67 and by 2.6 for 1968.

### Market Prospects

Canadian manufacturers have sold substantial quantities of refrigerators and freezers in Britain. Here are DBS export statistics for refrigerators and freezers, household size:

	Units	Value
1964	6,107	\$1 million
1965	6,028	\$1 million
1966	3,736	\$632,000
1967	4,333	\$808,000
Jan.-Aug. 1968	2,900	\$537,000

There has been a drop in shipments of large-size refrigerators but exports of chest freezers have been increasing.

Size, quality and special features of Canadian equipment have been the main selling points in this market. Price has been a limiting factor, more so for refrigerators than freezers. There appears to be little prospect of increasing sales of the large refrigerators, mainly because of cost. On the other hand, the outlook for large freezers in this expanding market is considered promising.

Canadian exporters interested in the British market must expect to meet strong competition and they must be prepared to offer competitive prices. They should remember that the electric current is 220/240 volts 50-cycle a.c. and refrigerators and freezers must be equipped to operate on it—converting to this current is expensive in Britain. Whenever possible, equipment should have the approval of the British Electrical Approval Board for Domestic Appliances and meet British

Standard 3456. This may be done through the Canadian Standards Association which has reciprocal arrangements with BEAB. Equipment which does not have this approval cannot be sold through the Electricity Council showrooms.

### **Packing Needs Attention**

One difficulty importers have experienced with Canadian equipment has been the high rate of damage in

transit, sometimes as much as 30 per cent. Some exporters are now shipping by container in an effort to overcome this. Shipment in containers tends to be more expensive and may increase shipping and handling costs by £12 to £13 per consignment but this is considered reasonable compared with the costs arising from damaged shipments.

To develop sales in Britain it is essential to have a distributor who can

provide good servicing. It is not always easy to find a distributor who can offer countrywide distribution and service. An alternative is to appoint regional distributors. The Canadian Trade Commissioners in Britain will be pleased to assist exporters in finding suitable firms but before final agreements are negotiated, the importer should visit Britain and get to know his distributor at first hand and see the market for himself.

## **Mechanical Equipment in Peru**

LUCIO POMA, *Commercial Officer, Lima*

■ The Peruvian economy is undergoing a series of economic adjustments after five years of inflation and rising imports. A slowdown in business activity followed the de-facto 44 per cent devaluation of the Peruvian Sol and an increase in tariff duties has curtailed imports. However, this mild crisis has not affected the economy basically. Decisions on major private investments in mining have been made and the Government is encouraging agricultural and food processing activities. Imported mechanical equipment continues to enjoy preferential tariff treatment and, in many cases, total exemption from duty under specific legal provisions.

Industry has set the pace as the fastest growing component of Peru's GNP. Capital goods requirements will continue to be imported for a long time because local manufacturing is basically geared to simple consumer goods operations and dependent on imported materials. Official promotion of and local credit facilities for new industries are directed towards substitution of imports, emphasizing activities which can be supplied with local raw materials. In addition, several government entities and some private groups are sponsoring a number of feasibility studies for new industrial plants and regional development plans which will require in time substantial procurement of equipment. A recent Canadian Government loan of Cdn.\$560,000 to Peru was designated for feasibility

studies to be performed by Canadian consultants.

### **Mining Equipment Needed**

Mining, cash crop farming and food processing are all expected to increase their requirements for mechanical equipment sharply in the near future. At least five major international mining companies are setting up large-scale operations as a result of claims of huge copper, zinc, lead and silver ore bodies that have been precisely surveyed. A corporation 20 per cent Canadian-owned has begun preliminary extraction work on a large phosphate and potash deposit in the Sechura desert in northern Peru. Most of the companies involved are known to purchase where prices are lowest and specifications highest, regardless of origin. Medium-sized and small operations have also been accorded tax and credit incentives. Peru has aggressive, knowledgeable agents who will promote Canadian mining equipment.

### **Supplying Agriculture**

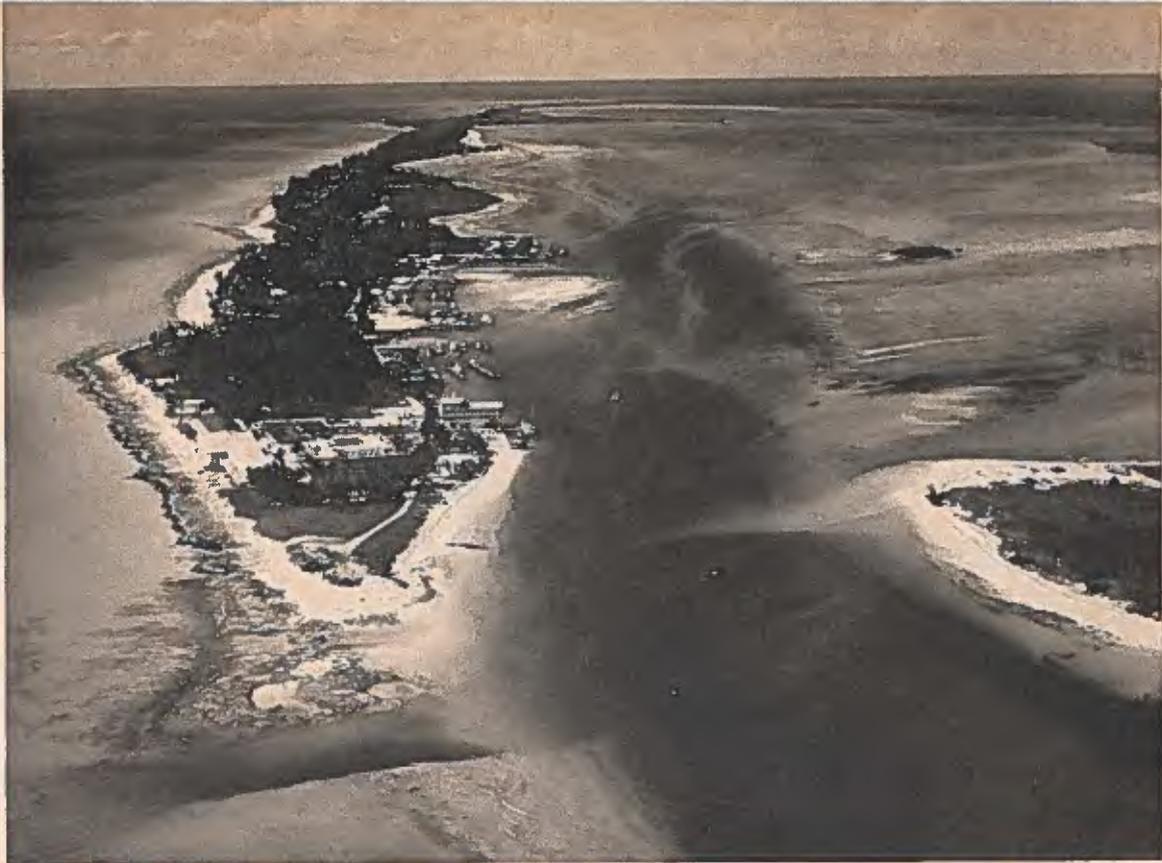
Imports of foodstuffs, in bulk and packaged form, amounted to U.S.\$90 million in 1966, 12 per cent of total imports. Agricultural production has been stagnant for the last ten years because government policies and private investors were primarily interested in developing private industry. However, this situation is changing, remedies have been provided, and farming is expected to attract substantial investments in the next few years.

To participate successfully in Peru's farming industry, a Canadian manufacturer needs a local agent with widespread experience because of Peru's varied geographical terrain and because internationally known brands are already well entrenched, with distributors in key areas and spare parts, service and credit facilities. For example, farm machinery suitable for the coastal regions (for potato farming, for instance), would not be adequate in the Andean highlands. Canadian manufacturers of tobacco and processing equipment will have a profitable market awaiting them once a government project is under way to create machinery pools and processing centers along the Peruvian coast.

Processing plants for frozen fish, meat packing, fruit canning, bakeries, dehydrated vegetables and milk preservation are in advanced stages of planning or installation. This is a particularly interesting field for joint ventures; a Canadian company might be able to contribute equipment to a local company in exchange for equity and management, bearing in mind that some of these products could be sold abroad.

There are additional opportunities for Canadian manufacturers of sawmill and woodworking equipment, plastic moulding and sheeting machinery, machine tools, and equipment for manufacturing spare parts and accessories for automobiles.

As a first step in exploring this market Canadian manufacturers of mechanical equipment should secure reliable and competent agents and/or distributors. The Commercial Secretary at the Canadian Embassy in Lima will be pleased to supply a report and any other information on this market.



Bimini Island in the Bahamas group, whose only assets, sea and sun, today support a booming tourist trade.

## Your Business Visit to the WEST INDIES

■ The term "the West Indies" actually encompasses some two dozen separate political units on the mainland and islands, including Barbados, Guyana, Jamaica and Trinidad and Tobago, all independent countries within the Commonwealth, as well as the Leeward and Windward Islands. Some of the units are Associated States within the Commonwealth, others are Overseas Departments of France, and still others form part of the Netherlands Antilles.

Geographically, the Caribbean stretches 1,800 miles east to west from Barbados to British Honduras and 1,700 miles north to south from the Bahamas to French Guiana. The region is generally divided into two sub-areas to the east and west of the Virgin Islands. The Eastern Caribbean, one of these, is a grouping of some 2.5 million multiracial and multicultural people spread throughout fifteen different political units. The Western Caribbean includes Jamaica, with an area of 4,400 square miles and a population of about 1.8 million, the group of islands that make up the Bahamas and a number of others.

More and more Canadian businessmen now realize that "seeing is believing" and are combining business with pleasure in the Caribbean. In fact, by adhering to a few common sense rules of planning and procedure, a visit primarily on business to the West Indies can be a very pleasant experience.

D. J. McJANET, *Commercial Secretary, Port-of-Spain*

D. H. LEAVITT, *Assistant Commercial Secretary, Kingston*



Freighters and trading vessels unload at the busy commercial docks in the harbour at Kingston, Jamaica. The businessman who is covering the Jamaican market should spend at least two to three days in Kingston, where most commercial contacts are made.

## Planning Your Visit

Canadian Government trade officials both in Ottawa and in the Caribbean are ready to help you plan your trip. Get in touch with R. B. Nickson, Director, Commonwealth Division, Office of Area Relations, in the Department at Ottawa for up-to-date information on tariffs, documentation, and other foreign trade regulations which may affect the terms of access for your products to countries in the Commonwealth Caribbean. Similarly, a call on A.W.A. Lane, Director, European Division, Office of Area Relations, will be useful if you intend to visit the French and Dutch territories in the West Indies.

Before coming down to the Caribbean, a letter to:

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

or to

K. G. Ramsay  
Commercial Counsellor  
Office of the High Commissioner for Canada  
P.O. Box 1246  
Port-of-Spain, Trinidad and Tobago

will enlist further aid in planning your itinerary and appointments and in obtaining information on market opportunities for your products. Mr. Woolham and his colleagues in Kingston cover Jamaica, British Honduras and the Bahamas; Mr. Ramsay and his colleagues in Port-of-Spain are responsible for the Eastern Caribbean.

They may be able to undertake an initial market survey for you. In some areas, particularly Jamaica, many products are now being manufactured locally and can no longer be imported. In such cases, you may wish to con-

sider manufacturing your product under licence or perhaps establishing a plant either to serve the local market or to export, perhaps to countries in the Caribbean Free Trade Area, either on your own or in partnership with a local firm.

In timing your visit, fortunately the most comfortable months in the Caribbean coincide with Canada's winter. The climate is tropical (hot and humid) for twelve months of the year, although there is a dry season roughly from December to April. It is in the early part of the year that many importers place their orders for goods for the retail trade. (Buying to meet the Christmas retail demand generally is done during the summer.) Orders for industrial equipment and raw materials and for Governments are usually placed at any time of the year.

