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FOREIGN TRADE

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE, OTTAWA

Prospecting in Alaska

Skagway to most Canadians calls up memories of the Klondike gold rush in 1898. Today this Alaskan port pictured on our cover, ice-free the year round, is the scene of a $4.5 million dock construction program to be finished by August. It will then be able to handle ships of up to 35,000 dwt. It's the terminus of the 673-mile Alaska Marine Highway that runs up from Prince Rupert, and the starting-point for the White Pass and Yukon Railway that supplies the Yukon Territory—and thus is important to both Canada and the United States.

Eighty-two men on an offshore drilling platform in Cook Inlet, Alaska, live in quarters designed and built by an Alberta company. This is only one of the trade opportunities that ongoing development in Alaska is offering to alert Canadians. A short time ago our Trade Commissioner from Seattle (traditional distribution point for goods moving north) visited Alaska in search of trade leads for Canadians. You will find his report on his trip on page two.

Looking for pictures to illustrate this report, we came across in *Time* a photo of a snowmobile being driven by the former Governor of Alaska, now the U.S. Secretary of the Interior. This prompted us to phone Bombardier Limited in Valcourt, Quebec. We talked with an officer of the company who had just returned from observing snowmobile races in Alaska, in weather that touched 72 degrees below zero. "Did it really feel that cold?" we asked naively. "You've got to believe it!" was his heartfelt answer. A look at the picture on page three is calculated to give you the shivers too.

Reports coming out of Britain confirm that the consumer there is still in a spending mood, in spite of devaluation and import deposits. Three articles in this issue deal with three different markets for Canadian consumer goods—the department stores, the mail order organizations, and the firms that deal in trading-stamp premiums and in giveaways.

The article on the department stores deals mainly with how to approach them and how, rather than what, to sell to their buyers. But we know that there's a good demand for Canadian fabrics, footwear, apparel, toys, sporting goods, some hardware products, and so on—and it is companies in these fields that will find this trio of articles worth their attention.

Our next issue, already well under way, will feature ten countries on the South American continent and will take a comprehensive look at our trade with them.

FOREIGN TRADE

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Prospecting in Alaska

The author wasn't on the lookout for gold but for solid business for Canadian companies. It's there for those willing to go after it.

—Alaska Airlines

Anchorage, Alaska's largest city, has heen rehuilt following the 1964 earthquake.

EDMOND E. PRICE, *Consul and Trade Commissioner, Seattle*

■ Feeling very much the "cheechacko" (or tenderfoot in Chinook parlance) I stepped aboard an Alaska Airlines "gold nugget" jet last October for my first visit to Alaska. Once aboard, the frontier atmosphere was soon evident. The stewardesses were garbed in the dancehall costumes of earlier Gold Rush days and the captain's voice over the intercom was giving instructions in rhymed cadence à la Jack London.

Once away from Seattle, the traditional air and sea gateway to Alaska and its supply center, the airbound traveller has time to reflect on the big country lying 2,000 miles north —or three hours non-stop by jet. Purchased from Russia in 1867 and until ten years ago only a distant and little known American territory, the 49th State is today gaining recognition as one of the western world's great storehouses of natural resources. Out over the vast, empty expanse of the Pacific Ocean northwest of Vancouver Island, one is reminded of Alaska's great area of 586,000 square miles—more than twice the size of Texas and almost equal in area to the province of Quebec.

The sight of snowcapped mountains on all sides heralded the approach to Anchorage, as the aircraft circled to land at Alaska's major industrial center. This modern, bustling city of 60,000, its downtown area rebuilt following the devastation wrought by the 1964 earthquake, is the principal port of call for any business visitor to Alaska. It is the major financial, trade and distribution center for the state, serving a regional market of 120,000 or 40 per cent of the Alaskan population.

The adjacent Matanuska Valley, famous for its record-size cabbage and tomatoes, provides most of the $5 million annual agricultural output. The short growing season and extremes of temperature limit production to a variety of vegetables, dairy products and hay.

Anchorage is the hub of the state's as yet very limited secondary manufacturing industry, largely the processing of cement, lumber, and aluminum for road and housing construction. It is also the headquarters of most major "lower 48" companies active in Alaska because air and sea transport provides regular and direct connection with the continent's west coast and Japan.

Out to the Oilfields

From here, it is an easy bus trip past the colorful Portage glacier to the town of Kenai in the peninsula of the same name south of Anchorage. This community of 2,000 sits astride the Swanson River oilfield and the spectacular Cook Inlet gas fields, where some 14 drilling platforms costing $15 million each are tapping the two trillion cubic-foot inlet reserves. Some of the gas is piped to Anchorage and Kenai for domestic use, but most is fed to the peninsula's burgeoning petrochemical industrial complex.

This complex includes a recently completed LNG (liquid natural gas) plant, the $50 million joint venture between Phillips Petroleum and Marathon Oil that will ship by special refrigerated tankers up to 50 billion cubic feet of natural gas each year to two major utilities in Tokyo for use as household fuel and electric power generation. Alongside lies the

$60 million Collier Carbon and Chemical Company plant due to go on stream soon that will produce 1,500 tons of ammonia and 1,000 tons of urea each day. The ammonia and half the urea will be shipped into the American Pacific Northwest and California markets and the balance will be sold to the Japan Gas Chemical Company. Two oil refineries complete the complex.

Fairbanks and Juneau

My next stop was Fairbanks, a 40-minute flight from Anchorage that takes one past majestic Mount McKinley, the continent's highest peak at 20,320 feet. Long dependent on gold mining, now in its last death throes (although the legends of "Klondike Kate" and her era live on), Fairbanks today is best known for the University of Alaska and because of its growing importance as the principal supply center for the Alaska North Slope. The oil strike by Atlantic Richfield and Humble Oil at Prudhoe Bay late last year has evoked great interest in Canada, based on the region's purported oil reserves of five to ten billion barrels. (Current state production is 200,000 barrels per day.) Eleven rigs are drilling along the North Slope region this winter and much of that activity is supported by supplies flown in from Fairbanks.

To the southeast of Fairbanks, one hour by plane, lies Juneau, the state capital and administrative center for the panhandle region of Alaska. This area contains the major forestlands, where the Ketchikan Pulp Company, a joint venture of Georgia Pacific and FMC Corporation, and the Japanese-owned Alaska Lumber and Pulp Company at Sitka between them produce over 1,000 tons of dissolving pulp daily for shipment to Japan. A third pulp mill to be erected by U.S. Plywood-Champion is scheduled for Juneau by 1973.

Some six panhandle mills produced 500 million board feet of timber and cants in 1967, most of which was shipped to Japan. The state's forest products industry produced $75 million worth of end products in 1967.

Although the talk of oil and gas development dominates the Alaska scene today, the major industry still remains the catching and processing of fish. In 1968, some 200 plants processed over $80 million worth of salmon, shrimp, king crab and halibut, most of which is sold throughout the U.S. market. Outside of fishing, petroleum and forestry, primary industry is as yet of little consequence, although large coal, iron ore, and copper deposits are under constant investigation.

Growing Industrial Market

Any Canadian visitor to Alaska, be he simply a tourist who comes to fish or hunt or ride the scenic White Pass-Yukon railroad or a businessman intent upon tapping this small (300,000 population) yet rapidly growing and high per capita income market, will be impressed with the heady air of optimism that galvanizes most Alaskans. This is a country where people still leave their doors unlocked at night, pause to offer you a lift, or fly you in their private plane for a weekend fishing trip along the Aleutian chain. It is a place that John Muir well described when he said: "It is raining, however the rain is of good quality".

It is also a growing market for Canadian industry. Our biggest penetration so far has been along the North Slope, where Canadian tracked vehicles supply the principal means of surface transportation and prefab structures house many oil-drilling crews. In growing support of the stepped-up oil exploration and drilling activity, a number of Western Canadian-based supply companies are establishing associate companies or sales outlets in Fairbanks or in Anchorage.

What Is Selling

The dependence on aircraft for movement of freight and personnel has provided a good outlet for Canadian STOL aircraft. The Hood Lake region adjacent to Anchorage has the largest concentration of small amphibious aircraft of any area in the world, as hundreds of small planes sit along the highway like cars jammed on a weekend into a shopping center parking lot.

The ubiquitous snowmobile is as common as the bicycle is in warmer climes to the south. Canadian makes dominate the market which this winter will purchase over 3,000 units. Despite the incredible number of models dealers are on the lookout for more.

It's cold, man! 60 degrees or more below zero and this participant in a 600-mile, three-day snowmobile race held in Alaska recently has every inch of him well covered. Canada holds a good share of the booming snowmobile market today.

An examination of Alaskan imports also indicates sales opportunities for wheat and special feed grains, forestry equipment, prefab structures, winterized automotive equipment, drilling supplies, sporting goods, pleasure craft and women's garments. A review of retail outlets in Anchorage, Fairbanks and Juneau revealed a regular demand for Canadian giftware, winter clothing and footwear. Although Japanese competition is increasing rapidly, it is still mainly confined to structural steel.

SELECTED ALASKAN IMPORTS FROM CANADA

Commodity	*1966*	*1968* (1st 6 months)
	(U.S.$'000)	
Motor vehicles and parts	423	1,072
Aircraft and parts	111	773
Trucks, buses and parts	770	295
Prefab metal buildings	146	230
Sodium hydroxide	177	202
Snowmobiles and parts	155	167
Sulphur	198	144
Softwood lumber	88	119
Halibut	818	95
Chlorine	228	84
Internal combustion engines and parts	89	84
Oilwell casing	23	78
Newsprint	5	42
Structural steel	524	27
Other	1,347	724
Total foreign imports	**10,565**	**10,892**
Canada's share foreign imports	**50 per cent**	**44 per cent**

Source: U.S. Department of Commerce, Anchorage Office.

Tbe state depends heavily on imports for virtually all its requirements, most of which come from the continental United States through the Port of Seattle. Much of this business, particularly in foodstuffs and heavy equipment, has traditionally been handled by some half-dozen trading companies with headquarters in Seattle, most of which maintain retail and distribution outlets throughout Alaska.

Despite this Northwest orientation, many Alaskan dealers and distributors are moving toward direct procurement both from U.S. and foreign suppliers —particularly Canada and Japan. Because transportation is the most important consideration in serving the Alaskan market, any Canadian company interested in doing business there must consider carefully the various means of transport.

The cheapest transport to the Alaskan market is the ship. The most direct Canadian route to Alaska is via the Canadian National northern rail line to Prince Rupert, and thence by rail barge to Whittier, 70 miles south east of Anchorage. To the south, a shipping service is offered out of New Westminster, B.C., for full rail carload lots. Less than carload lot shipments normally move through Seattle.

The alternative land route offers trucking services through British Columbia and from points in Alberta, Saskatchewan and Manitoba. Charter air freight services may also be operated from these points.

Canadians are well received throughout Alaska, where there is a strong feeling of kinship with Canada, whose northern regions share so many similar problems and challenges. Opportunities abound, particularly in resource industry development, and Alaska is still remote enough and small enough in population to accord a warm welcome and a ready helping hand. Why not join the growing number of "sourdoughs" on the trail north in search of the new Alaskan bonanza?

Canadian Passport Requirements Changed

■ The businessman who intends to travel should be aware of the new requirements for obtaining and renewing passports recently announced by the Department of External Affairs. These are:

1. All applicants must submit documentary proof of Canadian citizenship.

(a) Applicants born in Canada
Certificate of Birth (baptismal certificates will not be accepted) or
Certificate of Proof of Canadian Citizenship.*

(b) Applicants not born in Canada
Certificate of Canadian Citizenship* or
Certificate of Naturalization in Canada or
Certificate of Registration of Birth Abroad or
Certificate of Proof of Canadian Citizenship.*

*Includes miniature certificate.

Applicants who do not hold one of the certificates mentioned above are urged to confirm their citizenship status with the nearest federal Citizenship Court office or the Registrar of Canadian Citizenship, Ottawa, and to submit with their passport application a Certificate of Proof of Canadian Citizenship.

2. Abolition of renewals.

The total life of a Canadian passport is five years. Passports now issued may not be renewed on the expiry of the original five-year period. Passports issued originally for five years and which have since been renewed for a further period of up to five years will continue to be valid until the expiry date given in the passport.

3. Supplementary information with statutory declaration in lieu of guarantor.

Applicants are required to have their applications counter-signed by a guarantor who has known them personally for not less than two years and whose occupation or profession is included in the list of eligible guarantors (as set out in the Application for Canadian Passport.) If the applicant is unable to provide a guarantor, the Statutory Declaration in Lieu of Guarantor used must provide supplementary information identifying the applicant. Passport Office Form EXT 829 is available for this purpose.

4. New fee schedule.

Canadian passport $10.00
Businessman's Canadian passport $12.00
Extension of a passport which was limited at issue $3.00

NOTE: When a passport is issued with a limited validity because the applicant must travel and he is unable in the time available to submit all the documents necessary to support his claim to Canadian citizenship, the passport will be extended to its full validity upon submission of the required documents. If extensions of the validity of restricted passports are applied for before January 1, 1970, no fee will be assessed. On or after January 1, 1970, the fee for the extension of a limited validity passport will be three dollars ($3.00).