The countries of the Commonwealth Caribbean observe holidays similar to those in Canada and Britain—New Year's Day, Good Friday, Easter Monday, Whit Monday, Christmas Day and Boxing Day—plus some additional days on which most businesses are closed—for example, Trinidad Carnival on the two days preceding Ash Wednesday, and Independence Day in Jamaica in August.

An itinerary covering the territories of the Commonwealth Caribbean need not be complicated. Visits to Nassau (the Bahamas), Kingston (Jamaica), across to Bridgetown (Barbados), Port-of-Spain (Trinidad) and thence to Georgetown (Guyana) should provide you with a comprehensive exposure to the commercial community. Special calls to other points may be necessary, particularly in the Leeward and Windward Islands where a visit to, say, Bridgetown may provide only part of the answers which you need. In this situation, you may wish to consider flying from Canada to Jamaica and then sailing on either the *Federal Maple* or the *Federal Palm* (both gifts of Canada to the West Indies) down through the islands from Kingston to Port-of-Spain, with daytime stopovers en route.

## When to Come

The greatest pressure on transportation and accommodation, however, is from Christmas to Easter, particularly between Christmas and mid-January. Ideally, you should make firm bookings with your travel agent at least four months in advance of your proposed trip if you are thinking of an on-season visit (usually from mid-December to mid-April). Even in the off-season, try to make your plans at least one month before you wish to leave.

Plan to spend at least three days in both Kingston and Port-of-Spain and no less than two days in the other principal points mentioned above. Not only will you find a good number of people who would like to meet you, but you will soon discover that it is not as easy to maintain the same pace that you do in Canada.

If you are going to Jamaica, you should be aware that under the Foreign Nationals and Commonwealth Citizens (Employment) Act, 1964, a foreign national or a Commonwealth citizen is not allowed to engage in any occupation in Jamaica for reward or profit unless he has a valid work permit. The Government of Jamaica has agreed, however, to exempt from this provision persons who visit Jamaica on behalf of a principal abroad, in connection with the appointing of, or for the purpose of having business consultations with, a local business agent or a local distributor, and persons who visit Jamaica to inspect the plant, machinery or equipment of any factory or other industrial works or to give technical advice on the operation of any local undertaking, business or enterprise of whatever kind. In each case, exemption ceases after 14 days spent in Jamaica in any one calendar year.

## Counting the Cost

Air Canada will fly you from Montreal or Toronto to Antigua, Barbados and Trinidad. The air fare to each is the same from either Montreal or Toronto—e.g. \$516.00 for a first class round trip all year and \$370 economy. The 21-day economy class excursion rate is \$278 but you cannot travel on Friday, Saturday or Sunday.

To Jamaica the first class rate is \$374, economy \$270. and the 21-day excursion \$217 economy and \$293 first class.

On the *Federal Maple* or *Federal Palm* the individual fare for an outer cabin shared with one other person is TT\$338.00 (approximately Canadian \$182.52), with breakfast, luncheon and dinner included.

Comfortable accommodation is available practically everywhere, and you can choose a rate and probably find lodgings within your range. Rates vary from territory to territory with no obvious relationship to the quality of the service. Many establishments can accommodate you on either the European plan (room only) at \$20 to \$30 a day single on-season or the modified American plan (room, breakfast and dinner) at \$30 to \$40 a day on-season. In a few instances, the American plan (room, breakfast, luncheon and dinner) and the Continental plan (room and breakfast) are also available. Bear in mind that off-season rates are often only two-thirds or one-half those given above. Although service charges of

10 per cent are often included in the hotel bill, extra tipping is still sometimes expected.

You may well find that if your itinerary calls for short stops at any one point, it is to your advantage (when possible) to pay for meals separately. If this is so, you should count on spending Cdn.\$12 to \$15 per day for meals.

Commonwealth countries in the Eastern Caribbean are in the sterling area for currency purposes. Guyana and Trinidad and Tobago each issue their own decimal currency (in dollars and cents). Barbados and the Leeward and Windward Islands are represented on the Eastern Caribbean Currency Board which issues its own decimal currency for circulation within member territories. Paper currency issued by the Eastern Caribbean Currency Board can be freely exchanged for either Trinidad or Guyana paper currency at par.

Although there are exchange controls in effect throughout the area, you will have no problem in obtaining money at any bank.

The unit of currency in Jamaica is the Jamaican pound (J£) which is at par with the pound sterling (Canadian \$2.60 approx.). The Government issues its own bank notes in denominations of five and ten shillings, one pound and five pounds. There are Jamaican pennies and halfpennies in use, but the rest of its coinage is British.

A visitor may take up to J£10 into and out of Jamaica. There is no restriction on the amount of foreign currency he may bring in but he may not take out more than the sum he declared on entry.

## Before You Come

Before you take off, you may wish to do a little reading about the Caribbean area to help you appreciate its economy and its people better. Among the books that you may find useful are:

*The Caribbean, a Survey for Businessmen* (London Chamber of Commerce, 1967)

*Fodor's Guide to the Caribbean, Bahamas and Bermuda* (London: MacGibbon and Kee Ltd., 1968)

Levitt, Kari, and McIntyre, Alistair, *Canada-West Indies Economic Relations* (Montreal: The Private Planning Association of Canada and the Centre for Developing-Area Studies, McGill University, 1967)

Mitchell, Sir Harold, *Caribbean Patterns* (Edinburgh: W. and R. Chambers Ltd., 1967)

Slater, Mary, *The Caribbean Islands* (London: B. T. Batsford Ltd., 1968)

Townsend, Derek, *Tropical Quest* (London: Jarrolds Publishers (London) Ltd., 1965)

Waddell, D. A. G., *The West Indies and the Guianas* (Englewood Cliffs, N.J.: Prentice-Hall Inc., 1967)

*The West Indies and Caribbean Year Book* (Ottawa: Thomas Skinner and Co. (Publishers) Ltd., 1968)

Wouk, Herman, *Don't Stop the Carnival* (London: Collins, 1967, Fontana Book No. 1328)

Black, Clinton, *The Story of Jamaica* (London: Collins, 1965)

Hall, Douglas, *Free Jamaica* (Yale University Press, 1959)

Clarke, Edith, *My Mother Who Fathered Me* (London: Allen & Unwin, 1957).

## Getting About

After checking into your hotel, give the office of your Canadian Government Trade Commissioner a telephone call (if you are in Kingston or Port-of-Spain) and arrange an appointment. It is best to make this visit before making other business calls. Not only are we always glad to meet personally with any Canadian businessman but there are inevitably last-minute bits of information that you will find useful.

Even though you have already arranged your business appointments in advance, a telephone call to each of your contacts to confirm that you will actually be seeing them at a specific time could well save you time later on.

Businesses are generally open from 8.00 a.m. to noon and from 1.00 p.m. to 4.00 p.m. on weekdays and from 8.00 a.m. to noon on Saturdays. Early midweek closing is observed in some places.

No matter how active you are, the tropical heat lowers your efficiency. Don't try to arrange more than two appointments in the morning or two in the afternoon, although a luncheon engagement can readily serve the purpose of an additional business call. Chances are that you will be invited to someone's home for refreshments in the late afternoon or to a late evening dinner "hot shirt" style (i.e., without jacket or tie).

Taxi service is fast and need not be expensive either within town or to other centers. You should reach an agreement with the taxi-driver on the fare before setting out if the car is not equipped with a meter. You may find it a convenience to hire a car and driver by the hour (at about Cdn.\$2.00 per hour) and save yourself the trouble of looking for a taxi. Even when distances are short, any way of saving energy in the tropical heat should be encouraged. Communication facilities by telephone, cable

and telex are satisfactory. Remember that you can maintain a close personal contact with your customer after you leave the area by telephoning him regularly from Canada. He will be impressed!

For visits to other islands within the West Indies group, you have a choice of airlines which provide excellent connections: Air Canada, BOAC, BWIA, Air France, KLM, LIAT, (Leeward Islands Air Transport) and Pan Am. BWIA and LIAT, the local carriers, have frequent schedules and together cover the entire Eastern Caribbean. In Jamaica, Kingston, the industrial and business center of the Island, is a three-hour drive from the North Coast over indifferent roads. The visitor can, of course, take a 20-minute flight. Normally two or three days in Kingston should be adequate for most purposes.

## What to Bring

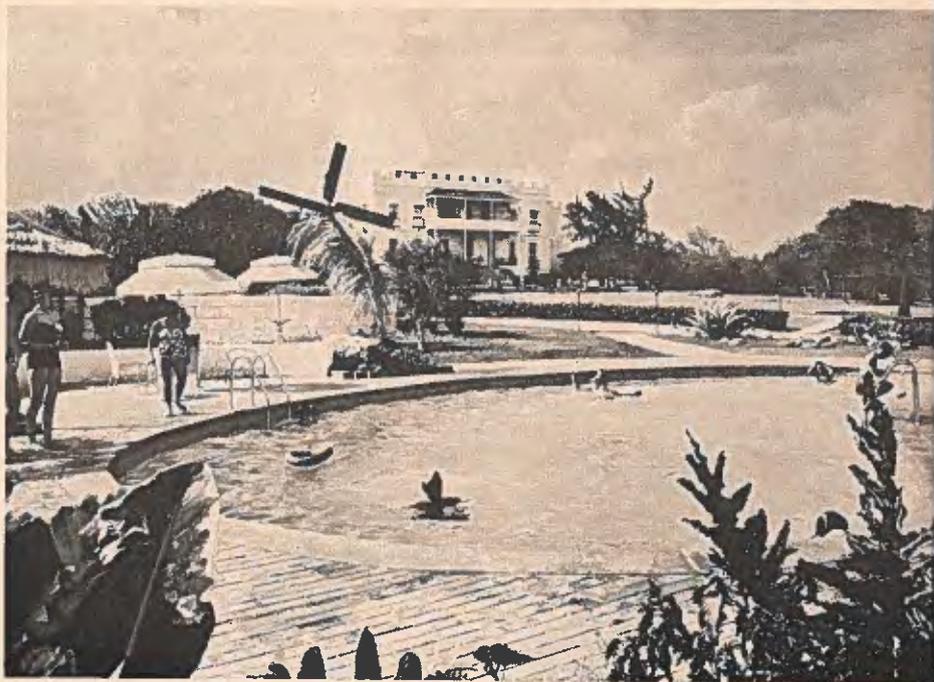
Canadian businessmen who are visiting the Caribbean need only bring their passports (technically, even a passport is not needed for the Commonwealth Caribbean areas) and international certificates of vaccination.

Besides your swim trunks and sunglasses, bring along two tropical suits, half a dozen short-sleeve dress shirts, two or three long-sleeve shirts, and a couple of sports shirts. Dry cleaning facilities are not always ready to hand, although you can count on quick laundry service.

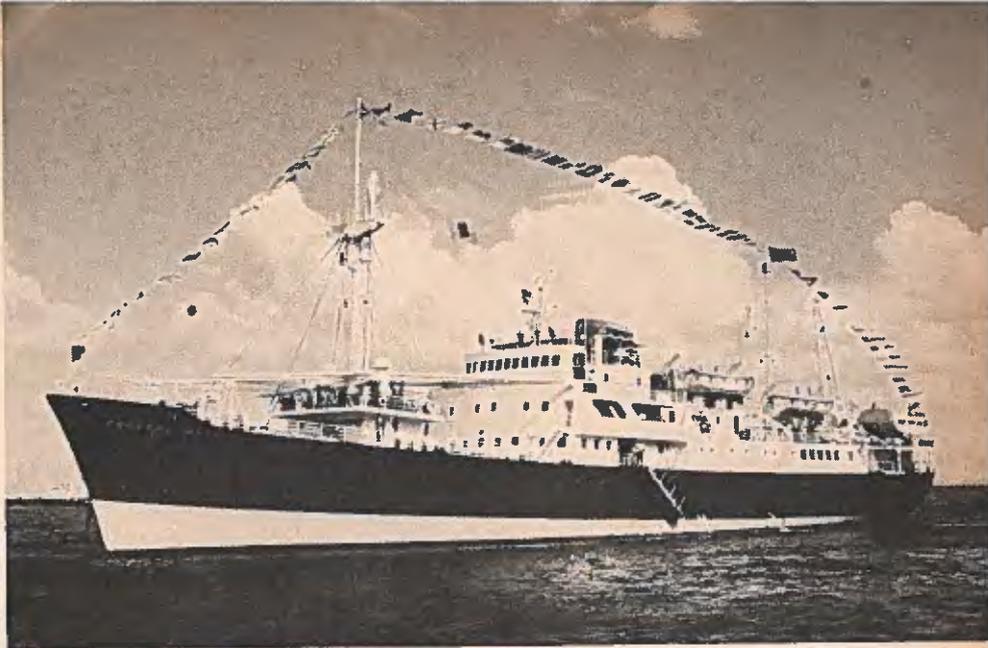
The normal business dress for men in the West Indies is a plain cotton or poplin shirt with tie and trousers of a tropical-weight material. Jackets are worn in the courts, on business visits, for dinner, and in certain restaurants for lunch. A black or white dinner jacket is suitable for all occasions but is in fact rarely worn.

You will want to have your camera with you, but there is no need to carry it around your neck on business calls

**Sam Lord's Castle in Barbados was once a plantation mansion; now it has been turned into an attractive tourist hotel. The swimming pool has appeared since Sam Lord's day. A few days or a weekend spent at places like these can prove a welcome break in a business tour.**



Best way to cover the smaller islands in the Leewards and Windwards groups is to board the "Federal Maple" or the "Federal Palm". These ships, originally a gift from Canada, make their way from Kingston to Port-of-Spain, with daytime stopovers at the smaller islands en route.



—you will have plenty of opportunities to take photographs at other times. Although many of the larger hotels have electrical outlets which will accommodate North American electric shavers, don't count on it. Voltages and electrical frequencies vary within the region and a hand razor or portable shaver would probably be more convenient.

You may also find it useful to bring a small hand-held dictating machine with a good number of tape cassettes, as you will find plenty to report on. A typewriter would be helpful as few hotels provide typing services; however, remember the extra weight and bulk a typewriter entails if you are travelling by air. (Air Canada will allow you 44 pounds of free baggage on economy class flights to the Caribbean.) Although the people whom you will meet in the Caribbean will be informal as far as the exchange of business cards is concerned, bring along a full supply. Have your descriptive literature and c.i.f. price lists ready for handing out. (Markets in the Caribbean are very price-conscious!)

Samples may be brought in free of duty in most parts of the Commonwealth Caribbean but you should be prepared either to post a bond or to make a deposit in lieu of the import duty which would otherwise be due. The deposit will be refunded when the samples are brought back out, though it is not unusual to experience some administrative delay in obtaining this refund.

Clothing and other articles for personal use are admitted duty-free but in Jamaica Customs has the right, although it is not usually enforced, to demand a cash deposit to cover any eventual duty chargeable on typewriters, dictaphones, cameras and radios. Alternatively, Customs may require some other form of security. This is normally refunded when the visitor leaves the Island with the dutiable products.

Samples of articles not covered by the Open General Licence require an import licence for entry into Jamaica. Business visitors arriving at Kingston and Montego Bay airport with samples for which a licence is required will have to surrender these until the licence has been obtained from the Trade Administrator's Office. There is no guarantee that it will be issued immediately or even the same day and a return journey to the airport will be needed

to collect the samples. To avoid delay, visitors are advised to obtain a licence before arrival, although it will still be necessary to visit the office of the Trade Administrator to exchange the licence copy for a clearance copy which the Customs authorities need to clear the goods. Applications for licences, either direct or by local agents, should be addressed to the Trade Administrator, 148½ East Street, Kingston.

## Time Off

Businessmen in the Caribbean know how to enjoy their work. What may pass as sheer pleasure to you may well, in fact, be serious business. You will find, therefore, that where your business hours end and time off begins is difficult to define. A poolside luncheon or dinner to the background of a steel band can be counted as business or as time off.

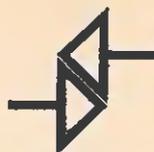
Canadians have for years been well received by the people of the West Indies. Add to this the fact that West Indians by nature are happy, outgoing and proud of their native land and its future, and it won't be long before they have made you feel at home.

There are many extra-curricular attractions such as calypso singing, steel bands and the limbo dance (now you can see the real thing—perhaps even try it yourself!) Has anyone ever spoken to you of hot roti or callaloo soup? Try them both before you leave the area. Take in a rugby match, don't miss the horse races, and you may even have an opportunity to test your luck at a casino if you know first of all how to arrange your itinerary.

Carnival in Trinidad deserves special mention. Officially, it starts two days before Ash Wednesday and continues for two colorful, lively days. Is Carnival the one pure pleasure activity in the Caribbean? Certainly not! Carnival is one activity which demands serious planning and yet happily encourages spontaneous exuberance on the part of everyone (including you) once it takes place.

A wonderful combination of business and pleasure—that is what your trip to the Caribbean can be. By knowing in advance what to expect and by making a few simple preparations you are bound to have a memorable visit.

# businessman's bookshelf



## Canadian Trade Index

*Canadian Manufacturers' Association* \$24.00

Gone forever is the familiar chubby little volume. The 1968 *Canadian Trade Index* has a thoroughly modern look, with  $8\frac{1}{2} \times 11$  inch pages and a new type face. It marks an important milestone in Canadian printing history because it is the first directory of its size to be compiled on magnetic tape and converted directly by phototypesetting into pages for offset printing. (If you are interested in the technicalities, you will find an account of the operation in *Industrial Canada* for June 1968, which you can obtain from the CMA.)

The object of the *Index* is unchanged. It provides the essential information for prospective buyers—Canadian company names and addresses, products, brands, agents, and senior management. It also contains a geographical list of manufacturers and a product breakdown under 10,000 detailed classifications.

Exporters will find the yellow section useful. It explains simply the nuts-and-bolts of exporting, describes the services that the CMA and the Government provide, and includes a short list of books for further reading.

*Order from: Canadian Manufacturers' Association, 67 Yonge Street, Toronto 1, Ontario.*

## Canadian Almanac and Directory

*Copp Clark Publishing Company* 844 pages \$13.75

Suppose you have to find out in a hurry who is on the staff of York University, or the address of the Credit Bureau in Penticton. Where do you look? How do you check the name of the association that works for better highways? Where do you get a list of MPs and MPPs with their constituencies? You'll find answers to these and many other once-in-a-while questions in the *Canadian Almanac and Directory*. It is a mine of information and has been continually extended and improved in the century since it first appeared.

The businessman should keep a copy on his bookshelf and look at it periodically to familiarize himself with its contents. If it saves only one five-o'clock-on-Friday crisis a year, it will pay for itself.

*Order from: Richard De Boo Limited, 51 Wellington Street West, Toronto 1, Ontario.*

## Who's Who in the Arab World 1967-68

*Les Editions Publitex* 1147 pages U.S.\$35.00

As more and more businessmen turn to the Middle East in search of new outlets for their products and services, the number of reference works prepared for their benefit grows. This one, produced in Beirut every two years, packs a lot of information into one handy six- by eight-inch volume. The first section describes the area as a whole and gives details of the League of Arab States and the Maghreb Consultative Committee. The rest of the book deals with the individual countries. For most, there is almost as much political, historical and economic information as there is biographical material. Despite the French title of the publishers, the book is entirely in English.

*Order from: Intercontinental Book and Publishing Co. Ltd., 5708 Jeanne Mance, Montreal 8, P.Q.*

## The Middle East and North Africa

*Europa Publications Ltd.* 974 pages \$21.00

Few of us can keep abreast of events in the Middle East and North Africa and we have come to rely on the *Europa* survey and directory to bring us up to date each year. The 1968-69 edition covers Afghanistan, Algeria, Chad, Cyprus, Ethiopia, the French Territory of the Afar and Issa Peoples (formerly French Somaliland), Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Mali, Mauretania, Morocco, Muscat and Oman, Niger, the Gulf States, Saudi Arabia, Somalia, the People's Republic of Southern Yemen, Spanish North Africa, the Sudan, the Syrian Arab Republic, Tunisia, Turkey, the United Arab Republic, and the Yemen. The general pattern is the same as last year. There are excellent introductory articles on the region as a whole, brief outlines of international organizations in the area, and detailed descriptions of the history, politics and economic structure of each country. The "Who's Who?" section has been revised and extended. Businessmen trading with the Middle East and North Africa will find this a good book to keep handy on their reference shelves; it will answer any number of questions that arise.

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

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Roger Rousseau, our Minister-Counsellor (Commercial) in France (second from left) talks with a visitor in front of the Toas-Treat sandwich maker display by Bardeau Ltd. of Downsview, Ontario, at the Equip'Hotel exhibition in Paris. Behind Mr. Rousseau is T. G. Tait, Assistant Commercial Secretary.

D. W. Kells (left), Sales Engineer of E.M.I.-Cossor Electronics Ltd. of Dartmouth, Nova Scotia, Douglas Sirrs, Consul and Senior Trade Commissioner, Chicago, and Patricia Wagner of the Chicago Consulate are looking through a single loop antenna with figure-of-eight directional pattern in azimuth, which has the same directional characteristics as the horizontal dipole antenna. This was displayed at the National Electronics Show in Chicago.



Here are two of the seven Canadian exhibits at the Japan Electronics Show held recently in Tokyo. The Canadian section, part of which is pictured above, attracted some 40,000 trade visitors during its seven-day run.

# trade fairs



## Canada at Japan Electronics Show

■ Canadian electronics firms participated for the first time in the Japan Electronics Show held in Tokyo last fall. Japan, with its \$4 billion a year electronics industry, is an open market for foreign firms with advanced products and technology. Seven Canadian firms scored an overwhelming success as a result of their participation with the Departments of Industry and Trade and Commerce at this exhibition.

The Japan Electronics Show has grown to international stature since its inception in 1962. It is mainly oriented to the display of parts and test equipment but also is open to all areas of the electronics industry with the exception of computers. Some 210,000 people attended the 1968 show which equates it in size with the Western Electronic Show and Convention (WESCON) in the United States. Like WESCON which changes its location each year, this show alternates between Tokyo and Osaka. The 1969 show will be held in Osaka in October and in 1970 returns again to Tokyo. In 1968 some 338 exhibitors displayed the latest in electronic developments to both business and public visitors. The show is open to the trade only on the first two days to allow participating firms to show their products in a professional atmosphere to industry. Approximately 64,000 business visitors attended during this period, and in these two days a majority of the sales and contracts were negotiated. In 1969 it is hoped that the business period will be extended to three or four days. In addition to the thousands of Japanese businessmen in attendance, the show also registered 2,164 foreign visitors, many from Southeast Asia. The current popularity of the show suggests that the JES will become the center of activity for Southeast Asia and Canadian firms wishing to export to these countries would be well advised to consider participation on this basis.

The Electronic Industries Association which sponsors the show permitted extended foreign participation for 1968 following limited entry of private firms since 1965 when 17 foreign firms exhibited; in 1968, 93 foreign firms participated. In addition to the seven firms with the official Canadian exhibit and the 54 U.S. firms with the American exhibit, there were 16 U.S., ten French, one British, and four West German companies that exhibited independently or through Japanese agents.

Why the interest in selling electronics in Japan? In 1967 Japan exported U.S.\$1 billion in electronic goods but it is also a large importer of electronic goods. Ten years ago it imported only \$23 million in electronic goods but by 1967 imports had increased to some

\$249 million. These imports are made up of: electronic computers (49 per cent), electronic measuring instruments (13), electronic consumer items (25), and parts and miscellaneous items (13). Japan also purchases foreign technology. Statistical estimates for 1968 show a continued trend to larger imports of electronic goods.

The show featured audio equipment such as television, radio, and stereo; however, measuring instruments, electronic products and components, and electronics-applied products were also exhibited. This was one of the reasons for the overwhelming success of the Canadian participating firms. All were leaders in their fields and they caught the interest of thousands of Japanese and foreign businessmen. The Canadian exhibitors and their products were: Fisher Gauge Limited, automatic assembly machines; Litton Industries, airborne electronics equipment; George Kelk Limited, washer load cell and load cell amplifiers; Electrovert Limited, automated soldering equipment; Garrett Limited, temperature sensing and control equipment; Mimik Limited, tracing machines; Cercast Limited, investment castings.