BRITAIN

How and what department stores buy and what they demand of foreign suppliers

K. D. TAYLOR
Commercial Secretary, London

■ The publicity surrounding industry's drive for technological excellence in the 1960's has overshadowed changes in another aspect of Britain's economy—the distribution of goods. Department stores particularly reflect the changes in retail distribution of goods. Buying habits, higher incomes, competition and rising operating costs have encouraged department stores to rationalize by merger and broaden their products and services to appeal to a wider range of incomes.

Currently, Britain has about 800 department stores with a total turnover of $1.8 billion. The 800 stores are responsible for about 6 per cent of Britain's retail trade.

Import Share

To gauge the importance of imports in relation to turnover, here are some totals for the large groups. The John Lewis Partnership (20 stores with annual sales of $200 million) estimates that direct imports account for 5 per cent of sales annually and indirect (through wholesale importers) for another 10 per cent, making a total of $30 million. Debenhams Ltd., (116 stores) buys $8 million to $10 million (c.i.f. prices) worth of imports annually. Selfridges spends about $2 million and Harrods reports that direct imports account for about 15 per cent of its turnover.

Despite devaluation and the import deposit scheme, there is unlikely to be much change in the volume of imports. British consumers with new tastes and buying habits as well as the multitude of tourists have come to look to the department store for a variety of imported products. Often price is secondary to design and the prestige attached to ownership of the product. From a pricing viewpoint, department stores find that imported products can stand a higher markup than domestic ones and are more profitable, even after deducting the

If you think that the British department-store market is conservative, pay a visit to the top floor of Harrods and see the "Way In" shop. It's complete with midnight blue decor, dim lights, salesgirls in the miniest of skirts, and loud music. It carries not only clothes but also many other things that swinging Londoners want these days.

additional charges for documentation, shipping and, currently, the import deposit scheme.

Meeting the Buyer

In their efforts to win a share of the department-store business, Canadians may not find the initial response of the buyers encouraging. Primarily, the huyers anticipate high prices for Canadian goods, are concerned about delivery dates, are dubious about styling, and may view "buying British" as a patriotic measure. Persuasive selling, generally somewhat less high-pressure than in North America, can be the exporter's first counter measure. Delivery of sample orders as promised and correct completion of export documents have also helped many Canadian firms overcome the reluctance of the buyer. Tight credit today and resulting low inventories make British department stores particularly concerned with delivery as scheduled.

The Canadian exporter will find that resource contacts and relationships are developed in much the same manner as in Canada. The buyer is looking for a reliable supplier with appropriate merchandise, competitive prices and terms, proper delivery, a formulated distribution policy and a willingness to co-operate in promotion of goods. The British buyer may, however, be more conservative than his Canadian counterpart in adopting new sources, but competitive pressures are encouraging flexible buying policies in Britain.

Certainly a representative of the company, either from Canada or Britain, should call personally on buyers during the early stages of negotiation. Letters introducing a product usually pass in a straight line from the buyer's "in" to his "out" basket. If a preliminary assessment is desired, we can arrange to show samples to selected buyers, but the presentation inevitably misses the confident and rounded recital of product strengths by the company representative. We can also provide market data and speculate about buyers' acceptance, but a company representative should enter the picture as soon as possible if prospects look promising.

To assist the Canadian company further we can easily make appointments with buyers. Or if the product lends itself to showroom display, the Macdonald House display room is available free of charge (see *Foreign Trade* of December 9, 1967).

Another approach, having the buyer visit the manufacturer's plant in Canada, can be difficult to arrange. British stores rely on buying houses in New York and even if they visit North America, the buyers only make one or two stops. We encourage buyers visiting New York to detour to Canada whenever possible.

Several large department-store groups have investigated the appointment of a buying house or agent or a loose association with a department store in Canada. Up to now the arrangements have met with little success. Either the British store's interest has gradually waned or the relationship has been terminated because of alleged poor delivery and lack of variety of Canadian items. Renewed efforts are under way to make a buying house connection more appealing to both the exporter and British department stores. Some buyers have told us of the ease in obtaining goods through their buying houses in Europe and claim to have little incentive to investigate our products until similar links are developed in Canada.

Department Store Groups in Britain

Associated Department Stores Ltd.
Headquarters: 4 Harley Street, London, W.1. Tel.: 01-636-0888
26 department stores located in Southern England; are all relatively small.

Debenhams Ltd.
Central buying office: Debenhams (Central Buying) Ltd., 91 Wimpole Street, London, W.1. Tel.: 01-580-444
115 stores (7 in London), 51 Cresta sbops (women's apparel), 7 wholesalers, 5 manufacturing companies, mail order section.
Some major stores in the group
Harvey Nichols & Co. Ltd., Knigbtsbridge, London, S.W.7. Tel.: 01-235-5000
Nicholsons Ltd., High Street, Bromley, Kent. Tel.: 01-460-9977
Marshall & Snelgrove, Oxford Street, London, W.1. Tel.: 01-580-3000
Debenham & Freebody, Wigmore Street, London, W.1. Tel.: 01-580-4444
Swan & Edgar Ltd., Piccadilly Circus, London, W.1. Tel.: 01-734-1616

Great Universal Stores Ltd.
Central buying offices: Universal House, 251/256 Tottenham Court Road, London, W.1. Tel.: 01-636-4080
Great Universal Stores Ltd., 6/14 Dale Street, Manchester.
22 department stores, 325 men's wear shops, women's fashion stores, furniture retailing and manufacturing, mail order.

The Hide Group
380 Harrow Road, London, W.9. Tel.: 01-289-1122
32 department stores.

House of Fraser
12 Buchanan Street, Glasgow, C.1., Scotland.
64 department stores.
Major stores in London
Harrods Ltd., Knightsbridge, London, S.W.1. Tel.: 01-750-1234
D. H. Evans & Co. Ltd., 308/322 Oxford Street, London, W.1. Tel.: 01-629-8800
Derry & Toms Ltd., Kensington High Street, London, W.8. Tel.: 01-937-8181
Dickins & Jones Ltd., 224/244 Regent Street, London, W.1. Tel.: 01-734-7070
John Barker & Co. Ltd., 63-127 Kensington High Street, London, W.8. Tel.: 01-937-5432
Pontings, Kensington High Street, London, W.8. Tel.: 01-937-7272

Getting Representation

We recommend that a Canadian supplier of consumer goods take a broad view of the British market and look upon department stores as one buying group. Other retailers, such as multiples, mail order, boutiques and wholesalers, should also be considered. To achieve proper sales coverage of the market a local representative, either agent or wholesaler, usually should be appointed. But if the manufacturer's policy is to sell only to department stores and an executive from Canada is willing to visit Britain regularly, direct sales are feasible. In fact, many of the larger stores prefer to purchase directly from foreign suppliers if they are convinced of the manufacturer's ability to deliver and quality control. Some stores have their own import section or wholesale subsidiary that may charge the parent a percentage of operating expenses.

Organization of Buying

In making his calls the Canadian businessman will notice a trend in buying organization familiar to him from experience in Canada—the separation of buying and selling responsibilities within the store and the development of central buying. John Lewis Partnership and Lewis Investment Trust are well advanced in central buying but the majority of stores are more cautious about adopting it. Multiples have been quicker than department stores to implement central buying procedures.

Similar in operation to central buying offices are buying associations. There are three in Britain:

1. Glodix—this group has upwards of 57 members and exists principally to purchase gloves.

2. The Independent Stores Association—this group has 17 members, including Bentalls of Kingston.

3. Associated Department Stores —this group has 24 members and has tended to concentrate on hosiery and household linens.

Central buying is also practised by the 200 co-operative department stores in Britain. The co-operatives either use their own central buying office or the services of the wholesaling subsidiaries. The buying staff of the co-operatives is divided into two groups, foods and dry goods.

More important than changes in department-store staff organizations are the changes in department-store ownership. Consolidation of ownership, as in Canada, has reached the stage where nine groups own 65 per cent of Britain's department stores. The nine groups and the names of

Independent Stores Associations Ltd.
Headquarters: Ideal House, Argyll Street, London, W.1. Tel.: 01-437-3273
20 department stores.
Largest stores
Bentalls Ltd., Kingston-upon-Thames, Surrey. Tel.: 01-546-1001
Heal & Son Ltd., 196 Tottenham Court Road, London, W.1. Tel.: 01-636-1666

The John Lewis Partnership
Central merchandising office: John Lewis & Co. Ltd., 118/126 New Cavendish Street, London, W.1. Tel.: 01-636-7363
20 department stores.
Major stores in London
John Lewis & Co. Ltd., 278/306 Oxford Street, London, W.1. Tel.: 01-629-7711
Peter Jones, Sloane Square, London, S.W.1 Tel.: 01-750-3434
John Barnes & Co., Finchley Road, London, N.W.3. Tel.: 01-750-3434

Lewis's Investment Trust Ltd.
Central buying office: Lewis's Ltd., 40 Duke Street, London, W.1. Tel.: 01-629-8805
13 department stores.
Store in London
Selfridges Ltd., 400 Oxford Street, London, W.1. Tel.: 01-629-1234

Macowards Ltd.
6/9 Hayes Bridge Road, Cardiff, Wales.
26 department stores.
Store in London
Thomas Wallis & Co. Ltd., 500 Oxford Street, London, W.1. Tel.: 01-629-8252

United Drapery Stores Ltd.
Head office: 364/366 Kensington High Street, London, W.14. Tel.: 01-603-3313
22 department stores, 469 men's tailoring shops.

Army and Navy Stores
Head office: 105 Victoria Street, London, S.W.1. Tel.: 01-834-1234

SALES THROUGH DEPARTMENT STORES

	(Per cent of total sales)
Wearing Apparel	
Household textiles and soft furnishings	27.7
Women's, girls' and infants' wear, haberdashery and other drapery goods	19.1
Men's and boys' wear	8.3
Footwear	5.3
Other Non-Foods	
Floor coverings	17.6
Leather goods, fancy goods, sports goods and toys	13.8
Furniture and bedding	13.2
Perambulators	11.7
General ironmongery, household appliances (except electrical goods), china and glassware, household cleaning materials and supplies, builders' and decorators' supplies	8.9
Electrical appliances and supplies	8.3
Jewellery, watches, clocks, silverware	6.8

some of their major stores are listed in the accompanying box feature. Faced with competition from the chain stores and multiples, many of the traditional family-owned stores have looked to mergers for strength.

Greater London leads with 140 department stores with a turnover of about $500 million. The regions next in importance are the Northwest with 84 stores and $170 million turnover and the North with 75 stores and $115 million turnover. Wherever the store is located, if it is part of a group the first call should be made on the main office or store, usually in London.

Products and Promotions

With the sales approach and organization structure of the department stores as background, let us look at the types of merchandise in which department stores dominate the retail market. The table on page 7 lists the products for which department stores make over 6 per cent of total sales. The mix of products handled by British stores is unlikely to change although most are striving to broaden the price range and variety offered.

Canadian manufacturers have found a good reception for household textiles, children's wear, upholstered furniture, housewares and jewellery. Buyers have been attracted by the design, quality control and packaging of the products. Usually the strongest selling points for Canadian products have been features other than price. Recent inquiries received have included those for suede jackets, toys, sporting goods, and high-fashion women's apparel.

Once the department store has selected a product, it usually hopes to negotiate a co-operative advertising campaign with the supplier. Department-store advertising in newspapers is less common in Britain than in Canada and concentrates on the end-of-the-week editions.

To supplement newspaper advertising, some Canadian suppliers have joined with a store to hold a special in-store promotion. Several promotions of Canadian food products and wines have been held in London, jointly sponsored by our office, the suppliers and the store.

Carrying the in-store promotion one step farther, a number of stores have leased space to concessionaires—a practice common in Canada. The manufacturer sets up a display of his goods and pays the store 10 to 15 per cent of his turnover in return for department-store services. Few Canadian firms have undertaken franchise arrangements in Britain.

The timing of promotions follows roughly the pattern set in Canada, although the pre-Christmas period and January sales are more important in Britain than Canada. The seasonal promotion program in Britain is as follows:

January—Sale. Back to school.

February—White sale, special discounts.

March, April—Spring fashions, millinery, skirts, blouses, bridal wear, items for the home.

May—Summer and holiday fashions.

June—Casuals.

July—Sale, summer and holiday fashions.

August, September—Back to school, autumn fashions, furniture, home appliances.

October—Autumn fashions.

November, December—Christmas.

The British consumer is currently in a buying mood. Department stores may be one means of getting some of the money he is spending.

Half a billion is spent on trading stamp goods and giveaways

K. R. HIGHAM, *Assistant Trade Commissioner, Liverpool*

■ Below-the-line advertising techniques are now well-tried tools in the kit of ideas that British consumer goods manufacturers use to give their products extra appeal. "Below the line" means all the manufacturer's sales promotion expenditures apart from sales force salaries, commissions and normal media advertising. It covers all advertising programs using premiums as incentives.

Tbis is big business in Britain where, in some instances, legal restrictions are less stringent than in Canada. Estimates of the total spent in 1967 on below-the-line programs and on the goods used as incentives run as high as $1 billion. There has been a 100 per cent growth in the last five years and for the first time below-the-line expenditure has exceeded media advertising. The value of goods to be used in conjunction with this marketing method in 1969 is conservatively estimated at $500 million. Shall we bave a closer look?