The Canadian exhibit was one of the most active at the show and this resulted in booths being literally swamped with visitors, with extra demonstrations held after hours for the benefit of business firms. In spite of the vast quantities of descriptive literature and technical data sheets available, firms were unable to keep up with the demand. Before the show, advertising and descriptive literature covering all Canadian firms was placed in the technical journals and newspapers. Some 1,000 government and industry executives were invited to the Canadian exhibit during the business days.

The Japan Electronics Show was an overwhelming success. The seven Canadian participants recorded some 900 firm inquiries and estimated future business over the next two years at \$2 million. One Canadian firm has experienced such growth that its market in Japan now exceeds its Canadian sales. Another Canadian exhibitor who entered the Japanese market for the first time found his products far superior to those produced locally and as a result had several offers for representation, licensing, joint ventures, and direct purchase of his products. After the show closed, all exhibitors stayed on in Japan for business tours and demonstrations to cover the inquiries received. One Canadian exhibitor said that the Japan Electronics Show provided the best coverage and most business influenced of any show his firm had ever entered, including those in the U.S.

—R. E. PEDERSEN

*Assistant Commercial Secretary, Tokyo*

## Trade Fairs at a Glance

—in which Canadian companies have participated under the auspices of the Department of Trade and Commerce.

### Japan Electronics Show.

**Place:** Tokyo, Japan.

**Date:** September 17-23, 1968.

**Number of visitors:** 210,000; open to both trade and public visitors.

**Number of exhibitors:** 338; 93 foreign firms.

**Canadian participation:** first time in 1968; 7 firms.

**Products shown:** all products related to the electronics industry.

**On-site Canadian sales:** \$40,000.

**Estimated future business:** \$2 million over the next two years.

**For followup, write to:** Minister (Commercial), Embassy of Canada, Akasaka Post Office, Tokyo 107, Japan.

### 50th Materials Engineering Exposition and Congress.

**Place:** Detroit, Michigan.

**Date:** October 14-17, 1968.

**Number of visitors:** 17,000; compulsory registration for all visitors.

**Number of exhibitors:** 401; 21 foreign firms.

**Canadian participation:** 1959 to 1962, 1965, 1966 and 1968 (with 18 firms).

**Products shown:** metalworking machinery; stampings, centrifugal, shell and die casting; synthetic iron oxides; precoated steel and magnesium products.

**On-site Canadian sales:** \$9,684.

**Estimated future business:** \$1.4 million.

**For followup, write to:** Consul and Trade Commissioner, Canadian Consulate, 1920 First Federal Building, 1001 Woodward Avenue, Detroit, Michigan 48226.

### Electronica 68.

**Place:** Munich, West Germany.

**Date:** November 7-13, 1968.

**Number of visitors:** 33,400.

**Number of exhibitors:** 1,004; 612 foreign firms.

**Canadian participation:** first time in 1968; 6 firms.

**Products shown:** specialized exhibition of electronic components and process equipment.

**On-site Canadian sales:** \$4,000.

**Estimated future sales:** \$1.8 million over the next year.

**For followup, write to:** Commercial Counsellor, Canadian Embassy, Kennedy-Allee 35, Bad Godesberg, West Germany.

### National Electronics Conference and Exhibition.

**Place:** Chicago, Illinois.

**Date:** December 9-11, 1968.

**Number of visitors:** 20,000

**Number of exhibitors:** 400.

**Canadian participation:** first time in 1968; 14 firms.

**Products shown:** electronic components, equipment and services.

**For followup, write to:** Consul and Senior Trade Commissioner, Canadian Consulate General, 310 South Michigan Avenue, Suite 2000, Chicago, Illinois 60604.

### American Vocational Association Convention.

**Place:** Dallas, Texas.

**Date:** December 9-13, 1968.

**Number of visitors:** 10,000.

**Number of exhibitors:** 200.

**Canadian participation:** first time in 1968; 13 firms.

**Products shown:** vocational training equipment including electronic trainers, machine shop equipment and apparatus for fluid mechanics and thermodynamics experiments.

**Estimated future business:** \$1.7 million over the next year.

**For followup, write to:** Consul and Trade Commissioner, Canadian Consulate, 2100 Adolphus Tower, 1412 Main Street, Dallas, Texas 75202.



# Soviet Trade Fairs Open the Door

ROGER BULL

*Commercial Counsellor, Moscow*

■ The Soviet Union is keenly interested in international fairs and exhibitions. Remember the massive Soviet pavilion which formed one of the landmarks of EXPO 67 and attracted more than ten million visitors? In 1968 the U.S.S.R. displayed products in London, Poznan, Izmir, Brno, Zagreb, Algiers, Kabul, Madras and seven other cities.

But the traffic is not all one way. Last year the Soviet Union was host to two international trade fairs in Moscow and Leningrad, a major Italian solo fair in Moscow, and several small specialized shows put on by individual industries and companies in various cities. These events were not designed to promote Soviet exports. Like the Canadian International Trade Fairs held in Toronto in the early fifties, they featured manufactures from abroad. Their real purpose was to introduce to Soviet experts the most advanced equipment from leading foreign producers. Any firm may apply to participate in an appropriate exhibition but most companies are invited to come and display their particular products. The rate of sale at these exhibits is some 70 per cent. The general public may visit the larger national and international shows and time is set aside for invited Soviet specialists, brought in from all over the U.S.S.R., to study equipment in their special fields. The single industry or company shows are usually open to experts only.

The Soviet Union's emphasis on foreign exhibits reflects its organization of foreign trade. Importing is assigned to specified state foreign trading organizations and they alone may purchase abroad. The end users of equipment purchased neither participate directly in actual sales nor are they necessarily accessible to salesmen or technical representatives of suppliers. They learn about new equipment from various sources such as publications, visits to research institutes where imported machinery is assessed, and by

viewing equipment being used in other Soviet Bloc countries. But one of the best sources of information for end users is to see a new product in operation at an exhibition.

Does this arrangement suit the exhibitors? A few examples suggest that it does. Twenty-two British companies exhibited in Inrubprom-68, the fisheries exhibition in Leningrad. Twenty-two of these signed contracts, many for the first time, with the U.S.S.R. Japanese firms held eight individual exhibitions in 1968 and a Japanese solo show is planned for 1970. Some twenty French companies participated in an exhibition of scientific instruments in Novosibirsk in November 1968 and sold most of their samples. The Italian solo fair in Moscow in September 1968 attracted half a million paying visitors, including 15,000 experts invited by Soviet authorities. Total sales of some \$8 million were reported.

In November 1968 the first in a series of specialized single-industry exhibitions or "salons" organized by the All-Union Chamber of Commerce was opened. Called Technological Equipment, Control-Measuring Instruments for the Automobile Industry (Avtoindustry-68), it was held in a new wing of the Zil automobile factory in Moscow. Some 80 firms participated, half of which were German. Other exhibitors included British, U.S., Swiss, Italian, French, Danish and Eastern European companies. Sales results are still being assessed but the Chamber of Commerce was pleased with the extent of foreign participation and the enthusiastic reaction of Soviet automotive experts. Among other trade fairs planned for this winter are "salons" featuring automated metalworking machinery, sugar and beer production machinery, and electro-chemical process equipment. A new series may be arranged for the winter season 1969-70 and 1970-71.

Three international exhibitions will be held in Moscow in 1969: Modern Means of Automation of Production Process (Avtomatizatsiya-69), Modern Printing Equipment (Inpoligraph-mash-69), and Footwear (Obuv-69).

Avtomatizatsiya-69, which will be held from May 14 to May 28, will feature equipment for analysis and control of production in the chemical, metallurgical, fuel and manufacturing industries. The closing date for applications from exhibitors was December 15, 1968. One Canadian company, Electrovert, is participating.

Inpoligraphmash-69 will be held from July 9 to July 23. Products shown will include machinery for printing, photographic reproduction, bookbinding and the manufacture of forms; packaging and control equipment and equipment for treating paperboard; printing inks and chemicals, and special printing papers. The closing date for participation was January 15, 1969.

Obuv-69 is not an exhibition of footwear but rather is oriented to all kinds of equipment and machinery for the manufacture of leather and imitation leather goods, from the preparation of raw hides to shoe cleaners and polishes. It will be held from September 24 to October 8. Interested firms may apply for space until April 1, 1969.

Canadian companies already have an ample choice of exhibitions and trade fairs in proven markets much closer to home than the U.S.S.R. There is a real need, however, for new and advanced machinery and equipment in the Soviet Union. If end users are made aware that this is available from Canadian sources, they will urge the trading corporations to purchase from Canadian firms. Successful sales will stimulate future business.

The exchange of trade and technical missions between the U.S.S.R. and Canada has proved a useful method of trade promotion and advertising in Soviet periodicals is enthusiastically endorsed by at least one Canadian company which tried it. Perhaps it is time Canadian companies with suitable products exhibited in Soviet trade fairs. If you are interested, contact the Commercial Division of the Canadian Embassy in Moscow. We will find out whether there is a suitable "salon" or exhibition for your product and obtain an invitation for you.

# Japan Produces and Imports Food

Japanese farmers are growing more and earning more but food imports too are going up as the standard of living rises.

G. M. WANSBROUGH, *Assistant Commercial Secretary, Tokyo*



The Japanese farmer has been harvesting record crops of rice, with the aid of machinery such as this. The carryover of rice in storage today is posing problems; so are the controls on prices to producer and consumer, a relic of postwar shortages.

■ Japanese crops were expected to reach bumper levels in 1968. Led by a rice harvest of 14.3 million metric tons, exceeded only by 1967 production, virtually all major crops were expected to be larger.

Wheat production for 1968 should reach 1,012,000 metric tons, up from 1967's 996,900. Barley production was also expected to rise, though the crop of six-row barley was showing a slight decrease from 1967.

Japan's production of rapeseed, a winter crop, continues to decline because of a shortage of farm labor. The 1968 harvest was 68,400 metric tons, down from 1967's crop of 79,200. Rapeseed production in Japan has dropped steadily since 1956 when the harvest reached a high of 320,200 metric tons.

Production of profitable products such as mandarin oranges and most vegetables showed gratifying increases.

The Government's efforts to increase livestock herds have produced a 7.6 per cent rise in the cattle population; it now totals 3.2 million—1.5 million dairy and 1.7 million beef animals. Swine and poultry production is also on the increase.

## Rice Surplus o Problem

The 14.3 million metric ton crop of rice in 1968—following on the heels of 1967's record-breaking harvest of 14.5 million and the 12.7 million of 1966—has produced a situation unfamiliar to Japanese authorities: an over-supply of rice. The Government's rice silos still bulge with a carryover of 2.4 million metric tons from the 1967 crop and the surplus is expected to reach five million tons by October 1969. Stored rice becomes less and less attractive to consumers and efforts to move the surplus at lower prices appear to be unsuccessful. Of more far-reaching significance is the fact

that statistics indicate a definite decline in per capita rice consumption in Japan, a reflection of an increasingly affluent society.

The price structure of rice in Japan is agriculture's most vexing domestic political problem. The controls over rice production and sales are a relic of the postwar years when rice was in short supply. Over the years, government and semi-government food control bodies have sought to encourage rice production by guarantees to purchase all rice that is produced at a fixed price to ensure adequate remuneration to the farmer. As a result, the government purchase price from the farmer is more than double the cost of imported rice.

This year the price to farmers was increased by 6.4 per cent and consumers now pay 8 per cent more for their rice. Meanwhile, the high price of rice is encouraging farmers to convert additional lands to rice paddies, thereby frustrating the Government's efforts to diversify agricultural production.

What is the solution? Recent meetings between the Government and Japanese agricultural co-operatives suggest that farmers are aware of their precarious position. Though few concrete proposals have been forthcoming the climate is such that mild restraints may be imposed on rice production without too much adverse reaction from farm organizations.

### Life on the Farm

In spite of continuing friction over the price of rice, Japanese farmers view the future with optimism. The combination of excellent crops and rising commodity prices has resulted in rapid gains in farm income. Government statistics indicate that in Japan's fiscal year 1967 (April 1967 to March 1968) farm households had an average income of ¥1,023,000 (approximately U.S.\$2,800). This is a jump of 18.3 per cent over 1966 and places the income of the farm family slightly ahead of that of its urban counterpart.

It is noteworthy, however, that just over 50 per cent of the income of farm families is derived from non-agricultural pursuits. In fact, 80 per cent of the rural households farm only part-time. Male members of the fam-

ily work in industry, very often leaving the farming chores to wives and parents. The minimal increase in agricultural productivity in recent years is attributed in part to the high proportion of elderly and female farm labor.

The bright future for farmers is not slowing down the drift of people to the cities and Japan's agricultural community is rapidly declining in numbers. In 1960, agricultural labor totalled 29.9 per cent of Japan's work force. Last year, the 9.7 million Japanese farmers represented only 19.3 per cent of the work force. Japanese economists feel that the country has now reached a milestone in agriculture by breaking the 20 per cent barrier when agricultural labor is compared with the total labor force. Japan is now comparable to Italy in this respect.

The decline in farm workers has not been entirely beneficial. The exodus to the cities has left an acute labor shortage on the farm, resulting in a considerable drop in land utilization. By using paddy fields for second crops (often rapeseed), Japan in 1960 had a rate of land utilization of 134 per cent. By 1967, this had declined to 120 per cent. It is also apparent that

marginal farms are going out of production because arable land declined by 143,000 acres last year.

The labor migration has also emphasized the rigidities of the land transfer system in Japan. Reforms that took place following World War II were designed to put agricultural lands in the hands of the farmer. To protect the small landholder, a limit of three hectares (7.4 acres) was placed on individual holdings in most areas. Rigid restrictions were also imposed on the sale and leasing of lands to prevent the re-emergence of large landowners. Now it is apparent that many of these laws are outmoded and in fact are hindering land transfers, thus slowing the process of evolution into larger, economically viable farming units.

### Plans for Modernization

In the light of these land-transfer difficulties, a bill to amend the Farmland Law recently proposed by the Federal Government will represent a major step in the modernization of Japanese agriculture. The bill is designed to abolish limitations on the size of individual holdings and would permit leasing and large-scale operations by co-operatives and companies.

### CANADIAN AGRICULTURAL EXPORTS TO JAPAN 1964-1967

Commodity	Unit	1964	1965	1966	1967
<b>Total exports</b>	<b>\$1,000</b>	<b>330,234</b>	<b>316,187</b>	<b>394,246</b>	<b>572,156</b>
<b>Total agricultural exports</b>	<b>\$1,000</b>	<b>139,146</b>	<b>143,450</b>	<b>172,856</b>	<b>185,216</b>
<i>of which</i>					
Wheat	1,000 bu.	51,998	47,446	52,458	51,631
	\$1,000	105,170	90,100	103,588	107,518
Wheat flour	1,000 cwt.	23	12	2	3
	\$1,000	117	51	10	16
Barley	1,000 bu.	3,828	9,532	7,071	12,806
	\$1,000	4,481	11,876	9,281	16,526
Rye	1,000 bu.	61	1,627	2,684	3,979
	\$1,000	83	2,155	3,739	5,763
Flaxseed	1,000 bu.	3,734	4,091	4,439	4,339
	\$1,000	12,244	13,335	13,832	13,701
Mustardseed	1,000 lb.	10,701	12,633	13,439	14,534
	\$1,000	650	792	878	1,047
Rapeseed	1,000 lb.	124,982	229,112	388,995	469,092
	\$1,000	6,924	12,913	21,380	25,506
Animal feeds	\$1,000	3,582	4,873	5,798	4,454
Meats	1,000 lb.	204	89	464	103
	\$1,000	60	24	104	29
Dairy products	\$1,000	25	52	4,443	1,145
Seeds for sowing	\$1,000	165	174	151	285
Other agricultural commodities	\$1,000	5,545	7,105	9,652	9,226
<b>Total non-agricultural exports</b>	<b>\$1,000</b>	<b>191,088</b>	<b>172,737</b>	<b>221,390</b>	<b>386,940</b>

Absentee land ownership will also be possible under certain conditions.

The Japanese Ministry of Agriculture and Forestry in its Agricultural White Paper for 1968 and in its 1969 Budget appears to be making every effort to rechart the course of agriculture to conform more to present day trends. The Government's plans center on measures to reduce rice production and to increase output of livestock, vegetables and fruit. The budget contains sizable allocations for assisting farmers in creating viable farm units and for promoting co-operative associations among marginal farmers. A Food Industry Advisory Committee recently established is to be a task force for examining all facets of the industry, from farm production through to the distribution of processed foods.

### Japan's Import Needs

Though the Japanese farm community works diligently to increase production, the limited arable area and the population of 100 million necessitate ever increasing imports of food products. These imports in-

creased by as much as 17 per cent in volume annually from 1960 to 1965. The year 1966 saw a sharp increase of 22.1 per cent and in 1967 agricultural imports of U.S.\$3.5 billion were 13 per cent higher than in 1966 and accounted for 23.8 per cent of total imports.

### Canada's Sales

Food imports will become more and more important in future years as Japan's standard of living increases. Canada, one of Japan's closest neighbors, is in an excellent position to provide many of the products that will be in great demand.

Canada's trade with Japan has shown dynamic growth in the 1960's. Total trade between the two countries reached \$647 million in 1966 and jumped by 35 per cent to \$877 million in 1967. Agricultural exports of \$185 million made up 31 per cent of our shipments to Japan in 1967.

In past years, Canada has been a leading supplier of wheat, barley, flaxseed and rapeseed to Japan. More recently, in response to the Japanese Government's programs to diversify

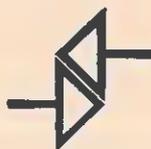
agriculture, Canada has supplied increasing numbers of purebred beef and dairy cattle, baby chicks and, in the past few months, a number of Canadian purebred swine. Canada has also provided forage seeds suitable for the Japanese climate.

In future years, as Japanese eating habits become increasingly Westernized, the demand for processed foods and meat products will increase. These two areas hold out potential for Canadian food suppliers.

In October 1968 the Department of Trade and Commerce, in conjunction with two Canadian meat packers, held a very successful Canadian beef promotion in Tokyo. From surveys carried out at that time, it appears that Canada may be in a position to supply both beef and pork in quantity and on a continuing basis.

In the area of processed foods, plans are under way for a Canadian food exhibit to be held in Tokyo and Osaka in April. Interested Canadian food processors are urged to take advantage of this chance to become established in the Japanese market and to capitalize on opportunities there.

## trade lines



### Italy to improve its airports

Italy plans to spend \$100 million to improve its airports and build new ones within the next two years. An expansion of the Rome airport will cost an estimated \$56 million, a new airport in Florence \$11.2 million, and airports in southern Italy \$30.4 million—Rome.

### Spain plans public works program

Spain's Development Plan II (1968-1971) is now being studied in parliament. The projects include: the Tagus Basin Project (*Foreign Trade*, May 25, 1968); the construction of 3,000 kilometers of state and toll highways linking the coastal regions to large industrial centers; an experimental Talgo train service between Madrid and Paris which began in November 1968, and a regular Talgo service between Barcelona and Geneva (June 1, 1969); port modernization of Pasajes,

Barcelona, La Luz and Huelva, and the conversion of the port of Cadiz for container traffic. The World Bank will help finance port modernization and the building of toll freeways—Madrid.

### Britain permits private industry to import jute goods

Effective May 1, 1969, the British Government will cease to be the sole importer of certain types of jute goods from India and Pakistan. However, imports will be subject to licence and quotas, although imports for re-export will be allowed outside the quota, except for cloth and bags used for packaging—London.

### Nuclear energy firm for Belgium

Four West European nuclear industry companies—Belgonucléaire S.A. (Belgium), Gutehoffnungshutte Sterkrade A.G. (West Germany), SNAM Progetti

S.P.A. (Italy), and the Nuclear Power Group Limited (Britain)—recently founded a company to sell, construct and operate high-temperature gas reactors and nuclear power stations using this type of reactor. A limited company formed under Belgian law, it will be headed by Paul-Henri Spaak—Brussels.

#### **Italian women move out of kitchen**

Italian women are deserting the stove for well-paid jobs as secretaries or in industry. When they come home they want easily prepared foods, North American style. Canadian companies which specialize in the design of food processing and packaging plants should investigate this market—Rome.

#### **Dutch firms plan clothing factories**

Two Dutch firms, Van As Confectie Industrie N.V. and De Kievit, plan to build factories at Ypres in west Flanders to strengthen their competitive position in the EEC. Ypres was chosen because it offers skilled labor and regional financial support—Brussels.

#### **German firm builds clothing factory in Belgium**

Muller-Wipperfurth, a German international group, is building a men's ready-to-wear clothing factory near Liege, Belgium. It will serve as a pilot plant and will supply the group's enterprises and shops in six European countries. Initial daily production will be 100,000 pairs of pants and 5,000 jackets. It will also make boys' suits—Brussels.

#### **Argentina opens industrial alcohol plant**

The new Argentine CARBOCLOR Company has opened a \$10 million petrochemical plant near Buenos Aires. The initial output will be 16,000 tons a year of isopropyl alcohol, butyl alcohol, acetone, methyl isobutyl ketone, and methyl isobutyl carbinol. The plant's total capacity is 30,000 tons a year. In 1969, facilities for producing acetic anhydride and the acetates of the alcohols just mentioned will probably be added. Argentina will save some \$3 million a year in imports, thanks to the new plant. Financing was provided by the IADB and the Argentine Industrial Bank—Buenos Aires.

#### **French build Europe's biggest space simulator**

A simulator which will enable heat studies and performance reliability tests to be carried out on satellites three meters in diameter and weighing a ton will be built by SEAVOM (Société d'Études et d'Applications Vide, Optique, Mécanique). It will be the largest in Europe—Paris.

#### **Venezuela sets up electronics program group**

The Venezuelan Ministry of Development, CORDIPLAN (the government planning organization), the

government financing corporation, the Ministry of Finance and the electronics industry's association will each have one member in the group recently created by decree to advise the Government on industrial promotion and legislation in the electronics field—Caracas.

#### **World Bank may help Mexican tourist industry**

Mexico is making a big drive to provide facilities for three million tourists a year by 1971. Financing may be available from the World Bank and the IADB in addition to funds from private and government sources. The Mexican Government itself will spend \$100 million on highways, harbors, airports and tourist resorts. Hotel accommodation will have to be doubled and tax relief to businesses directly concerned with tourism is being considered—Mexico, D.F.

#### **Swiss make more cigarettes**

When the Swiss Government put up the purchase tax on cigarettes by 40 per cent in 1966, sales fell sharply. By the beginning of 1968, however, the industry was recovering; production reached nine billion cigarettes in the first six months of that year and exports passed three-quarters of a billion. Canada supplies only a small part of the cigarette tobacco which Switzerland imports—Berne.

#### **Britain pushes exports to Germany**

The British Board of Trade and the British National Export Council, in a new export drive to benefit from Germany's recent reduction in import barriers, will participate in an extensive program of exhibits at German trade fairs and in-store promotions. Greater efforts will be made to locate new sources in Britain, to send more salesmen to Germany, and to bring more German buyers to British trade fairs—London.

#### **Auto firms merge in Spain**

The Spanish firm SAVA has merged with ENASA, manufacturer of "Pegaso" vehicles. Registered capital now stands at U.S.\$39 million, employees number 11,028 and production capacity has increased to 20,000 vehicles a year plus 5,000 engines. Production is valued at some U.S.\$163 million. ENASA, which manufactures 6- to 32-ton trucks and 20- to 58-passenger buses, has now broadened its range to include smaller vehicles, trucks under one ton, and minibuses—Madrid.