An analysis of total expenditures by type of promotion shows that cigarette coupons and trading stamps are the most important forms of incentive selling. These are well known in Canada. Selling to this trade is primarily a matter of persuading a catalogue buyer to offer your products in his next issue. Self-liquidators (the amount the housewife pays for the special offer approximately covers the actual cost) and giveaways are the two other major incentive techniques and it is with them that this article is mainly concerned.

The grocery store is where the public encounters most incentive promotions but the technique is being used increasingly in drug stores and by general retailers of household goods. One recent survey reported that in 1967 over 3,200 promotions were organized through the grocery trade and over 1,100 through chemists. The emphasis seems to be on the larger supermarkets, co-ops and multiples; here manufacturers compete hardest for shelf space by giving their product extra appeal to both the consumer and the store management.

In order of importance, the following groups of manufacturers are the main users of incentive advertising:

Health and beauty manufacturers
Soap and detergent makers
Canned goods packers
Tea and coffee distributors
Frozen food processors

It is important to understand how the British promotions and incentive industry is organized. A Canadian manufacturer attempting to break into this market will probably have difficulty in deciding where to direct his selling effort. In Britain, promotions and incentives are still relatively new ways of moving a large volume of goods. There is a lot of change still going on. New companies are entering the field and established firms are offering manufacturers more and more advisory services to help them use the incentive tool.

Consultant Called In

The decision-making process behind most sales promotions usually follows the same pattern. The manufacturer (either on his own initiative or with outside advice) decides to use below-the-line techniques to reach a particular sales objective. The objective may be to increase total volume or it may be to make the product more attractive to a sector of the market where sales need a lift. A promotion consultant is called in to suggest how to reach the sales objective. On his advice, an incentive product or premium is selected and the decision made whether to run it as a giveaway (in or on the pack or as a free mail-in), or as a self-liquidator.

Sometimes it may be a promotion consultant himself, sometimes a separate handling agency, which undertakes the purchase and distribution of the incentive product. The company manufacturing the premium article therefore may have to sell to the manufacturer, to his promotion consultant or advertising agent, or to a handling agency. Currently, the most common arrangement is for the promotion consultant to purchase the premium outright and supply it to the manufacturer as required. The promotion consultant gets his profit by marking up the cost of the premium when billing his client—the effectiveness of his advice in this way determines the fee he gets. There seems to be a trend towards charging the manufacturer a predetermined consulting fee; this could mean less emphasis on expensive premiums.

Popular Premiums

Picking a winner is still largely a matter of guesswork even for the biggest promotion consulting firms. There are arguments both for and against premiums that are closely associated with the product (such as a measuring spoon to help sell instant coffee). The value of the premium will depend on whether it is a giveaway or a self-liquidator. Giveaways range from a few cents each to as much as forty or fifty cents for a free mail-in. The average prices of self-liquidators in 1966 and 1967 were in the $3.00 to $4.50 range. Highest redemption figures were for those promotions which cost the consumer less than $1.50.

Whom the promotion is intended to attract is important in deciding what type of product would make a good premium. In recent years housewives have ranked first by a wide margin, followed by the family, children and fathers.

One survey ranks the popularity of premiums used in self-liquidating promotions in the grocery, drug and confectionery trades in the following order:

Kitchen and household equipment
Toys
Rugs, blankets and linen
Jugs, glasses, beakers, china, stainless steel, brass and copper items
Bedroom and bathroom accessories
Clothing
Jewellery, watches, clocks, luggage, bags and umbrellas

Here are some of the products stocked by one of Britain's leading premium consultants. This is a field that Canadian suppliers might well investigate—and the promotion consultant is the first man to approach.

For giveaways, the popularity ranking is:

The same product (i.e. the product being promoted)
Toiletry and accessories
Booklets, leaflets and recipes
Kitchen equipment
Household commodities
Toys

For Canadian manufacturers, the most efficient way to push their products as potential premiums is probably through a specialized promotion consulting house. There are only about thirty-five in Britain, a dozen of them reasonably large. As a general rule, it doesn't cost a promotion consultant anything to put a sample of your product "on file", ready to pull out when he comes across a suitable client. Supply from overseas can present difficulties, however, and it is a risk that not all promoters are prepared to take. It also restricts the type of product. A successful promotion might mean a repeat order of 10,000 units for delivery in a week; this would be rather embarrassing if your stock in Britain was depleted and your product cost twice as much to air-freight from Canada as it was worth.

It is a highly competitive field and the stakes are equally high. Premium suppliers quote extremely low unit prices, relying on volume for their profit. A successful promotion can produce orders for thousands of a fairly expensive item. An unsuccessful one may leave somebody with a warehouse full of mixing bowls and a large financial loss.

If you are contemplating this market, we suggest you get the feel of it first by reading a few copies of the excellent British trade magazine in this field. There is also an Incentive Marketing Exhibition every year in London where you can find most major buyers and sellers together in one convenient place. If you do not have the time or money to tackle this enormous market yourself but feel your product may be of interest, you should consider appointing an agent to work on your behalf. There is a growing number of people who specialize in calling on promotion consultants, advertising agents, large consumer goods manufacturers who use premiums, and stamp company and cigarette coupon catalogue buyers.

The incentive and premium business is regarded in Britain as a North American import. Its growth and success have been outstanding. Consequently, there is a tendency to look closely at products or ideas which have been successfully used as premiums in North America. Canadians should capitalize on this. If you have a product with potential as a premium, try selling it in Britain.

We at the Liverpool office can help you get started. We will give you the names of promotion consultants and individual agents, tell you about their trade magazine, and provide details of the annual exhibition. It is a tough, demanding, competitive market but there are good opportunities for unique and appealing consumer products at the right price.

Mail order selling has become a $1.12 billion market

JOHN H. NELSON
Trade Commissioner, Liverpool

■ The large mail order houses in Britain today began under special circumstances during the depression of the 1930's. The industrial North of England was one of the areas most severely affected; unemployment was high and incomes low. In this atmosphere, groups of individuals and companies formed so-called savings clubs, to which each contributed a shilling a week in exchange for a chance on a draw that permitted one of them to buy a pound's worth of merchandise from a catalogue. Most of the merchandise consisted of low quality textiles and household necessities. Cotton mills closed by the depression were used as warehouses.

From this inauspicious start, the mail order business has grown to a multi-million dollar participant in the retail trade of the country. It is interesting to note, however, that the major portion of the business is still done by firms with headquarters in the North, and the strongest markets are in the industrial areas of the North and Midlands.

According to the latest figures available (1966), there are 546 establishments engaged in the mail order business, with sales totalling $1,122 million. These figures cover only firms which specialize in selling by mail order either through catalogues or newspaper advertisements. Approximately 89 per cent of the business is done by 24 firms who sell a general range of merchandise and the remainder by firms that sell a single product or a specialized line such as books, stationery, office equipment, or horticultural supplies.

In the general mail order business, about 90 per cent of the total trade is controlled by the numerous companies that make up six groups. These are: Great Universal Stores Ltd., Littlewoods Ltd., Grattan Warehouses Ltd., Freemans (London S.W.9) Ltd., John Myers & Co. Ltd., Empire Stores (Bradford) Ltd. Great Universal Stores and Littlewoods are the largest mail order firms in the world outside the United States.

These firms have always been strong in sales of household textiles and clothing, but sales of electrical appliances, photographic goods, clocks and watches, sports goods, toys and household furniture and furnishings have expanded rapidly. Merchandise is displayed in large, semi-annual catalogues with 600 to 1,100 pages containing up to 12,000 items and costing five dollars or more each to produce. It is estimated that five to six million people buy by mail order at least once each year.

Some Use Agents

Most of the specialized mail order houses and a few of the smaller general firms sell direct to the consumer. The others use agents, mostly women working part-time to sell to their friends and neighbors in return for a 10 per cent commission. The catalogues are held by the agent rather than the customer; the agent takes the order and also receives and delivers the merchandise. The customer has seven days in which to accept or return the goods. If they are accepted, the agent collects the first of 20 weekly payments to remit to the company. If it is an expensive item, the payment period is extended. Prices shown in the catalogue include the agent's commission and the charges for credit. Because there are no cash discounts, almost all mail order sales are on credit. This may seem a cumbersome and expensive method of selling but it is ideally suited to the economic circumstances and mode of living of the average English working-class family, among whom the mail order companies find their largest market. The success of the system also depends greatly on the quality of the agents. As a result, the companies expend a great deal of effort controlling and constantly rebuilding their agency network.

Business Has Expanded

The mail order business has been the outstanding retail success story of the last decade. From 1957 to 1961 total turnover rose 80 per cent and from 1961 to 1966 the volume rose a further 90 per cent. This success has come about despite the existence of 500,000 retail stores that are easily accessible by public and private transport. Mail order selling also has some disadvantages—lack of flexibility, high operating costs, insensitivity to price changes, and competition from new retail outlets such as shopping centers.

There have been a number of attempts to analyze the reasons for the growth and success of the mail order business in Britain. From the consumer's point of view these are reasonable prices, free delivery, easy and simple payment terms, a guarantee of satisfaction or money back, and the convenience and confidence of shopping in your own home. For their part, the companies have improved their image from earlier times by improving the quality of goods offered, expanding the range of merchandise shown in the catalogues, emphasizing sales in other areas as well as the North and Midlands, and enlarging their clientele beyond the working class to include all income levels.

Market Is Demanding

The size of the mail order business and especially the volume attained by the six large groups makes this an attractive market for firms that produce goods suitable for sale by catalogue. This attractiveness, plus the special problems of selling by mail, also make it a demanding market. Because of the size and off-season timing of many of their orders the buyers can drive hard bargains. Packaging that withstands handling during postal or rail shipment is required. If the goods are heavy, the manufacturers may be expected to deliver direct to the retail customer at no extra charge. When a decision to buy is made the company orders three months' supply, estimates the requirements for the remaining three months of the catalogue's life, and expects the supplier to maintain adequate stocks to meet demand. Many buying decisions are made up to a year in advance of sales to the consumer. The continuing success of selling to a mail order firm is determined almost solely by whether or not the product achieves a predetermined volume of sales per page in the catalogue.

Most of the mail order firms buy through their own wholesale companies. A Canadian exporter interested in this specialized market can approach the buyers direct. In fact, the buyers, especially of fashion goods, travel and often approach suppliers direct. However, to meet their special needs they usually prefer to buy imported goods through an agent who is nearer at hand to solve any problems that may arise than an exporter in another country.

If you are interested in selling to the mail order houses, write to the Canadian Trade Commissioner, Martins Bank Building, Water Street, Liverpool L2 3SY, England. We will be pleased to give you further information on the companies engaged in the mail order business or help you locate a good agent who sells to them.

What is the future of the mail order business in Britain? The rapid growth of the last ten years is now showing signs of slowing up. However, several analysts of the industry expect to find that 1968 sales were about 8 per cent ahead of 1967. The forecast for 1969 is a growth rate of 7 to 8 per cent. These figures compare with a roughly 5 per cent growth rate in total retail sales. For the individual mail order houses there are still untapped markets in the South of England and among the higher income groups throughout the country.

The mail order houses are not an easy market to tap but we believe that their size and potential will interest you, especially if you manufacture any of the lines menioned here.

Assignment in Wall Street

■ Showing New Yorkers bow to run a more efficient operation seems an unusual assignment for a Canadian firm. But it's an assignment carried out recently by tbe Thorne Group, Toronto, the management arm of the long-established firm of Thorne, Gunn, Helliwell & Christianson, chartered accountants.

A financial house on Wall Street wanted to speed up and streamline its operations. It was still using manual methods of sending out notices to clients, recording sales, and compiling reports and was struggling to keep up with this paperwork. One of Thorne's Canadian clients recommended that it be called in. Down from Toronto came experts who undertook a preliminary survey and then launched a full study. Within five weeks it had drawn up a plan for reorganizing the house operations, including a change from manual methods to automation for many of the procedures. The next step was to help implement these recommendations and to monitor the job.

For many years Canadians have found a market abroad for consulting engineering services. Now they are selling management consulting services too. Some firms, like the Tborne Group, are registered with the United Nations Development Program and with other international organizations. Through these organizations, management services can be used by the developing countries which often need this type of expertise.

Start in Denver or Salt Lake City

This is Denver, Colorado, the "Mile-High" city, rapidly becoming a center for science-based, technically oriented industries.

The author will tour the three Prairie Provinces late this month to arouse interest in sales opportunities in the Rocky Mountain States, part of the San Francisco office territory.

R. M. DAWSON, *Consul and Trade Commissioner, San Francisco*

■ The Rocky Mountain States—Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming—constitute one of the major growth regions in the United States. During the period 1950 to 1966, personal income in this area increased by 184.8 per cent, ranking it third in the nation; in population growth it came second. In the years 1950 to 1964 it came first in the increase in value added by manufacturing. Although the rate of growth slackened in the years immediately following 1964, the tempo has picked up once again to the point where the rate is again one of the fastest in the country.

The market in the Rocky Mountain States is a natural one for exporters who are located in the Prairie Provinces. The two regions have much in common. Each has a relatively small population in comparison with other parts of Canada and the United States; the main centers of population are long distances apart; the climate and the buying patterns are similar. Both regions share a common interest in the outdoors—partially because of the low population density and the large areas for outdoor recreation.

Communications between Canada and the United States have traditionally followed a north/south pattern. In British Columbia, business looks to the three states bordering on the Pacific; Ontario and Quebec look to the area from Chicago east to New York; the Maritimes have strong ties with the New England States. But the Prairie Provinces have not enjoyed a similar relationship with the states that lie directly south, partly because of poor communications. Now this is no longer a significant deterrent and there is a growing awareness of the opportunities for expanding trade and investment between these states and the Prairie Provinces. Canadians are finding that there are promising export openings that in the past were largely ignored.

Wide Area Serviced

The Canadian Consulate in San Francisco covers three of the Rocky Mountain States—Colorado, Utah and Wyoming. These three states have a total population of only 3½ million but the two main distribution centers, Denver and Salt Lake City, serve as many as eight states. Unlike many in the United States, the Rocky Mountain region is not a clearly defined market. This point was made quite clear to the San Francisco office when we recently carried out a mailing to manufacturers' representatives in Denver and Salt Lake City and learned about the wide variation in markets serviced. Although most manufacturers' representatives covered the three states of Utah, Colorado and Wyoming, 60 per cent serviced five states altogether and 35 per cent such wide-ranging areas as Idaho, Montana, and south through New Mexico to El Paso, Texas. High distribution costs, coupled with the fact that only 4 per cent of the U.S. population resides in 20 per cent of the actual land area, accounts for these far-ranging sales territories.

Another characteristic of the market is that it is not as highly competitive as densely populated areas.

Although the Rocky Mountain region is not often thought of as homogeneous, there is a new awareness of how much could be accomplished if the states started to work together. In 1966 the Federation of Rocky Mountain States was established to foster economic development but the organization really took form only a year ago with the opening of a permanent office in Denver. The Federation is designed to meet the economic, cultural, social and political changes and, through regional planning and inter-state co-operation, to improve the wellbeing of the eight member states. Traditionally the Rocky Mountain area has been fairly isolationist in its attitude towards international affairs and foreign trade, but the establishment of this Federation is a sign of its growing involvement in the world at large.

At present, the Rocky Mountain area is in the position that Chicago was 40 years ago as far as interest in international trade is concerned. People are just beginning to recognize the opportunity that awaits them in this field. Illinois has developed to the point where it is now the number one state in foreign trade and although the comparison may not be completely appropriate, almost as striking a change may well be forthcoming in the Rocky Mountain States over the next 20 years.

What They Ask For

The San Francisco office has recently received inquiries for the following Canadian products:

- Food products
- Giftware
- Clothing
- Furs
- Sporting goods
- Housewares
- Hardware
- Wood and paper products
- Furniture
- Metals and minerals
- Glass products
- Construction and building materials
- Plumbing and heating equipment
- General industrial equipment
- Automotive equipment and accessories
- Electronic and communications equipment
- Electrical industrial equipment
- Electrical appliances (including stereos, recorders, TV's)
- Office and school equipment and supplies
- Restaurant equipment

Colorado offers some of the best skiing in the whole U.S., with over 28 major skiing locations, some of them world-famous. Naturally it's a good place to sell sporting equipment and clothing, as some Canadian firms are already doing.

What These States Buy

Colorado claims the title of "Ski Country U.S.A.". For the skiing enthusiast it offers 34 separate locations and some skiers claim that it has the best skiing in North America. Wyoming and Utah also have outstanding skiing facilities. These three states represent a sizable and growing market for winter sports equipment and clothing. A few Canadian suppliers are already well established but there are opportunities for additional Canadian firms to enter the market.

In recent years Colorado, the most heavily populated in this three-state area, has been shifting from a basically agricultural economy to secondary manufacturing. Denver, the state capital, often referred to as the "Mile-High City", enjoys a mild, semi-arid climate and is populated to a large degree by people who have migrated from the Plains States to the east. The high level of education is contributing to the rapid growth of science-based, technically oriented industries, such as electronics, instrumentation, precision machined products, and other high-value-per-pound products. There are over 100 research and development laboratories in Colorado.

Salt Lake City shares Denver's fine climate and excellent education facilities and these have resulted in a considerable amount of high technology industry. The population is only half that of Denver but the business atmosphere is dynamic and the people have a well-deserved reputation for aggressiveness and hard work.

Wyoming ranks as the 49th state in population with only 325,000 people. Because the market is so small, it is usually serviced out of Denver.

Many companies may find it hard to decide whether to have representation in Salt Lake City or in Denver. Both have their points. There are more manufacturers' representatives and distributors in Denver because the immediate market area of 1.2 million is double the size of Salt Lake City's; however Salt Lake City is just as well located as Denver to service the entire Rocky Mountain region.

Where Opportunities Lie

Accompanying this article is a list of inquiries we have recently received for Canadian products. The largest number were for general industrial equipment, construction and building materials, and automotive equipment and accessories, followed by plumbing and heating equipment, electronic and communications equipment and sporting goods.

There are increasing opportunities for the sale of sophisticated secondary manufactures and Canada has already started to penetrate this market. Significant are navigation instruments, measuring and control instruments, and laboratory and scientific instruments. Automotive and aircraft parts, giftware and outerwear are additional lines that can be sold in growing volume. Canada is also selling a substantial volume of agricultural equipment and the steady rise in sales is expected to continue.

Canadian companies which have never looked at the Rocky Mountain market will find that business is generally conducted in an agreeable and informal manner. The penetration of Canadian products has not been as deep as in other regions of the United States, but perhaps this is a positive factor and makes future prospects just that much brighter. Both the industrial base of the region and the demands of the market are bound to expand significantly.

Primarily to acquaint potential exporters in Alberta, Saskatchewan and Manitoba with the export opportunities in the Rocky Mountain States, I shall be making a business trip to Western Canada during the latter part of March and early April. I would be happy to meet with prospective exporters in the three provinces during my visit. If your firm is located in Alberta, I suggest that you contact the Regional Office of the Department of Industry, Trade and Commerce in Edmonton for more particulars. Companies situated in Saskatchewan and Manitoba should approach our Regional Office in Winnipeg.

Bonded Warehouses Can Help

■ One of the principal difficulties facing Canadian exporters wishing to sell to small markets like Iceland is making shipments small enough to serve the market realistically and large enough to ship economically. For Iceland this difficulty is compounded because of the lack of direct shipping connections between the two countries. This not only increases shipping costs and therefore per unit costs on smaller shipments, but also lengthens the shipping time and creates a need for either longer credit on the exporter's side or earlier payment in relation to receipt of the goods on the importer's side. Importers are reluctant to order large lots at one time or to pay before shipment because of severe economic difficulties in Iceland, combined with strict markup limitations, have severely limited working capital. In fact, many Icelandic importing firms have found their inventories and purchasing power reduced by half in the past 15 months.

One way to solve most of the problems mentioned above, particularly for a firm exporting a homogeneous or production-line product, is to make full use of bonded warehouses. A number of Canadian exporters have found that their success in Iceland virtually depends on using the facilities of The Bonded Warehouse Ltd., Reykjavik.

Of course, the warehouse cannot be used to store live plants and animals, food products likely to rot or attract vermin, fertilizers, explosives, or highly combustible goods. Special provisions apply to drugs, cosmetics, jewellery, cameras, watches, records, pens and smokers' accessories, but these provisions also give protection to the exporter.

Goods may be placed in the bonded warehouse by the exporter or the importer, but the exporter must have an Icelandic representative before he can use this facility. His representative can arrange to have separate space in the warehouse to enable him to remove export packing and store the goods in usual wholesale packing so that they may be removed as wholesale units. (In spare parts for machines and implements, each item is regarded as a wholesale unit.) With the exception of spare parts and samples, when only part of the consignment is withdrawn the value of the goods withdrawn must be at least I.Kr.5,000, c.i.f. (about $61). Goods may be re-exported from the bonded warehouse.

The advantages of the system are obvious. Once established, a firm can ship convenient-sized lots on a regular schedule. The representative can then sell directly from bonded stocks or replenish his own stocks as necessary from the bonded warehouse. He thus has the convenience of stocks near at hand (often the factor that completes the sale) without overburdening his working capital through early payment of duties (sometimes high) and inventory maintenance costs. This practice also overcomes some of the problems associated with Icelandic restrictions on suppliers' credit. One disadvantage may be that more of the credit burden is shifted onto the exporter. This depends, however, entirely on the arrangements made between the parties.

Canadian exporters attempting to establish their products in small markets such as Iceland, where working capital is scarce or shipping quantities pose a serious problem, should examine the possibility of using bonded warehousing as a means of improving export performance.

—DENNIS B. BROWNE
Assistant Commercial Secretary, Oslo

Venezuela
Forest Industries Will Need Equipment

DAVID G. NELSON, *Assistant Commercial Secretary, Caracas*

■ The most under-developed natural resource in Venezuela today is probably its forests. Some 118 million acres are covered with various species of trees, yet only 673,000 cubic meters of roundwood were harvested in 1966. However, the annual harvest has kept pace with consumption. In Venezuela today wood is not used as extensively as in Canada but consumption has doubled since 1953 and could increase even more if a pulp mill is built in the Guayana region.

High Costs

Increased demand is bound to accelerate the already soaring harvesting and production costs. FAO statistics show that the price of a cubic meter of sawn wood in Venezuela is $76.20 compared with $37.65 in Canada. The reasons for this become clear when one analyzes Venezuela's harvesting methods and production practices and the foreign competition.

In effect, the only competition is internal. Following a general slump in the construction and furniture industries in 1960, owners of sawmills requested and received customs protection. Today licences are required for the import of wood and lumber used in these industries but none has been granted since 1964. Of all mechanical wood products used in 1966, only 1½ per cent was imported. Consequently, Venezuelan operators are not forced to make their methods more efficient.

The other main reason for high costs is the lack of forest management. Companies are granted short-term concessions to harvest a particular area. Because the owner of the operation knows he will work the concession for only one or two years, he is reluctant to invest large sums in modern harvesting and sawmilling equipment. As a result, waste is extremely high.

Logs of varied sizes and species arrive at a local mill, all in a single shipment.

Harvesting methods are costly. Logs are poorly fallen and bucked. Skidding without lifting causes additional damage. They may arrive at the sawmill in irregular shapes, and of widely varying sizes and species. The logs then lie in the millyard for long periods, cracking and splitting under the tropical sun. Fungus infection, insect damage and the abundance of sapwood cause further waste.

Sawmilling practices add to this waste. Logs are generally debarked by axe and may even be squared to fit the existing equipment. The equipment itself is often antiquated, with few automatic devices. Most mills do not have adequate materials-handling machinery. Logs are usually moved manually on carriages and turned by large hand-operated hooks. Cumbersome bandsaws slowly make their cuts, much of which becomes waste. The sawn lumber is then sized and graded to inconsistent standards. Only wood destined for the furniture industry (some 30 per cent of all production) is air dried. Obviously, the owner of the mill has little time to devote to such additional problems as safety and waste disposal.

Canadian suppliers of sawmilling, fire-fighting and harvesting equipment should be alerted to similar opportunities. Those Canadian companies interested in the Venezuelan market would do well to find a local representative now, before foreign competition increases. American chainsaw and Belgium sawmilling equipment manufacturers have already obtained a large share of the business. Canada has sold small quantities of sawmilling and chain saw parts and equipment.

Many Canadian manufacturers of specialized equipment could get more orders. In selling to Venezuela, however, the thing to remember is that the forests and their logging requirements are not identical to those in Canada. For example, in a single forest reserve there may be 400 different species of trees. In another area there are trees so hard that the teeth of conventional saws will be dulled in minutes. Reforestation can also be a major problem. Attempts to reseed a logged area are often thwarted. Disease and fungus may destroy the growing trees at any stage of development, leaving a jungle growth unfit for use.

Self-Sufficiency

The aim of the industry is domestic self-sufficiency. So far, the mechanical wood industry has almost achieved this goal. Venezuela has 116 assorted sawmills of which 26 are circular and the remaining bandsaw, plus 12 plywood and 5 particle board plants meeting the national demand. But there is a gap. Venezuela must import all the pulp and newsprint and 50 per cent of the paperboard it needs. Two major projects have been proposed to reduce these imports. The first, a hardboard plant, passed a feasibility study conducted by a Swedish firm. Production would be based on a wet process common in Sweden, but so far no firm has come forward to develop the project. The second, a pulp mill, is in the final stages of planning. It is to be built in the Guayana region using short-fiber hardwoods. The effect of production on Canada's annual pulp exports to Venezuela of over $2 million a year is not likely to be felt for several years, and the project itself offers immediate opportunities for consultants and manufacturers of plant and equipment. As well, the mill may require imported long-fiber chips in the initial stages in order to improve the quality of pulp. Both projects will clearly reduce the import bill and contribute further to the use of Venezuela's forests.

Sales to Venezuela

What forestry-related products is Canada selling to Venezuela? In 1967, Venezuela imported $8.29 million worth of wood, pulp and paper products from Canada. In the first six months of 1968, the total passed the $5 million mark. Of all wood and paper imports, newsprint and wood pulp accounted for over 62 per cent in 1967, 87 per cent in 1966, and 80 per cent in 1965. Substantial sales of writing and reproduction paper and, more recently, of printed wallpaper have also been made. Canada has a general reputation in Venezuela for quality paper products. Our major threat is political rather than economic. Should Venezuela, as a member of LAFTA and the Andean Pact, extend preferences to other Latin American countries, Canada's interests may be affected. At present, newsprint enters Venezuela from Canada through a special tariff exoneration. Our longstanding export trade in newsprint is expected to be maintained for the foreseeable future.