#### **Italy's trade with Eastern Europe increases**

In the first six months of 1968, Italy's exports to Eastern Europe reached 244 billion lire (about Cdn. \$420 million) compared with 211 billion in the same period of 1967; imports rose to 271 billion lire compared with 266 billion. The two major trading partners were Yugoslavia (imports 67 billion, exports 82 bil-

lion) and the U.S.S.R. (imports 85 billion, exports 46 billion)—Milan.

#### **Dutch firm markets new fabric for road surfacing**

Algemene Kunstzijde Unie (AKU) of Arnhem, the Netherlands, is marketing a new polyester matting to reinforce asphalt road surfaces. Known as Structofors, it is now being used in the Netherlands; prices range from 2.85 to 3.65 guilders (Cdn.\$0.85 to \$1.10) a square meter according to mesh size. AKU can produce six million square meters of Structofors a year—The Hague.

#### **Argentina buys Canadian "Twin Otters"**

De Havilland of Canada recently sold 14 Twin Otter aircraft to Argentina's Air Force and Army and two small Argentine private airlines. Ten of these were delivered by the end of 1968. De Havilland expects further sales in 1969 because these aircraft are well suited to local requirements—Buenos Aires.

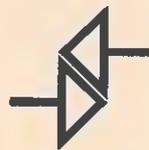
#### **Tonga strikes oil**

Tonga, an island in the South Pacific, recently made oil discoveries. Up to now Tonga and Fiji have had to import eight million gallons of oil a year from Singapore refineries. An Australian company is said to be ready to invest \$2 million in development of the resources—Wellington.

#### **Latin America plans telecommunications network**

The Inter-American Bank, jointly with the Inter-American Telecommunications Commission (CITEL) and the International Telecommunications Union (ITU), has recently completed a feasibility study for an Inter-American telecommunications network. Eight satellite ground stations in Mexico, Panama, Peru, Chile, Argentina, Brazil, Colombia and Venezuela are planned; six of these are already under way. Outlays to make the network operational by 1973 will total some \$300 million (\$250 million to improve and interconnect the national systems and \$50 million for satellite communications stations)—Mexico, D.F.

## **foreign tariffs and trade regulations**



### **Australia**

**TARIFF BOARD REPORT ON PRINTING AND WRITING PAPER**—The Australian Minister for Trade and Industry announced on December 23 that the Government had accepted the Tariff Board's recommendations in its inquiry into printing and writing paper. Effective January 1, 1969, bylaw admission has been discontinued for the following:

1. Uncoated paper containing more than 55 per cent mechanical pulp which has a substance of 40 grams per square meter or more and a water absorbency when tested by the one-minute Cobb method of less than 45 grams per square meter or
2. has a substance of 45 grams per square meter and contains less than 70 per cent mechanical pulp.
3. Coated paper having a substance exceeding 67 grams per square meter and containing less than 70 per cent mechanical pulp.

For further information you may contact the Commonwealth Division, Office of Area Relations, Department of Trade and Commerce, Ottawa.

**TARIFF BOARD INQUIRIES**—The Australian Government has asked its Tariff Board to investigate and report on what levels of tariff assistance should be accorded to the following Australian industries:

1. Artificial respiration apparatus
2. Shipbuilding
3. Machine tools

The Tariff Board will hold public hearings at which domestic and overseas firms may present briefs in favor of or opposing increased protection. Interested firms may contact the Commonwealth Division, Office of Area Relations, Department of Trade and Commerce, Ottawa, for further information.

# Trade Commissioners on Tour

## In Canada

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

Ottawa—Department of Trade and Commerce

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

Toronto—Canadian Manufacturers Association

Windsor, Ontario—Greater Windsor Industrial Commission

Fredericton, New Brunswick—Department of Industry

All other centers—Board of Trade or Chamber of Commerce

**Hong Kong**—R. G. Godson, Trade Commissioner in Hong Kong:

Hamilton, Oakville—February 4

Winnipeg—February 5-6

Edmonton—February 7

Lethbridge—February 10

Calgary—February 11

Kelowna—February 12

Vancouver—February 13-14

## In Territory

**Afghanistan**—B. Northgrave, Assistant Commercial Secretary in Islamabad, Pakistan, will visit Kabul March 16-21.

**Barbados**—D. J. McJanet, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Barbados February 12-13.

J. A. Ahow, Commercial Officer in Port-of-Spain, Trinidad, will visit Barbados March 5-7.

**Bulgaria, Hungary, Rumania**—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.

**Chile**—G. E. Mullins, Assistant Commercial Secretary in Santiago, will visit Chuquicamata, San Pedro de Atacama, Arica, Iquique, Maria Elena, Antofagasta, and la Serena February 3-6 and 24-28.

**French West Indies**—K. G. Ramsay, Commercial Counsellor in Port-of-Spain, Trinidad, will visit Martinique and Guadeloupe February 22-March 3.

**Guyana**—D. Hobson-Garcia, Commercial Officer in Port-of-Spain, Trinidad, will visit Georgetown February 4-6.

D. J. McJanet, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Georgetown March 4-6.

**Leewards**—J. M. C. Lavoie, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Antigua, Montserrat and St. Kitts, St. Martin and St. Eustatius March 9-18.

**Mexico**—T. F. Harris, Commercial Counsellor, and A. D. McArthur, Assistant Commercial Secretary, in Mexico City, will visit Juarez, Chihuahua, Mazatlan and Guadalajara, February 3-15.

**Pakistan**—Karachi will be visited February 10-14 by J. E. G. Gibson, Assistant Commercial Secretary, and March 10-14 by M. Y. Farooqi, Commercial Officer, from the Islamabad office.

Lahore will be visited February 17-20 by M. H. Jafri, Commercial Officer in Islamabad.

**Thailand**—A Trade Commissioner from Singapore will be making a monthly visit to Thailand throughout 1969. Correspondence should normally be addressed to the Singapore office although contact can also be made through the Canadian Embassy in Bangkok, P.O. Box 2090 (telex: 2277; cable: DOMCAN, Bangkok; phone 32-956).

**Tohago**—J. A. Ahow, Commercial Officer in Port-of-Spain, Trinidad, will visit Tobago February 24-25.

**Trinidad**—J. M. C. Lavoie, Assistant Commercial Secretary in Port-of-Spain, will visit South Trinidad February 13.

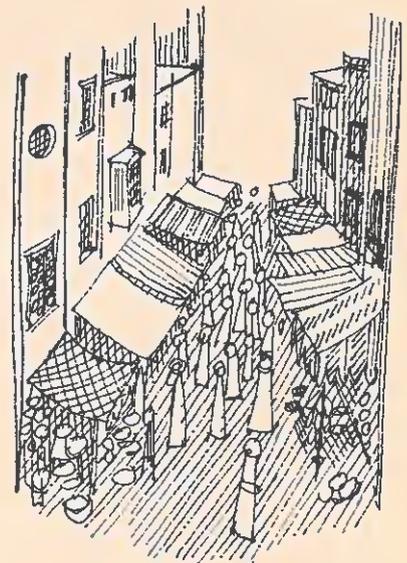
D. Hobson-Garcia, Commercial Officer in Port-of-Spain, Trinidad, will visit South Trinidad March 4.

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

**United States**—J. D. R. Roy, Vice Consul and Assistant Trade Commissioner in San Francisco, will visit Denver, Colorado, February 24-25.

**Windwards**—J. M. C. Lavoie, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Dominica, St. Lucia and St. Vincent February 2-8.

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



# The Ocean Freight Market

■ Dry-cargo charter freight rates in some Canadian trades, notably the transatlantic grain trade, showed a tendency to rise, while rates in certain other trades, particularly the transpacific grain trade, tended to ease in the fourth quarter of 1968. Average charter rates in a number of Canadian trades were lower than those recorded in the third quarter. Average rates in all the dry-cargo trades were substantially lower than those in the same quarter of 1967.

A considerable number of consecutive voyages were reported in the coal trade from Hampton Roads to Japan, with the emphasis once again on large bulk carriers of 50,000 and 60,000 deadweight tons. Both of these factors have exerted downward pressure on charter rates in this trade. The normal pattern of seasonal activity in chartering was observed in the grain

trade from Saint John and Halifax to Britain and the Continent. On the basis of fixtures reported for six months' trading, operations in the time charter market were conducted on a limited scale.

Chartering activity in the tanker trade from the Caribbean to the Northern Range was relatively light in the first half of the fourth quarter, but became fairly brisk during the second half of the quarter. The volume of fixtures reported in the Persian Gulf sector of the tanker market remained quite moderate throughout the quarter. The tanker rate for black oil from the Caribbean to United States North Atlantic ports was Intascale minus 10 per cent at the beginning of the quarter, rose to a peak level of Intascale plus 55 per cent in mid-December, then eased to Intascale plus 15 per cent at the end of the quarter.

## CHARTER RATES—FOURTH QUARTER 1968

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £ = \$2.56 and U.S.\$ = \$1.07. For comparison the rates a year ago are shown in column C with the Canadian dollar equivalent in column D calculated at £ = \$2.99 before devaluation, £ = \$2.60 after devaluation and U.S.\$ = \$1.08. The rate schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

## TIME CHARTERS

The classes of ships indicated have been selected as representative for the purpose of illustrating time charter rates. Average rates per deadweight ton per month for the fourth quarter of the year were as follows:

	Fourth Quarter 1968		Fourth Quarter 1967	
	A £ or U.S.\$	B Cdn.\$	C £ or U.S.\$	D Cdn.\$
<b>General Trading (approximately 6 months)</b>				
Motorships 11,000-12,999 dwt. 13-14.9 knots			4.22	4.56
Motorships 13,000-14,999 dwt. 13-14.9 knots	3.68	3.95	4.22	4.56
Steamships 9,000-10,999 dwt. 9-10.9 knots			21s.10d.	3.10

## TRIP CHARTERS

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

	Fourth Quarter 1968		Fourth Quarter 1967	
	A £ or U.S.\$	B Cdn.\$	C £ or U.S.\$	D Cdn.\$
<b>Heavy Grain (per long ton)</b>				
St. Lawrence to Britain	44s.0d.	5.72	50s.0d.	7.48
St. Lawrence to Belgium/Holland	3.01	3.23	5.50	5.94
St. Lawrence to Malta	6.50*	6.98		
St. Lawrence to Japan	10.78	11.57		
St. Lawrence to Algeria	6.38	6.85	9.00*	9.72

\*One fixture reported only.