Apart from newsprint and pulp, there are opportunities mainly in specialty papers, paperboard and, most important, in forest harvesting and production equipment. In all aspects of the industry, our technical knowledge is desired. It is important that we remain dominant in this Venezuelan industry and if we cannot supply the finished product, we should make every effort to supply the capital goods needed.

At first glance, the industry may show few signs of progress. But on closer examination of the forest resources of and the expanding market in Venezuela, the outlook brightens. A eucalyptus seedling will grow from 30 inches to 18 feet in eight months. In two years, a Caribbean pine may climb to 10 feet. With such startling growth, there must be a bright future. However, forest exploitation at present lacks sufficient control to encourage development. The FAO will soon complete a comprehensive study of the Venezuelan forest industry. Its recommendations are expected to call for forest management licences, reforestation programs, grading schedules, fire protection and larger harvesting and production units. With these programs, the mill owner will know that he can work a given area on a sustained yield basis. He will then be free to direct his investment into modern equipment and methods.

Experts in Venezuela predict that forestry management changes will take place within the next two years. Demand for forestry equipment and technical knowledge has already begun to accelerate. Two Canadian "Timberjack" log skidders were sold to one of the larger Venezuelan operators. The purchaser joked that he was having difficulty fending off the competition attempting to get a glimpse of his amazing monsters. In point of fact, the skidders have stretched his three-month logging season to a year-round operation.

MAJOR CANADIAN FOREST PRODUCTS SOLD TO VENEZUELA

	1965	*1966*	*1967*	*(6 mos.) 1968*
		(Cdn.$)		
Newsprint paper	4,154,658	6,257,705	4,911,510	2,756,495
Wood pulp	1,293,888	1,302,570	2,329,047	1,724,157
Writing & reproduction paper	1,233,628	788,488	702,989	370,534
Building paper	49,185	34,331	108,998	42,661
Groundwood printing paper	2,463	59,550	74,834	20,155
Wallpaper, printed	6,715	16,275	40,693	48,079
Wet machine board	13,920	32,122	30,582	14,019
Lumber maple	11,152	25,418	20,294	14,690
Line paper	6,116	12,595	16,889	18,184
	6,771,725	**8,529,054**	**8,235,836**	**5,008,974**
Others	54,331	97,045	56,715	43,059
All forest products	**6,826,056**	**8,626,099**	**8,292,551**	**5,052,033**

CANADIAN FORESTRY EQUIPMENT SOLD TO VENEZUELA

	1965	*1966*	*1967*	*(6 mos.) 1968*
		(Cdn.$)		
Papermakers' felts	294,634	366,622	307,045	148,136
Pulp & paper industry machines and parts	16,892	60,206	45,980	121,300
Chain saws and parts	14,955	13,572	25,281	15,845
Saws, sawmill machinery and equipment and parts	14,619	7,915	—	—
All equipment	**341,100**	**448,315**	**378,306**	**285,281**

Geographical Listing for Exporters

Need Information on Foreign Markets?

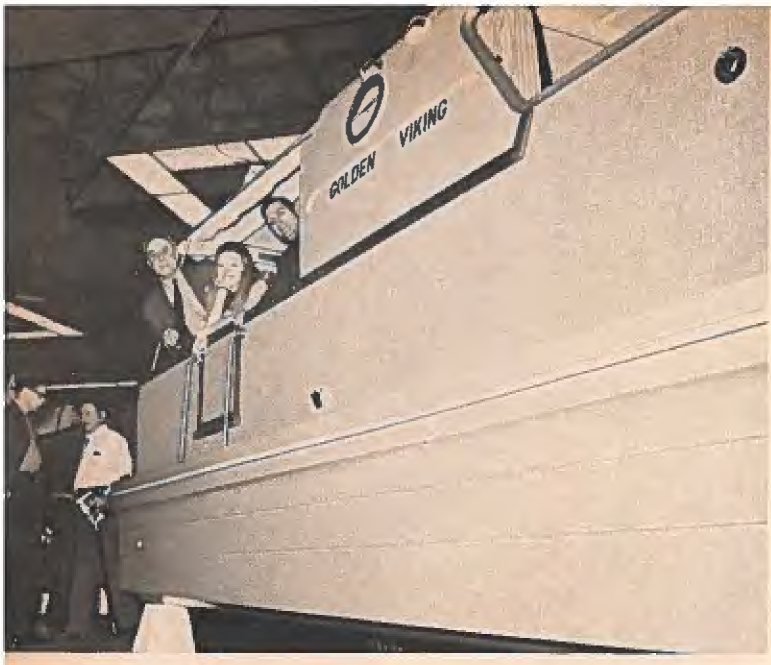
You can get it from the Trade Commissioner posts around the world, or from the Office of Area Relations in Ottawa. This breakdown tells you which TC post and which OAR Division is responsible for the country in which you are interested.

Country	TC Post	OAR Division
People's Republic of Southern Yemen (Aden)	Beirut	Commonwealth
Afghanistan	Islamabad	Asia and Middle East
Albania	Vienna	Europe
Algeria	Paris	Europe
Andorra	Paris	Europe
Angola	Johannesburg	Europe
Argentina	Buenos Aires	Latin America
Aruba	Caracas	Europe
Australla	Sydney, Melbourne and Canberra	Commonwealth
Austria	Vienna	Europe
Azores	Lisbon	Europe
Bahamas	Kingston	Commonwealth
Balearic Islands	Madrid	Europe
Barbados	Port-of-Spain	Commonwealth
Belgium	Brussels	Europe
Bermuda	New York	Commonwealth
Bbutan	New Delhi	Asia and Middle East
Bollvia	Lima	Latin America
Bonaire	Caracas	Europe
Botswana	Jobannesburg	Commonwealth
Brazil	Rio de Janeiro and Sao Paulo	Latin America
Britain	London Liverpool Glasgow Belfast	Commonwealth
Britisb Hondnras	Kingston	Commonwealth
Britisb Solomon Islands	Sydney	Commonwealth
Brunel	Kuala Lumpur	Commonwealth
Bulgaria	Vienna	Europe
Burma	Kuala Lumpur	Asia and Middle East
Burundl	——	Europe
Cambodia	Hong Kong	Asia and Middle East
Cameroun	——	Europe
Canal Zone	Bogota	Latin America
Canary Islands	Madrid	Europe
Cape Verde Islands	Lisbon	Europe
Cayman Islands	Kingston	Commonwealth
Central African Republlc	——	Europe
Ceylon	Colombo	Commonwealth
Chad	——	Europe
Chile	Santiago	Latin America
China, People's Republic of	Hong Kong	Asia and Middle East
China, Republic of (Talwan)	Manila	Asia and Middle East
Christmas Island (Indian Ocean)	Sydney	Commonwealth
Cocos-Keeling Islands	Sydney	Commonwealth
Colombia	Bogota	Latin America
Congo (Brazzavllle)	——	Europe
Congo (Kinshasa)	——	Europe
Cook Islands	Wellington	Commonwealth
Costa Rica	Guatemala City	Latin America
Cuba	Havana	Latin America
Cnracao	Caracas	Europe
Cyprus	Tel Aviv	Commonwealth
Czecboslovakia	Prague	Europe
Dahomey	Lagos	Europe
Denmark	Copenbagen	Europe
Dominican Republic	Santo Domingo	Latin America
Ecuador	Bogota	Latin America
Egypt	(see United Arab Republic)	(see United Arab Republic)
El Salvador	Guatemala City	Latin America

Country	TC Post	OAR Division
Equatorial Guinea	Madrid	Europe
Ethiopia	Cairo	Asia and Middle East
Falkland Islands	Montevideo	Commonwealth
Fiji	Wellington	Commonwealth
Finland	Stockholm	Europe
France	Paris	Europe
French Guiana	Port-of-Spain	Europe
French Oceania	Wellington	Europe
French Somaliland	Cairo	Europe
Gabon	——	Europe
Gambia	Lagos	Commonwealth
Germany	Bad Godesberg, Duesseldorf, Hamburg	Europe
Ghana	Accra	Commonwealth
Gibraltar	London	Commonwealth
Gilbert and Ellice Islands	Wellington	Commonwealth
Greece	Athens	Europe
Greenland	Copenhagen	Europe
Guadeloupe	Port-of-Spain	Europe
Guatemala	Guatemala City	Latin America
Guinea, Republic of	Accra	Europe
Guyana	Port-of-Spain	Commonwealth
Haiti	Santo Domingo	Latin America
Honduras	Guatemala City	Latin America
Hong Kong	Hong Kong	Commonwealth
Hungary	Vienna	Europe
Iceland	Oslo	Europe
India	New Delhi	Commonwealth
Indonesia	Singapore	Asia and Middle East
Iran	Tehran	Asia and Middle East
Iraq	Beirut	Asia and Middle East
Ireland, Republic of	Dublin	Commonwealth
Israel	Tel Aviv	Asia and Middle East
Italy	Rome Milan	Europe
Ivory Coast, Republic of	Accra	Europe
Jamaica	Kingston	Commonwealth
Japan	Tokyo	Asia and Middle East
Jordan	Beirut	Asia and Middle East
Kenya	Nairobi	Commonwealth
Korea	Tokyo	Asia and Middle East
Kuwait	Beirut	Asia and Middle East
Laos	Hong Kong	Asia and Middle East
Lebanon	Beirut	Asia and Middle East
Leeward Islands	Port-of-Spain	Commonwealth
Lesotho	Johannesburg	Commonwealth
Liberia	Accra	Asia and Middle East
Libya	Rome	Asia and Middle East
Liechtenstein	Berne	Europe
Luxembourg	Brussels	Europe
Macao	Hong Kong	Europe
Madeira	Lisbon	Europe
Malagasy Republic	Johannesburg	Europe
Malawi	Nairobi	Commonwealth
Malaysia	Kuala Lumpur	Commonwealth
Mali, Republic of	Accra	Europe
Malta	Rome	Commonwealth
Martinique	Port-of-Spain	Europe
Mauritania, Republic of	Accra	Europe
Mauritius	Johannesburg	Commonwealth
Mexico	Mexico City	Latin America
Monaco	Paris	Europe
Morocco	Paris	Europe
Mozambique (Portuguese East Africa)	Johannesburg	Europe
Muscat and Oman	Beirut	Asia and Middle East
Nepal	New Delhi	Asia and Middle East
Netherlands	The Hague	Europe
Netherlands Antilles	Caracas	Europe
Netherlands Guiana	Port-of-Spain	Europe
New Caledonia	Sydney	Europe
New Guinea (Northeast) and Papua	Sydney	Commonwealth
New Hebrides (British-French Condominium)	Sydney	Commonwealth and Europe
New Zealand	Wellington	Commonwealth
Nicaragua	Guatemala City	Latin America
Niger, Republic of	Lagos	Europe

Country	TC Post	OAR Division
Nigeria	Lagos	Commonwealth
Norway	Oslo	Europe
Okinawa	See Ryukyu Is.	
Pakistan	Islamabad	Commonwealth
Panama and Canal Zone	Guatemala City	Latin America
Paraguay	Buenos Aires	Latin America
Persian Gnlf Area	Beirut	Asia and Middle East
Peru	Lima	Latin America
Phillppines	Manila	Asia and Middle East
Poland	Copenhagen	Europe
Portugal	Lisbon	Europe
Portuguese Guinea	Lisbon	Europe
Portuguese East Africa	Johannesburg	Europe
Portuguese West Africa	Johannesburg	Europe
Puerto Rico	——	United States
Reunion	Johannesburg	Europe
Rhodesia	——	Commonwealth
Rnmania	Vienna	Europe
Rwanda	——	Europe
Ryukyu Islands	Tokyo	Asia and Middle East
St. Helena	Cape Town	Commonwealth
St. Pierre and Miqaelon	Paris	Europe
Saudi Arabia	Beirut	Asia and Middle East
Senegal, Repnblic of	Lagos	Europe
Seychelles Islands	——	Commonwealth
Slerra Leone	Lagos	Commonwealth
Sikkim	New Delhi	Asia and Middle East
Singapore	Singapore	Commonwealth
Somali Repnblic	Cairo	Europe
South Africa, Republic of	Johannesburg and Cape Town	Commonwealth
Sonth West Africa	Cape Town	Commonwealth
Spain	Madrid	Europe
Spanish Sahara	Madrid	Europe
Sudan	Cairo	Asia and Middle East
Snrinam (Netherlands Gniana)	Port-of-Spain	Europe
Swaziland	Johannesburg	Commonwealth
Sweden	Stockholm	Europe
Switzerland	Berne	Europe
Syria	Beirut	Asia and Middle East
Tablti	Wellington	Europe
Taiwan (Repnbllc of Cbina)	Manila	Asia and Middle East
Tanzania	Nairobi	Commonwealtb
Thailand	Bangkok	Asia and Middle East
Togo	Accra	Europe
Tonga	Wellington	Commonwealth
Trinidad and Tobago	Port-of-Spain	Commonwealth
Trucial States	Beirut	Asia and Middle East
Tunisla	Berne	Europe
Turkey	Athens	Asia and Middle East
Turks and Caicos Islands	Kingston	Commonwealth
Uganda	Nairobi	Commonwealth
United Arab Repnblic	Cairo	Asia and Middle East
United Kingdom	(see Britain)	(see Britain)
Unlted States	Washington Boston Chicago Cleveland Dallas Detroit Los Angeles New Orleans New York Philadelphia San Francisco Seattle	United States
Upper Volta, Repnblic of	Accra	Europe
U.S.S.R.	Moscow	Europe
Uruguay	Montevideo	Latin America
Venezuela	Caracas	Latin America
Vietnam	Hong Kong	Asia and Middle East
Virgin Islands (U.S.)	——	United States
Western Samoa	Wellington	Commonwealth
Windward Islands	Port-of-Spain	Commonwealth
Yemen	Beirut	Asia and Middle East
Yngoslavia	Belgrade	Europe
Zambia	Nairobi	Commonwealth

Canada at the Cleveland Boat Show



These boats from Canada are just a few that were on display recently at the Mid-America Boat Show in Cleveland, Ohio. The Golden Viking (upper left) is a houseboat cruiser designed and built by Golden Gate Industries, Division of Five Wheels Ltd. of Toronto. A yacht on wheels, it can be used for land camping, highway travel and water cruising. The Hughes 38 (upper right), an attractive offshore racing and cruising yacht, was built by Hughes Boat Works Ltd. of Centralia. The $35,000 sloop accommodates a crew of seven. The Alberg "twenty-two" fiberglass racer-cruiser (lower left), by Douglas Marine Craft of London, provides comfortable quarters for four people. With the mast stepped on the cabin roof, the interior is unobstructed. Ann Sepeija of Toronto, Miss Canada Boating and the hostess at the Canadian exhibit, examines the Delfino hydrojet scooter with two of the fair's visitors. Used and designed for swimming by Mi-Val Canada Inc. of Jonquière, Quebec, it is powered by a five h.p. two-stroke engine and, driven by a turbine jet, it has no propeller.

trade fairs

Trade Fair Calendar

Canada exhibited at

National Association of Homebuilders Convention, Houston, Texas; January 13-17.