	Fourth Quarter 1968		Fourth Quarter 1967	
	A	B	C	D
	£ or U.S.\$	Cdn.\$	£ or U.S.\$	Cdn.\$
St. Lawrence to West Coast of India	125s.0d.*	16.25	115s.0d.*	17.19
St. Lawrence to Tunisia	8.00*	8.58		
St. Lawrence to Italy	6.13	6.58	8.63	9.32
Saint John/Halifax to Britain	47s.6d.	6.11		
Saint John/Halifax to Belgium/Holland	3.18	3.41		
Great Lakes to Britain	71s.0d.	9.23	80s.11d.	12.10
Completing St. Lawrence	40s.1d.	5.21	45s.10d.	6.85
Great Lakes to Belgium/Holland	6.72	7.21	9.41	10.16
Completing St. Lawrence	3.39	3.64	5.19	5.61
Great Lakes to West Germany	7.55	8.10		
Completing St. Lawrence	4.08	4.38		
Great Lakes to France	8.75*	9.39	12.25	13.23
Completing St. Lawrence	4.75*	5.10	9.00*	9.72
Great Lakes to Portugal	8.75*	9.39		
Great Lakes to Spain	9.85*	10.57		
Great Lakes to Adriatic	9.20*	9.87		
Completing St. Lawrence	6.20*	6.65		
Great Lakes to Italy	9.00	9.66	13.00*	14.04
Completing St. Lawrence	5.15*	5.53		
Great Lakes to Algeria	10.70	11.48	13.63	14.72
Completing St. Lawrence	6.50*	6.98	9.50	10.26
British Columbia/North Pacific to Japan	7.55	8.10	9.00	9.72
British Columbia/North Pacific to Philippines	8.81	9.45	9.78	10.56
British Columbia/North Pacific to South Korea	7.33	7.87	9.55	10.31
British Columbia to Venezuela	7.35	7.89	8.25	8.91
British Columbia to China	59s.0d.	7.67		
British Columbia/North Pacific to India	87s.6d.*	11.37		
British Columbia to Belgium/Holland	4.93	5.29	6.67	6.20
British Columbia to Britain	7.20	7.73	8.28	8.94
<b>Coal (per long ton)</b>				
Hampton Roads to Japan	6.24	6.70	8.61	9.30
<b>Ollseeds (per long ton)</b>				
British Columbia to Japan	6.76	7.25	8.83	9.54
<b>Scrap Iron and Steel (per long ton)</b>				
U.S. North Atlantic to Japan	10.85	11.64	11.64	12.57
St. Lawrence to China	8.08*	8.67		
Great Lakes to Japan	12.50*	13.41		
Great Lakes to Spain	10.62	11.40		
<b>Sulphur (per long ton)</b>				
British Columbia to India	11.78	12.64		
British Columbia to South Korea	4.50*	4.83		
<b>Ammonium Sulphate (per long ton)</b>				
U.S. North Atlantic to East Coast of India	14.50	15.56		
U.S. North Atlantic to West Coast of India	12.25*	13.14		
<b>Potash (per long ton)</b>				
British Columbia to U.S. Gulf	2.70*	2.90		
British Columbia to Singapore	9.25*	9.93		
British Columbia to South Korea	4.50*	4.83		
<b>Petroleum Coke (per long ton)</b>				
Great Lakes to Belgium/Holland	8.65*	9.28		
<b>Oil Black (per long ton)</b>				
Venezuela to Portland, Maine	2.45	2.62	2.91	3.14
Persian Gulf to Portland, Maine	8.23	8.83	6.76*	7.30
Venezuela to East Coast of Canada	3.06	3.28	4.43	4.78

\*One fixture reported only.

# Markets in Brief

## PORTUGAL

**Area:** 34,500 square miles.

**Population:** 9,000,000 including Madeira and Azores.

**Climate:** average temperature very mild; relatively high during summer, although moderated by proximity to Atlantic Ocean.

**Language:** Portuguese; Spanish and French literature acceptable.

**Currency:** escudo; one escudo equals Cdn.\$0.0373 (January 1969).

**Foreign exchange and import regulations:** exchange permits are required, but these are normally granted for most products.

**Weights and measures:** metric system.

**Capital:** Lisbon, altitude 200 feet.

**Chief ports:** Lisbon, Leixoes/Oporto, Setubal; Funchal (Madeira); Ponta Delgada (Azores).

**Marketing centers:** Lisbon (population) 950,000, Oporto 400,000, Guimaraes 118,000, Coimbra 112,000, Funchal 100,000.

**Economy:** agriculture, forestry, mining, fishing; wine, textiles, edible oils, soap, cement and building materials production.

**Total Portuguese imports:** 1967—Cdn.\$1,157 million; 1966—Cdn.\$1,117 million.

**Chief imports:** (per cent) 1967—machinery and equipment, electric apparatus 18.3; textile raw materials and finished products 11.6; transport equipment 9.9; mineral products 9.5; metals and metal products 9.5; vegetable products 8.9; industrial chemicals and their products 7.2; livestock and other animal products 5.5; food products, liquor and tobacco 4; raw plastics, artificial resins, rubber 3.5.

**Chief suppliers:** (per cent) 1967—EEC 33.5, EFTA countries 23.29, Overseas Provinces 14.29, United States 6.88, Spain 4.47, Bahrain 1.14.

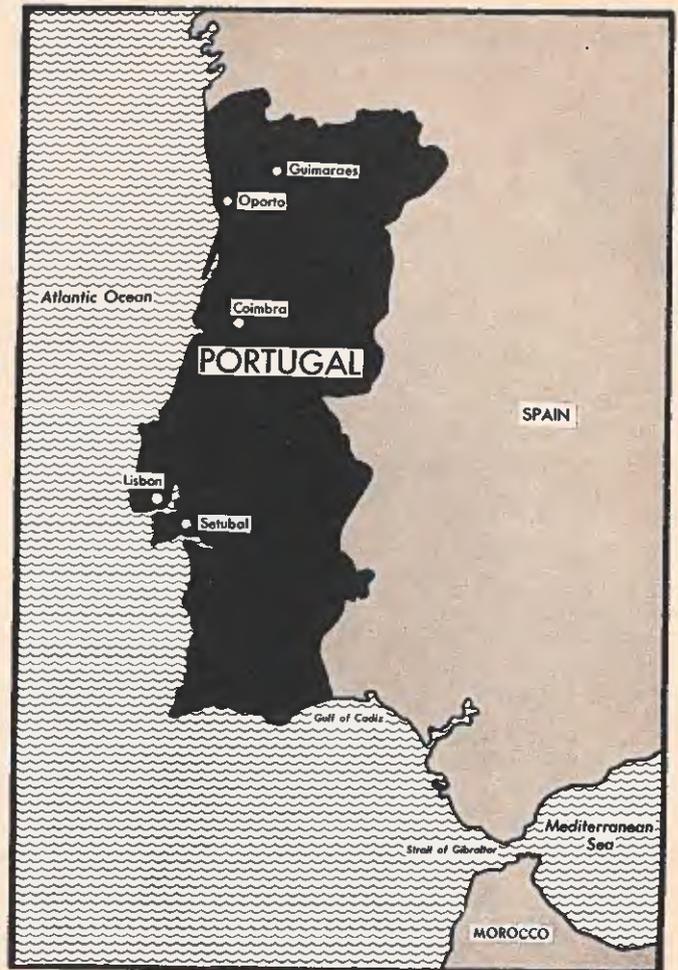
**Value of imports from Canada:** 1967—Cdn.\$7.1 million; 1966—Cdn.\$5.2 million.

**Chief imports from Canada:** (Cdn.\$'000) 1967—fish salted 3,270; copper shapes, wire and cable 819; flaxseed 459; asbestos 367; hides, skins raw 356; aluminum pigs, ingots, slabs 285; wheat 198.

**Total Portuguese exports:** 1967—Cdn.\$766 million; 1966—Cdn.\$677 million.

**Chief exports:** (per cent) 1967—textile raw materials, finished products, ropes, binder twine 27.5; food products, wines, liquor and tobacco 20.4; lumber, cork, finished products 11.1; metals, metal products, machinery and electric material 8.3; jewellery, precious metals 6.6; chemical products and fertilizers 6.4; pulp and paper 3.2.

**Chief markets:** (per cent) 1967—EFTA countries 34.4, Portuguese Overseas Provinces 24.3, EEC 16.6, United States



10, Spao 1.8, Canada 1.6, Morocco .75, Republic of South Africa .71.

**Value of Canadian purchases:** 1967—Cdn.\$14.4 million; 1966—Cdn.\$13.3 million.

**Chief Canadian purchases:** (Cdn.\$ million) 1967—tomato paste, tomatoes canned 5.2; ropes 2.4; textiles 2.3; wines and liquor 1.5.

**Prices:** quotations preferably in United States dollars, c.i.f.

**Usual terms of payment:** irrevocable letter of credit, sight; 90 days common, 180 days not infrequent.

**Samples:** samples of no commercial value, separate or made up into collections, duly labelled, fixed onto cards or possessing in any other way the characteristics peculiar thereto, with the exception of tobacco and matches or other prohibited goods, are admitted free.

**Visas:** no visa is required for Continental Portugal. **Inoculations:** none.

**Trade agreements:** most-favored-nation agreement with Canada. Portugal is a member of EFTA and GATT and has bilateral agreements with many countries.

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

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

**For detailed information on this market write to:** European Division, Office of Area Relations, Department of Trade and Commerce, Ottawa, or Commercial Counsellor, Canadian Embassy, Rua Rosa Araujo, 2-7°, Lisbon, Portugal.

## SPAIN

**Area:** 195,000 square miles.

**Population:** approximately 32,000,000 (including the Canary Islands).

**Climate:** cool and wet in north; dry in large central plateau surrounding Madrid, sub-tropical on Mediterranean.

**Language:** Spanish; sales literature in Spanish.

**Currency:** peseta; one peseta equals Cdn.\$0.0154 (January 1969).

**Foreign exchange and import controls:** trade is now 80 per cent liberalized. Goods not on liberalized list are subject to import controls such as global quotas.

**Weights and measures:** metric system.

**Capital:** Madrid; altitude 2,150 feet; dry, hot summers; wet, cold winters.

**Chief ports:** on Mediterranean—Barcelona, Tarragona, Valencia, Castellon de la Plana, Alicante and Malaga; on Atlantic—Bilbao, Santander, Corunna, Vigo, Cadiz and Huelva.

**Marketing centers:** Madrid (population) 3,000,000, Barcelona 1,724,000, Valencia 623,000, Seville 621,000, Zaragoza 435,000, Bilbao 388,000, Murcia 264,000, Malaga 337,000.

**Economy:** mainly dependent on agriculture, fishing, wine and cork production.

**Total Spanish imports:** 1967—Cdn.\$3,259 million; 1966—Cdn.\$3,315 million.

**Chief imports:** (per cent) 1967—machinery and appliances 20.0, mineral products 18.3, base metals and manufactures 10.5, chemical products 9.1, transportation equipment 6.0.

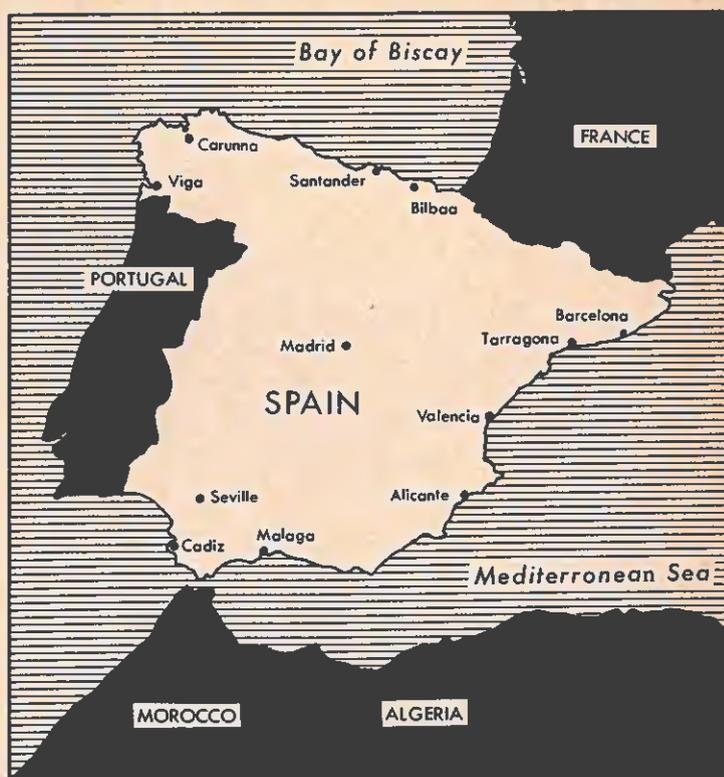
**Chief suppliers:** (per cent) 1967—EEC 34.2, EFTA 15.6, United States 12.0, LAFTA 16.0.

**Value of imports from Canada:** 1967—Cdn.\$39.6 million; 1966—Cdn.\$36.9 million.

**Chief imports from Canada:** (Cdn.\$'000) 1967—aluminum 5,214, asbestos 4,214, aircraft and accessories 4,111, barley 3,627, scrap 3,525, flaxseed 2,454, copper ore 2,203, dairy cattle 1,234.

**Total Spanish exports:** 1967—Cdn.\$1,300 million; 1966—Cdn.\$1,157 million.

**Chief exports:** (per cent) 1967—foodstuffs 44.91, raw materials and semi-manufactures 27.17, capital equipment 12.57, consumer products 15.35.