Number of visitors: 51,000 (trade only).

Number of exhibitors: 500; 3 foreign firms.

Canadian participation: 1958 to 1969; institutional exhibit.

Products shown: lumber, shingles, plywood.

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

Mid-American Boat Show, Cleveland, Ohio; January 17-26.

Number of visitors: 130,000.

Number of exhibitors: 100.

Canadian participation: first time in 1969; 18 firms.

Products shown: sailboats, power boats, novelty craft, houseboats.

On-site Canadian sales: $230,000.

Estimated future business: $1.1 million over the next year.

For followup, write to: Consul and Trade Commissioner, Canadian Consulate, Illuminating Building, 55 Public Square, Cleveland, Ohio 44113.

SAE Automotive Engineering Congress and Exhibition, Detroit, Michigan; January 13-17.

Number of visitors: 26,000 in 1967.

Canadian participation: 1967 to 1969, institutional exhibit.

Products shown: auto parts of all kinds.

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

Coming Up

Utrecht Building and Heating Exhibition; Utrecht, Netherlands; April 10-19.

Southern Pine Machinery and Equipment Exhibition; New Orleans, Louisiana; April 12-14.

Solo Apparel Show—Ladies' Outerwear; New York, New York; April 14-18.

Processed Foods Exhibit; Tokyo and Osaka, Japan; April 14-16 (Tokyo) and April 21-23 (Osaka).

London International Engineering and Marine Exhibition and International Welding Exhibition; London, England; April 22-30.

International Fur Fair; Frankfurt, West Germany; April 23-27.

Supermarket Institute Show; Atlantic City, New Jersey; May 11-14.

Salon International de l'Aeronautique et de l'Espace; Paris, France; May 29-June 8.

Solo Apparel Show—Ladies' Outerwear; New York, New York; June 1-13.

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

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

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

All types of automotive parts were exhibited at the Society of Automotive Engineers Congress held recently in Detroit. Here is part of Canada's institutional display which included aluminum rims, car seats, head rests and seat belts.

Household Appliances in the Delaware Valley

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

■ The manufacturer who wants to sell household appliances in the Delaware Valley—the 14-county area surrounding Philadelphia—first needs the answers to a number of specific questions. From what types of outlets do people normally purchase major and "traffic" (small) appliances? How should the selling be done, directly or through local representatives? What about servicing? These are but a few of the many questions that he should investigate.

Generally speaking, the marketing of appliances in the U.S., particularly the smaller types, is both a highly competitive and a fluctuating business. Customers are always looking for something unique for the person who "has everything" and as a result, appliances that have little utilitarian value sometimes sell quite well. On the average, people in the U.S. are more affluent than in Canada but their tastes are much the same.

Factors in Marketing

Three factors appear to influence the marketing of appliances in the Delaware Valley area, as elsewhere in the United States. These are:

1. The gradual lowering of the prices of appliances with increased competition and greater efficiency of production. In 1965 the price index for appliances was 89.2 compared with the base 1957-59 equals 100. Prices largely determine saleability but lowering the price also trims profit margins. And when a new appliance is successfully marketed, it is not long before other companies put a competing product on the market. This is particularly true of the giants in the industry.

2. Consumers in the United States are brand-conscious and this holds true in the appliance industry. It is more pronounced in the rural areas, where consumer tastes tend to be more conservative and where there is less exposure to the discounters. In the larger urban areas, brand loyalty is less. There, particularly with small appliances at the right price, a firm should be able to sell any product, even though the potential may look relatively small.

3. The third factor that enters the picture is "book lines"—the full range of a company's products. Manufacturers of appliances are anxious to have their dealers handle their full line and dealers prefer to be in a position to offer a broad range of related products. It means that they can usually make higher profits than they do by selling broken lines. For this reason, dealers are reluctant to experiment with an unknown product. The customer is also more likely to buy a related product if he has had a good experience with the dealer and with the branded product that he bought previously.

Servicing a Must

A major problem for any company selling appliances is servicing. Some of the industry's giants maintain factory branches where they do their own servicing. The majority prefer to work through independent service organizations or distributors whose personnel are factory trained. This provides a more workable arrangement with better customer contact than the alternatives—that is, service at factory or factory branch—and relieves the manufacturer of providing service facilities himself.

Methods of Marketing

There are three generally accepted means of selling appliances in the U.S. The most common is through a distributor, who normally stocks the machines and parts and, in addition, services them on behalf of the manufacturer. Approximately 90 per cent of all domestic "traffic" appliances in this market are sold through distributors, including the products of the industry's giants. Because distributors perform the important functions of stocking, distribution and service, retail outlets prefer to purchase from them. A large sales volume is generally achieved through many small dealers. Domestic major or, as they are sometimes known, "white goods", are normally also sold through distributors.

The second sales method is to choose an agent. He generally does not maintain a stock nor does he service the products. His function is to take orders and in some cases to arrange for servicing. Occasionally, however, he may carry a small inventory. More often than not, however, shipments are made directly from the factory to customer.

The third method is to sell directly to a retailer. Smaller manufacturers generally do this although some find they can reach the market best through an agent. Most foreign manufacturers of major appliances sold in this market deal directly with firms at the retail or discount level. A few work through agents but these are the exceptions to the rule. With less competition in white goods than in traffic appliances and because more investment is required, there are fewer outlets for the sale of these appliances. To service them a servicing agent is normally retained whose personnel are trained at the manufacturer's plant.

Many small domestic manufacturers also deal directly with retailers and discounters and do their own servicing. As long as they remain small, they are able to carry out almost any type of arrangement. A company can, however, become too large for this and may eventually have to consider a distributorship for its products.

Foreign manufacturers of traffic appliances generally find that they are unable to afford a distributor and still be competitive. Initially at least, the best method appears to be for the company to sell directly to a few accounts using its own sales force. Once it becomes firmly established with several good accounts, it may want to consider the appointment of an agent. This does not necessarily preclude the possibility of thinking about a distributor and making approaches to several of them.

Discount Outlets

Approximately ten years ago the entry of "discounters" was a major factor contributing to the increased competitiveness of this market. Today many of these discount firms have organized along departmental lines and expect each department to show a profit. As a result, they tend to shy away from the traditional "loss leaders", a policy which originally helped to establish their position in the market.

Appliance discount houses, another type of outlet, normally sell nothing but electrical appliances. They buy either from a local distributor who is willing to go short on his margin in order to achieve volume, or directly from the factory.

Getting Approval

Although Underwriters Laboratories (UL) approval is not mandatory for selling in this area, it is highly recommended that an appliance carry this seal of approval. Both dealers and customers generally look for it as confirming that a particular appliance measures up to accepted standards. CSA standards are comparable to UL standards in the U.S. but the organization is not known in this area. We therefore recommend that UL approval be sought through Underwriters Laboratories of Canada, 7 Crouse Road, Scarborough, Ontario.

Advertising

All the giants of the appliance industry offer special co-operative advertising arrangements to their distributors and dealers. In our discussions with distributors, we found that these arrangements vary widely, depending primarily upon the merchandise and the particular account and that there is no rule of thumb. Canadian appliance manufacturers would be hard-pressed to embark upon the full-scale advertising usual with the large U.S. companies. However, initially a promotion fund could possibly be worked out with the representative who takes on a Canadian line.

Kennedy Round Reductions

As a result of the Kennedy Round of tariff negotiation at GATT, import duties applicable to appliances entering the United States will be reduced to 50 per cent of the previous rate. This will be done in approximately equal stages between now and January 1, 1972; the first reduction came into effect January 1, 1968, and the second on January 1, 1969. Table II shows the rates both before and after the reductions, as well as the current rates of duty.

Market Potential

The appliances which appear initially to offer the most potential for sales here are vacuum cleaners, fans, gas ranges, both small and large chest-type freezers, and of course, electric kettles which are not made in the U.S. However, with the right price, good quality, and the willingness of the manufacturer to visit Philadelphia

TABLE I

WHERE DELAWARE HOUSEWIVES BUY APPLIANCES

Appliance	*Appliance Store*	*Department Store*	*Discount Store*	*Others and Don't Know*
		(per cent)		
Air conditioner	18.8	10.6	4.3	15.6
Clothes dryer	16.4	17.4	1.8	12.3
Dishwasher	7.3	4.1	1.1	7.9
Electric iron	20.9	27.1	7.7	46.2
Electric mixer	20.4	20.7	3.8	39.7
Electric range	11.1	4.6	1.7	20.8
Electric toaster	18.8	16.8	4.9	56.5
Gas range	12.7	13.4	1.7	33.2
Household freezer	7.8	9.0	1.0	10.0
Power lawn mower	3.8	20.1	1.5	19.5
Refrigerator	43.3	23.t	4.8	27.7
Television set	80.9	33.5	13.1	37.0
Vacuum cleaner	26.6	27.5	3.9	2t.1
Washing machine	30.4	34.t	3.4	17.9

There were 1.8 million households in the area surveyed.

Source: Sindlinger & Company, Inc., market analysts, in a survey made in 1968 for the Philadelphia Inquirer.

TABLE II

DUTIES ON IMPORTS OF APPLIANCES INTO THE UNITED STATES

Classification No.	*Description*	*Before Negotiations*	*Currently*	*Final in 1972*
66t.35	Refrigerators and refrigerating equipment, whether or not electric, and parts thereof.	10.5%	8%	5%
	Vacuum cleaners, floor polishers, fruit grinders and mixers, juice extractors and other electro-mechanical appliances, alt the foregoing with self-contained electric motors, of types used in the household, hotels, restaurants, offices, schools, or hospitals (but not including factory or other industrial appliances or electro-thermic appliances) and parts thereof:			
683.30	Vacuum cleaners, floor polishers, and parts thereof.	13.75%	11%	6.5%
683.32	other.	12%	9%	6%
684.20	Toasters, waffle irons, skillets, ovens, stoves, coffee makers, and other portable electro-thermic kitchen and household appliances.	17%	13.5%	8.5%
	Other:			
684.30	Cooking stoves and ranges, and parts thereof	8%	6%	4%
684.40	Furnaces, heaters, and ovens, and parts thereof.	10%	8%	5%
684.50	other	11.5%	9%	5.5%

—both to assist in the establishment of a market and also to consolidate his position after any initial success—chances are that there could be a demand for other types of Canadian appliances. This is particularly true if the product is somewhat but not completely unique.

A Canadian manufacturer who wishes to sell his appliances in this market should first contact this Consulate. Our address is: Consul and Trade Commissioner, Canadian Consulate, Suite 300, Three Penn Center Plaza, Philadelphia, Pennsylvania 19102. At the same time, he should furnish us with one dozen brochures describing his products and an equal number of price lists quoted in United States funds, duty-paid delivered in Philadelphia. We will then discuss with experts (including buyers from the major stores in this area) the salient points (including price, quality, and styling) of the manufacturer's products and report the results to him. If initial contacts appear promising, he should be prepared to make a personal visit.

Because American buyers usually expect to know the laid-down cost in U.S. dollars at some major point in this country, you should be prepared to quote duty-paid delivered prices. You should also give your customers the option of purchasing at f.o.b. plant prices. U.S. Customs has indicated that where the purchaser has this option, freight charges are not under normal circumstances regarded as a dutiable charge. It is also recommended that the amounts for freight, duty, insurance, brokerage, etc., be shown separately on the sales invoice. Assistance in calculating these prices and in establishing the duty which will apply can be obtained from the United States Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, Ontario.

Recently a Canadian manufacturer of traffic appliances sold a product to several local department stores and he expects to get repeat orders. A representative of the firm did the actual selling and we helped by making appointments with the buyers.

We in Philadelphia want to do all that we can to assist other Canadian appliance manufacturers too if they can offer products at competitive prices in this highly competitive market.

Clothing, Textiles, Foundation Garments in Switzerland

ODETTE VOULICH
Commercial Assistant, Berne

■ Swiss clothing manufacturers produce garments that are well-known for their high quality and elegance and which follow closely the international fashion trend. In recent years fashion has played an increasingly important role in outerwear, following the lead and influence of the French and Italian couturiers and, more recently, the trend set by the young British designers. Manufacturers have had to adapt and modify their production programs to cater to a more sophisticated buying public. They must take into account the traditional as well as the latest fashions to satisfy all age groups and to please all tastes. This applies to men's clothing too, especially in the last two years when men's fashions have suddenly reflected revolutionary ideas in styles, fabrics and

Some Retail Prices in Switzerland

	Cdn.$
Women's woollen sweater, long sleeves	4.87
Women's sweater shetland wool, long sleeves	6.12
Women's short-sleeve sweater 70 per cent lambswool, 20 per cent angora, 10 per cent nylon	4.25
Women's slip, nylon with lace	1.50
Sweater orlon—ten-year-old child	4.40
Woollen caps	1.25
Nylon windbreaker with hood, quilted and water-repellent—six-year-old child	6.87

Sizes Used in Switzerland

Children's Clothing

Age	Size	Age	Size
½	80	8	128
1	86	9	134
2	92	10	140
3	98	11	146
4	104	12	152
5	110	13	158
6	116	14	164
7	122		

The size is based on the approximate total height of the child in cm., e.g.: size 80 (cm.) = 32″ (1 inch = 2½ cm.)

Women's dresses (standard sizes)

Switzerland	U.S.	Italy	France
36/ 9	12	40/ 6	38
38/11	14	42/ 8	40
40/13	16	44/10	42
42/15	18	46/12	44
44/17	20	48/14	46
46/19	22	50/16	48
48/21		52	50

Men's Undergarments

Switzerland	U.S.
5	34
6	36
7	38
8	40
9	42
10	44

colors. Brightly colored military tunics, satin and brocade Regency jackets, Indian-tunic style jackets, ruffles, flowered and embroidered shirts were enthusiastically adopted by the young set.

At the beginning of each season the Swiss consumer expects to be able to buy the latest styles in ready-to-wear clothing "off the peg". Department stores throughout the country are aware of the significance of fashion in increased potential sales volume and the need to be prepared to meet the demands of exacting Swiss customers. To achieve this, the stores place their orders at least six months before the beginning of each season: in April for autumn and winter and in October for spring and summer. Switzerland's main suppliers of garments, not including knitwear, in 1967 were (in millions of Canadian dollars):

West Germany	24.5
France	15.6
Britain	10.6
Austria	6.07
Italy	5.2
Netherlands	4.07
Belgium/Luxembourg	4.02
Canada	3.25
Hong Kong	3.17
Sweden	2.5

Canadians Are Selling

There is certainly an important market for garments in Switzerland and various Swiss department stores are successfully selling Canadian products. Recently one of the larger stores in Zurich promoted original Canadian men's sportswear at popular prices and 355,000 copies of their catalogue are at present distributed in their various branches throughout Switzerland. This catalogue also features the "telescopic" sleeve developed by a Montreal firm. Through an agreement between the Canadian and the Swiss firm, the telescopic sleeve has been adapted to a ski jacket and a lumber jacket which are now successfully sold in Switzerland. A breakthrough should be possible in women's and teenage garments in both the lower quality and price range or the more expensive special lines for which the Swiss buyers are always on the lookout. Babies' clothing and sleepwear, for example, are also selling well in Switzerland. An Ontario firm is exporting infants' and children's stretch-sleepers and playsuits to Switzerland and through its active Swiss agent these goods are sold to various department stores where they are successfully displayed.

The Swiss Industry

Knitwear—In 1967 the knitwear industry in Switzerland—which employs about 13,000 people in some 230 enterprises—once again operated at peak capacity. But there are limits to the increase in output and production because of its dependence on a substantial amount of handwork that can be automated only to a limited extent. Imports of knitwear in 1966 amounted to Cdn.$57.2 million and rose to Cdn.$70.7 million in 1967. Switzerland's main suppliers of knitwear in 1967 were (in millions of Canadian dollars): Italy 16.5, West Germany 13.6. Britain 9.9, France 9.7, Austria 6.8, Hong Kong 4.5.

Textiles—Goods of the highest quality are turned out by Swiss textile factories which keep constantly ahead of the latest fashion trends. About 870 firms, mainly located in northeastern Switzerland, employ some 66,000 people in plants which are equipped with very modern machinery, mostly of Swiss origin. Textiles are one of Switzerland's main exports but here again there is a market for imported special lines and novelties.

Silk and Manmade Fibers—Silk manufacturing goes back to the 17th century and the country now produces about 1,000 tons of thrown yarns each year and uses more than 35,000 twisting spindles. The production of viscose-based fibers started around 1966 and today averages about 24,000 tons of manmade fibers a year. These are used for weaving, ribbon manufacturing, knitwear, millinery braid. and for industrial purposes, such as tire casings. The weaving of silk and chemical fibers which flourishes around Zurich has an annual average output of approximately 22 million

The author of this article, seen on the left, discusses with a Swiss salesgirl in a Berne department store sleepwear for babies made by an Ontario firm. The doll in the center of the picture is also wearing a mini-sized sleeper. The company depends upon an active Swiss agent to push its sales.

yards, of which a considerable amount is exported.

Cotton Fabrics—Switzerland has a well developed cotton industry with an average annual output of more than 39,000 tons to a value of several hundred million Swiss francs. These yarns are mainly used by the local weaving mills which produce some 160 million yards of material each year. An extremely wide range of color-woven, printed or plain fabrics is manufactured. The Swiss cotton fabric manufacturers are able to offer collections of high quality goods that are always "in" both in design and color, thanks to their keen fashion sense and the close contacts they maintain with world fashion centers. Switzerland's exports of cotton fabrics amounted to Cdn.$43.5 million in 1967 and imports reached Cdn.$20.1 million. Cheaper cotton fabrics are imported in large quantities from the Far East.

Woollen Fabrics—A wide variety of specialties in woollen fabrics is manufactured in Switzerland. Before World War II production was absorbed mainly by the domestic market but the quality has improved so much in the past twenty years that woollens from Switzerland now easily compete with the largest traditional exporting countries in foreign markets.

Foundation Garments

To break into this market with high class and expensive foundation garments demands extensive advertising campaigns. Foundation garments are continually advertised in all kinds of newspapers and magazines and lately also on TV. Some dozen trademarks have become household words. Women who are prepared to pay a higher price for a foundation garment—that is, varying from approximately Cdn. $7.50 upwards for girdles and Cdn. $3.75 upwards for brassieres—will go into a shop with the intention of buying a particular brand, not just any bra or girdle, even if later on they settle for another product which fits them well. Lesser known or unknown products are naturally also on the market and can be bought in large department stores from Cdn.$1.25 up for brassieres and Cdn.$4.00 up for girdles. This spells stiff competition. Switzerland's main supplier of these articles is Austria and imports from that country in 1967 reached Cdn. $2.5 million, followed by West Germany Cdn.$1.1 million, the United States Cdn.$971,398, France Cdn. $756,000, Britain Cdn.$693,909, and the Netherlands Cdn.$461,877. Canada's exports of these articles to Switzerland amounted to Cdn.$118,-993 in 1967. One Canadian brassiere made in Montreal is well known and selling well in Switzerland; the company uses a Swiss agent.

To Bear in Mind

Swiss importers who are prepared to pay a good price for articles attach great importance to the quality and particularly the finish of garments. A child's dress with a hem of no more than one half-inch to lower as the child grows could well mean an order not being placed. The question of meeting the delivery date is all-important too and even if the first consignment which arrives late is accepted, the importer may think twice before placing another order. For some commodities, samples are important and when requested they should be sent as soon as possible and before somebody else with available samples moves in. When submitting an offer, prices should be quoted c.i.f. European port, though in urgent cases garments have to be shipped by airfreight and quotations should also be given for this type of transport. All too often much time is lost in irksome correspondence until these prices are received.

Switzerland offers good possibilities for Canadian exporters who are willing to compete with other countries in quality and with the members of the European Free Trade Association, particularly in price. Exporters with drive and ingenuity who are ready to take trouble to meet the requirements of Swiss importers should be able to find outlets for their products in this relatively small but prosperous country.

Food Processing Equipment in Hong Kong

M. C. J. LEMIEUX, *Assistant Trade Commissioner, Hong Kong*

■ Food processing equipment is not manufactured in Hong Kong and therefore has to be imported. Canada's share of a Cdn.$3 million market in 1967 was almost nil and consequently there is plenty of room for improvement. For details of what types were purchased, see Table I.

In this article, the term food processing equipment includes all commercial and industrial food processing equipment, but excludes domestic equipment.

For the first six months of 1968, imports of this type of equipment totalled approximately Cdn.$850,000, a figure lower than that for the equivalent period of 1967. The decrease in sales of food processing equipment seems to have resulted mainly from the 1967 disturbances, which led to the delaying or cancelling of investments in large capital projects like hotels. The market is picking up again now. The building of a 1,300-bed hospital has been announced and there are projects for building one or two additional hospitals. Construction of a 600-room hotel is under way and should be completed by 1970 and the revival of a 600- to 800-room hotel project was expected to be announced before the end of 1968. The construction of a 1,000-room hotel-casino project in Macao has been revived after a long period in abeyance.

These new hospitals and hotels and other new institutional buildings will require a large volume and a large variety of food processing equipment. The fact that this type of equipment, because it is in constant use, requires regular replacement makes the present and future opportunities even more promising.

Furthermore, the expansion in the tourist trade that the Colony is experiencing means an increase in the number of restaurants. The number of tourists from the Far East, excluding Japan, went up 50 per cent in August of this year and the number of U.S. tourists for the same month rose 13.3 per cent. This rise in the number of visitors, coupled with the increase in the population, resulted in the establishment of 110 new registered restaurants in the first six months of 1968, bringing the total to 1,954. Add to this the improvement of existing facilities and it is apparent that the market for this equipment is increasing and is bound to expand even more.

The previous figures dealt mainly with commercial equipment but the situation is the same for industrial machinery. In 1967 ten new food products plants were established here to bring the total to 516. Two new beverage companies in addition to the 26 existing plants were also granted operating licences. These new firms usually require a complete processing system.

The main competitors in selling this type of equipment in the Colony have changed little during the past five years; for details, see Table II.

There does not seem to be any satisfactory reason for the tradition of buying mainly from the four countries listed in Table II. Importers have told us that when the price is competitive, there is no preference in trademarks. Nevertheless, there seems to be a natural acceptance by local consumers of British products. U.S. products are usually well advertised and the credit terms offered are excellent. Local importers like to brag about the special credit terms they get from "America". The strong position of Japan in the Hong Kong market is strictly the result of competitive prices, although credit terms were also mentioned when Japanese merchants were referred to. Germany's food processing equipment is usually specialized in nature, as Table III shows.

TABLE I

IMPORTS OF FOOD PROCESSING EQUIPMENT INTO HONG KONG 1967

Product	*Value (Cdn.$)*
Bakery, sawing, chopping, crushing, cutting, grinding, mixing, peeling and slicing equipment and parts	129,820
All equipment for treating materials with heat or cold	1,744,333
Machinery for cleaning or drying bottles or other containers	40,695
Machinery for filling, closing, sealing, capsuling or labelling bottles, cans or other containers, and packing and wrapping machines	705,650
Machinery for milling grain	84,825
Weighing machinery	159,700
Automatic vending machines	14,490
Total	2,879,513

TABLE II

MAIN SUPPLIERS OF FOOD PROCESSING EQUIPMENT, 1967

Countries	*Value (Cdn.$)*	*Per cent of total imports*
United States	1,124,525	39
Britain	550,000	19
Japan	443,500	15
Germany	409,640	14

Steps to Take

If you are manufacturing any equipment for food processing and if you are interested in finding out whether your products can compete with those from Britain, the United States, Germany and Japan, we suggest that you take the following steps:

1. Write to us and tell us about your desire to export here.

2. Send us promotion material—catalogues, pictures or designs of your products—so we can talk intelligently about them and attract the attention of potential importers.

3. Send us an export price list showing both f.o.b. Canadian port and c.i.f. Hong Kong prices so that we can find out whether your products are competitive.

4. Give us your opinion of the type of representation that past experience has shown to be best for you. Do you believe a general agent could represent you or should we look for someone with a good mechanical background, with servicing facilities, etc.? For government tenders, agents are a must in the Colony; otherwise, your firm will have to register with the Crown Agents for Overseas Governments and Administrations in England, 4 Millbank, London, S.W. 1.

5. When you have appointed an agent or distributor for your equipment, give him all possible help in his publicity campaign.

6. Come for a combined pleasure-business trip, as many Canadians do, to check on and/or stimulate your representative here. Come and find out for yourself why certain products are doing well while others are not moving. As you know, the way of life is different in Asia and sometimes certain types of equipment have to be modified to become acceptable.