**Chief markets:** (per cent) 1967—EEC 36.3, EFTA 19.4, COMECON 5.16, United States 13.5, LAFTA 10.1.

**Value of Canadian purchases:** 1967—Cdn.\$17.1 million; 1966—Cdn.\$12.5 million.

**Chief Canadian purchases:** (Cdn.\$ million) 1967—olives 3.1, shoes 1.5, mercury .82, olive oil .64, almonds .68, tomatoes .65.

**Prices:** quotations can be submitted in either U.S. or Canadian dollars but should be c.i.f. Spanish port.

**Usual terms of payment:** sight, 30, 60 or 90 days. If at sight, the drawee must pay the bill on presentation or make a guarantee deposit with a bank to cover the necessary foreign currency.

**Samples:** if samples of commercial value are sent through the mail from a member of GATT, no import licence is required but samples are dutiable. When carried by a traveller, samples are dutiable but duty is refundable on samples taken out within one year.

**Visa:** no visa required. **Inoculations:** smallpox.

**Trade agreements:** most-favored-nation agreement with Canada. Bilateral agreements with many European countries.

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

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

**For detailed information on this market write to:** European Division, Office of Area Relations, Department of Trade and Commerce, Ottawa, or Commercial Counsellor, Canadian Embassy, Apartado 117, Madrid, Spain.

# 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 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 .93. To convert column two, divide by .93.

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
	at January 16			at January 16	
Algeria Dinar	.2166	4.61	Denmark Krone	.1429	6.98
Argentina Peso (free)	.0031	322.58	Dominican Republic Peso	1.073	.93
Australia Dollar	1.195	.8340	Ecuador Sucre (official) (free)	.0596 .0534	16.50 18.45
Austria Schilling	.0415	23.98	El Salvador Colon	.4291	2.35
Bahamas Dollar	1.051	.9506	Fiji Pound	2.464	.41
Belgium and Luxembourg Franc	.0214	46.25	Finland Markka	.2554	3.91
Bermuda Pound	2.567	.39	France, Monaco, etc. <sup>2</sup> Franc	.2166	4.61
Bolivia Peso	.0901	10.97	Franco-African Republics <sup>3</sup> Franc	.0043	235
Brazil Cruzeiro (official free)	.2810	3.56	French Pacific <sup>4</sup> Franc	.0119	84.24
Britain Pound	2.560	.39	Germany D Mark	.2681	3.71
British Honduras Dollar	.6400	1.56	Ghana New Cedi	1.051	.95
Burma Kyat	.2253	4.43	Greece Drachma	.0358	27.93
Ceylon Rupee	.1802	5.54	Guatemala Quetzal	1.073	.93
Chile Escudo (bank rate) (free)	.1377 .1215	7.24 8.19	Guyana Dollar	.5364	1.85
China, Republic of New Taiwan Dollar (official)	.027	37.04	Haiti Gourde	.2146	4.65
Colombia Peso (fixed)	.063	14.95	Honduras Lempira	.5364	1.86
Congo (Kinshasa) Zaire	2.145	.4653	Hong Kong Dollar	.1770	5.64
Costa Rica Colon	.1619	6.12	Hungary Forint (official)	.0921	10.86
Cuba <sup>1</sup> Peso			Iceland Krona (official)	.0122	81.96
Czechoslovakia Koruna	.1490	6.70	India Rupee	.1421	7.02

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
	at January 16			at January 16	
<b>Indonesia<sup>5</sup></b> Rupiah			<b>Paraguay</b> Guarani (free)	.0085	116.28
<b>Iran</b> Rial	.0142	70.42	<b>Peru</b> Sol (free)	.0245	41.66
<b>Iraq</b> Dinar	3.004	.33	<b>Philippines</b> Peso (free)	.2749	3.63
<b>Ireland</b> Pound	2.560	.39	<b>Poland</b> Zloty (fixed basic rate)	.2685	3.72
<b>Israel</b> Pound	.3065	3.23	<b>Portugal &amp; Colonies<sup>6</sup></b> Escudo	.0373	26.80
<b>Italy</b> Lira	.0017	581.86	<b>Saudi Arabia</b> Riyal	.2066	4.84
<b>Jamaica</b> Pound	2.560	.39	<b>Sierra Leone</b> Leone	1.502	.66
<b>Japan</b> Yen	.0030	333.33	<b>Singapore</b> Dollar	.3505	2.85
<b>Kenya</b> Shilling	.1526	6.55	<b>South Africa</b> Rand	1.502	.66
<b>Lebanon</b> Pound (free)	.3326	3.00	<b>Spain &amp; Dependencies</b> Peseta	.0154	64.25
<b>Malaysia</b> Dollar	3.505	2.85	<b>Sweden</b> Krona	.2075	4.81
<b>Mexico</b> Peso	.0858	11.64	<b>Switzerland</b> Franc	.2484	4.02
<b>Morocco</b> Dirham	.2120	4.72	<b>Syria</b> Pound (free)	.2812	3.55
<b>Netherlands</b> Florin	.2964	3.37	<b>Thailand</b> Baht (free)	.0520	19.19
<b>Netherlands Antilles</b> Florin	.5689	1.76	<b>Trinidad &amp; Tobago<sup>7</sup></b> Dollar	.5392	1.85
<b>New Zealand</b> Dollar	1.198	.83	<b>Tunisia</b> Dinar	2.044	.48
<b>Nicaragua</b> Cordoba	.1533	6.51	<b>Turkey</b> Lira	.1192	8.38
<b>Nigeria</b> Pound	2.990	.33	<b>United Arab Republic</b> Pound (official)	2.468	.40
<b>Norway</b> Krone	.1500	6.64	<b>United States</b> Dollar	1.073	.93
<b>Pakistan</b> Rupee	.2253	4.43	<b>Uruguay</b> Peso (free)	.0043	232.55
<b>Panama</b> Balboa	1.073	.93	<b>Venezuela</b> Bolivar (official free)	.2390	4.18
			<b>Yugoslavia</b> Dinar (official)	.0858	11.64

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.

# Britain's North Sea Gas Arrives

... and poses some difficult problems

J. M. ROCHON, *Commercial Counsellor (Metals and Minerals), London*

■ The search for oil and gas in the North Sea began in 1962, although the UN Convention on the Continental Shelf was not signed by the required 22 nations until June 1964. Shortly after that, the British Ministry of Power invited applications for licences and in December 1964 drilling started in the British sector.

The Continental Shelf extends over an area of approximately 100,000 square miles; during 1964 some 34,000 square miles were allocated under comprehensive licences (covering both search and subsequent production rights) and another 10,000 square miles were allocated in 1965. By the beginning of 1968 the searchers included all the major international oil companies, three state-owned corporations—the Italian ENI (Ente Nazionale Idrocarburi), the British Gas Council and the British National Coal Board—and several large private companies which had no previous connection with the oil industry.

North Sea operations are continuous and it is impossible to give statistics that remain valid for any length of time. However, by the end of 1967, 121 wells had been drilled in the British sector and at least four separate commercial gas fields established. The first gas field was in production barely two years after its discovery; the second started production in 1968.

Opinions on the North Sea's potential have varied enormously. In the middle of 1966, when a number of discoveries were made, newspaper stories gave the impression that there was a huge pool of gas filling the area between Holland and Britain, just waiting to be tapped. Some suggested that British waters of the North Sea were bound to contain reserves several times the size of the Dutch gas field at Slochteren (Groningen). The increasing number of "dry holes" tempered this enthusiasm, but new

finds created another surge of optimism in 1967.

British Petroleum's was the first of the discoveries to give rise to a firm contract with the Gas Council. Deliveries of gas started in July 1967 at what is generally considered a high price. (The contract stipulated a certain daily maximum delivery for a maximum period of three years.) Other groups engaged in protracted negotiations with the Gas Council on quantities, rates and prices. The Gas Council's offers were based on an apparently inflexible cost-plus formula. The oil companies said these offers would mean a totally unrealistic return on their investment and they requested a much higher price based on a market price as for oil. The deadlock continued through 1967; at one point agreement was almost reached but devaluation of the pound sterling caused further complications.

Then, in March 1968, the Phillips Group made a surprise move and signed a 25-year agreement with the Gas Council. The price of 2.87 pence per therm was considered profitable to Phillips because its field was low-cost and near the shore and Phillips had wasted little on dry wells. But other producers and a special consultant hired by the Ministry of Power felt that what really mattered was the return on the whole industry's investment in the North Sea. The other companies were expected to hold out for a higher price as their fields were farther from shore and the pay zones deeper. Furthermore, some of them had a large stake in the oil market. However, in July 1968 the Gas Council reached an agreement with the Arpet Group along the same lines as that with Phillips. (Phillips and Arpet were partners and had planned joint gatherings, pipeline and gas-treatment

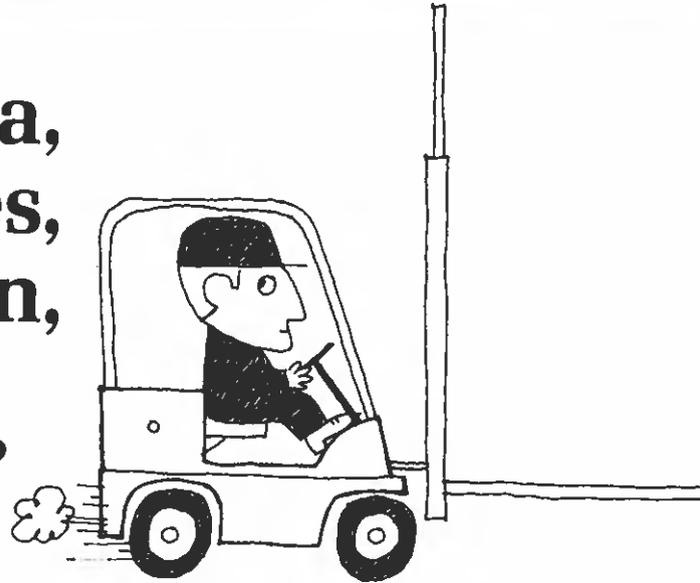
facilities which left Arpet little room to manoeuvre.) Shortly afterwards, the Gas Council and Shell/Esso signed an interim contract for gas to be delivered to the shore terminal at the same price; the Shell/Esso pipeline had been completed in the early summer and gas had been coming in at a considerable rate. Negotiations for a long-term contract are continuing and when it is eventually signed, it will be retroactive to October 1, 1968.

Much has been written about the possible effect of North Sea gas on Britain's economy and particularly on the balance of payments. The Ministry of Power estimates that two billion cubic feet a day could reasonably be expected from the discoveries already reported—the equivalent of 15 million tons of oil a year. The prolonged price negotiations, however, prompted the all-party House of Commons Select Committee on Nationalized Industries to study the question. It took evidence from the Gas Council, the Ministry of Power, the National Coal Board, the British Steel Corporation, and the electricity industry. In its report published on September 26, 1968, the Committee expressed the view that North Sea gas supplies may be exhausted in 25 years. It warned that a short-term contraction of coal mining must not be allowed to jeopardize the industry's long-term development. That the natural gas fields may be exhausted in 25 years surprised many but it is the premise on which the oil companies and the Gas Council have been conducting negotiations.

The North Sea search is still in its infancy and it is too early to say precisely how oil and natural gas resources there will eventually affect Britain's economy. However, the Government and the gas industry have always worked on the assumption that, unless very much larger quantities are found, natural gas will not account for more than 15 per cent of the British energy market.



# What do: Venezuela, Guyana, United States, St. Pierre-Miquelon, Britain, have in common?



## They buy Brooms, Brushes and Mops from Canada

DBS can tell you a good deal about Canadian exports and imports by Country and Commodities.

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| <input type="checkbox"/> IMPORTS BY COMMODITIES | EXPORTS TO U.S.                                     |
| <input type="checkbox"/> IMPORTS BY COUNTRIES   | BY DESTINATION                                      |

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

FIRM/ORGANIZATION \_\_\_\_\_

SPECIFIC TYPE  
OF BUSINESS