TABLE III

MAIN SUPPLIERS OF FOOD PROCESSING EQUIPMENT TO HONG KONG BY CATEGORY, 1967

Category	*Main Supplier and Per Cent of Market*	
Bakery, sawing, chopping, cutting, grinding, mixing, peeling and slicing equipment, and parts	Germany	38
	Britain	23
All equipment for treating materials with heat or cold	United States	46
	Britain	20
Machinery for cleaning or drying bottles or other containers	United States	49
	Britain	29
Machinery for filling, closing, sealing, capsuling or labelling bottles, cans or other containers, and packing and wrapping machines	United States	38
	Japan	27
	Germany	23
Machinery for milling grain	Germany	85
Weighing machinery	Britain	43
	United States	17
Automatic vending machines	United States	84

Markets in Brief

GREECE

Area: 50,550 square miles, of which approximately 10,000 represent the combined area of the Greek islands.

Population: 8,700,000 (1967 estimate).

Climate: warm and dry throughout the greater part of the year. In the Athens area temperatures rise to 95 or even 105 degrees from mid-June to mid-September.

Language: Greek; English and/or French are spoken by senior government officials and by many members of the business community. Business correspondence can be conducted in English or French with most firms.

Currency: drachma; one drachma equals Cdn.$0.0358 (February 1969).

Foreign exchange and import controls: foreign exchange is available to meet most import requirements. Import restrictions apply to only a few commodities.

Weights and measures: metric system.

Capital: Athens.

Chief ports: Piraeus (the port of Athens and by far the most important), Salonika, Patras, Volos, Cavalla, Candia (Crete).

Marketing centers: Athens-Piraeus metropolitan area (population 1961) 1,800,000, Salonica 378,000, Patras 95,000, Candia 70,000, Volos 67,000, Cavalla 44,000, Rhodes 27,000.

Economy: basically agricultural although emphasis is now on industrial development. Large aluminum and petrochemical complexes have recently begun production. Mining, fishing and forestry are also being developed.

Total Greek imports: 1967—U.S.$1,134 million.

Chief imports: (U.S.$ million) 1967—consumer goods 363.1, machinery and equipment 204.9, foodstuffs 164.5, industrial raw materials 131.0, petroleum products 84.2, iron and steel 70.9, transportation equipment 46.2.

Chief suppliers: (U.S.$ million) 1967—West Germany 224, Italy 123, Britain 109, United States 100, France 94, Netherlands 43, Benelux 42, Sweden 36, Japan 32, U.S.S.R. 37, Yugoslavia 30.

Value of imports from Canada: 1967—Cdn.$8.6 million; 1966—Cdn.$9.6 million.

Chief imports from Canada: (Cdn.$'000) 1967—aluminum 1,077, sulphur 1,026, wood pulp 897, seed potatoes 890, telephone equipment 756, asbestos 448.

Total Greek exports: 1967—U.S.$495 million.

Chief exports: (U.S.$ million) 1967—tobacco 125, aluminum 24, sultanas 19, currants 18, olives and olive oil 25, fresh fruits 30, raw cotton 36, textiles and yarns 15.

Chief markets: (U.S.$ million) 1967—West Germany 78, United States 65, Italy 49, France 46, U.S.S.R. 30, Yugoslavia 27, Britain 25.

Value of Canadian purchases: 1967—Cdn.$3.5 million; 1966—Cdn.$1.8 million.

Chief Canadian purchases: (Cdn.$'000) 1967—cotton yarn 934, olives 335, cheese 302, olive oil 270.

Prices: quote in U.S. dollars, c.i.f. Piraeus.

Usual credit terms: many foreign suppliers offer extended credit terms from 30 to 180 days for a wide range of products. Canadian exporters must be prepared to follow suit.

Samples: duty is liable on samples if they have any commercial value. Duty on travellers' samples is payable on arrival but refunded if goods are re-exported.

Visas: none required for Canadians. **Inoculations:** none.

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

Trade agreements: modus vivendi with Canada signed in 1947. Greece became an associate member of the European Economic Community on November 1, 1962.

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

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

Commercial Counsellor, Canadian Embassy, 31 Vassilissis Sophias Avenue, Athens 138, Greece.

MEXICO

Area: 762,500 square miles, about one-fifth Canada's size.

Population: 47,200,000 (1968).

Climate: varies from tropical in the coastal plains to temperate in the central plateaus.

Language: Spanish; sales literature in Spanish preferred.

Currency: peso; fixed rate, U.S.$1.00 equals 12.50 pesos. One peso equals Cdn.$0.0858 (February 1969).

Weights and measures: metric system.

Electric current: 110-125 volt, 50 cycle, three phase in Mexico City; 60 cycle throughout rest of Mexico.

Capital: Mexico City; altitude 7,300 feet.

Main entry points: on Pacific Coast—Guaymas, Manzanillo, Mazatlan, Acapulco; on Gulf of Mexico—Tampico and Veracruz; at U.S. border—Matamoros, Nuevo Laredo, Piedras Negras, Ciudad Juarez, Mexicali, Tijuana.

Marketing centers: Mexico City (population 1968) 6,853,000, Guadalajara 1,210,000, Monterrey, 1,157,000, Puebla 441,000, San Luís Potosí 261,300, Mérida 237,400.

Economy: principally an agricultural country producing grain, livestock, industrial crops, fruit, vegetables. Considerable industrial development in progress, which Government actively encourages. Mining is important, particularly base metals and precious minerals.

Total Mexican imports: 1967—Cdn.$1,876.8 million; 1966—Cdn.$1,733.6 million.

Chief imports: (per cent) 1967—machinery, electrical equipment and transport material 50.7; chemical products 13.1; basic metals 9.5; mineral products 4.8; newsprint paper and raw materials 4.0; scientific equipment and instruments 3.3; textiles 3.2; plastic resins and rubber 3.1; foodstuffs and livestock 3.0.

Chief suppliers: (per cent) 1967—United States 62.8, West Germany 7.5, Japan 4.3, France 4.2, Britain 3.8, Canada 2.5, Sweden 2.2.

Value of imports from Canada: 1967—Cdn.$49.2 million; 1966—Cdn.$52.1 million.

Chief imports from Canada: (Cdn.$ million) 1967—newsprint paper 10.1, railway rails 6.7, asbestos fibers 4.7, automotive parts 2.7, wood pulp 2.2, aluminum 1.6, railway track material 1.5, dairy cattle 1.3, plastic and synthetic rubber 1.3, agricultural machinery 1.0.

Total Mexican exports: 1967—Cdn.$1,186.6 million; 1966—Cdn.$1,255.7 million.

Chief exports: (per cent) 1967—foodstuffs 43.8; raw materials, including cotton 32.0; manufactured products 10.3; chemical products 5.9; mineral lubricants 4.0; machinery, tools and electrical material 2.6.

Chief markets: (per cent) 1967—United States 62.9, Japan 6.9, France 4.7, Switzerland 4.6, Canada 2.8, West Germany 2.1, Chile 1.4, Italy 1.4.

Value of Canadian purchases: 1967—Cdn.$29.5 million; 1966—Cdn.$33.5 million.

Chief Canadian purchases: (Cdn.$ million) 1967—fresh tomatoes 6.7, raw cotton 4.1, green coffee 2.5, fluorspar 2.0, frozen strawberries 1.9, baler twine 1.0, mercury .8, cantaloupes and muskmelons .8, oranges and tangerines .7, shrimps .6, peanuts, green .5.

Prices: quote in U.S. dollars c.i.f. or c. and f. the nearest border point of entry.

Usual credit terms: sight up to 180 days.

Samples: permitted entry under bond or treated as normal imports if of commercial value, otherwise free. Some samples prohibited entry without payment of duties, such as canned foodstuffs and finished consumer goods.

Visas: tourist card for survey of market only. Otherwise business visa required. **Inoculations:** none required if proceeding from Canada.

Transportation: regular flights from Vancouver, Calgary and Montreal-Toronto. Sailings from West Coast ports. East Coast schedules temporarily suspended. Road and rail facilities available.

Trade agreements: most-favored-nation agreement with Canada. Member of LAFTA and exchanges certain preferences with LAFTA countries.

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

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

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

Commercial Counsellor, Canadan Embassy, Apartado 5364, Mexico 5, D.F. Telex: 017716.

trade lines

Chilean timber exporters receive incentives

Chilean timber exporters have recently received a series of production and export incentives to strengthen the timber industry and initiate the expansion of sawmills. They include a 20 per cent reduction in railway rates, a new State Bank credit line for the purchase of oxen for logging, and improved Central Bank procedures for discounting production bills—Santiago.

French company set up for semiconductor activities

SESCOSEM, a new company combining the semiconductor activities of the Compagnie Générale de Télégraphie sans Fil (CSF) and the Thompson-Houston Company, has recently been formed in Paris. It will have a turnover valued at Fr.135 million, making it one of the most important semiconductor businesses in Europe—Paris.

Two Swedish auto manufacturers merge

Two of Sweden's three main automobile manufacturers merged in December 1968 to form Saab-Scania AB in an effort to pool their R and D resources. The new company will have an estimated turnover of U.S.$5.6 million in 1969. There will be no changes in their factories and Scania will continue to market Volkswagen and Porsche cars in Sweden—Stockholm.

Greek state and state agency purchases merged

The Greek Government is rapidly proceeding with the consolidation of all purchases of Greek state and state agencies under one agency and one unified program. It is expected that this program will be put into effect shortly—Athens.

Chile exports cement to Brazil

Chile has recently exported 5,000 metric tons of Portland cement to Brazil. This first shipment is expected to lead to substantially larger ones both to Brazil and Argentina. Chile's annual export capacity of Portland cement is 200,000 tons, based on the production of three plants which use slag from Chile's major steel mill—Santiago.

Hovercraft service planned for Jamaica

Denny Hovercraft Ltd. of Nottinghamshire, England, will provide hovercraft service linking Kingston to the Palisadoes airport early in 1969. A 95-passenger craft will make the trip in ten minutes; a single trip will cost seven shillings—Kingston.

Rotterdam handles more ships

The port of Rotterdam registered 32,000 ocean-going vessels in 1968, the highest in its history; in 1967 the figure was 30,671 and in 1966, 28,352—The Hague.

Air Canada becomes partner in Air Jamaica

Air Canada is to be the new partner and technical advisor for the operations of Air Jamaica 1968. The new company will purchase two DC-9 and one DC-8 aircraft to continue its daily return service to New York and twice daily return service to Miami. BOAC was Air Jamaica's first partner—Kingston.

Holland gets automated air traffic control center

A consortium of three electronic firms—Plessey Radar of Britain, A.E.G. Telefunken of West Germany, and Thompson-C.S.F. of France—will build Europe's first completely automated air traffic control center at Maastricht, the Netherlands, at a cost of some £5 million (Cdn.$12.8 million). When completed in 1972 it will provide air traffic services for the upper air space (heights over 25,000 feet) of the Benelux countries and West Germany. The center will be known as the Maastricht Automatic Data Processing and Display Sytem (MADAP). Eurocontrol, the European air navigation safety organization which placed the order, said the center would make a major contribution to the rapidly developing traffic problems in the London-Paris-Frankfurt triangle—The Hague.

Paraguay continues with power project

The first stage of the hydroelectric plant on the Acaray River is nearing completion, and will provide 45,000 kw. of electrical energy. A second stage will supply another 45,000 kw., thus permitting rural electrification and the establishment of new industries. Plans for the future include facilities to increase the total electrical output to 240,000 kw.—Buenos Aires.

Paraguay plans other projects

The National Development Program of Paraguay includes plans for dredging, marking channels and placing buoys in the Paraguay and Parana Rivers to make them navigable the year round; the modernization of the river ports of Encarnacion and Asuncion, and the building of three modern hotels in Asuncion to help attract more tourists—Buenos Aires.

Paraguay gets IADB loan

The sewerage system in Asuncion is to be expanded with the help of an $8 million IADB loan. This loan will also be used to construct a storm sewer in the city—Buenos Aires.

Ready-to-use concrete produced in France

The ready-to-use concrete technique is beginning to find its place on the French market. French production has increased from 2.2 million cubic meters in 1965 to 5.6 million in 1967. However, this only represents some 9 per cent of French total consumption of concrete and is relatively low compared with British and West German consumption of some 20 per cent —Paris.

Venezuela plans new airport

The Government of Venezuela will build a $90 to $100 million international airport at Maiquetia on land reclaimed from the sea. It will service the main industrial and tourist centers and the first stage will be completed by April—Caracas.

British footwear industry to go metric

British footwear manufacturers will convert to using metric sizes by the fall of 1972. The changes for most manufacturers will only affect size markings and possibly result in fewer size intervals for men's shoes. Under the new system a typical size might be 250/96—that is, a foot measuring 250 mm. in length with a circumference at the ball of the foot (girth) of 240 mm., expressed as a percentage of the length—Liverpool.

Manaus Free Trade Zone helps to develop Amazonia

Since the establishment of the Manaus Free Trade Zone (February 1967) some 1,200 new commercial firms have been formed, creating more than 3,000 jobs. The Zone, with free trade in imports and exports and special tax incentives, is intended to create an industrial, commercial, agricultural and stockbreeding center in the interior of Amazonia (northern region of Brazil, including the States of Amazonas and Para)—Rio de Janeiro.

Venezuela builds cement factory

C.A. Venezolana de Cementos will build a new cement factory which will have a daily production capacity of 2,000 tons. It will help to meet the increasing demand for cement, already at 253 kilos a head, the highest in Latin America—Caracas.

Foreign Tariffs and Trade Regulations

Australia

TARIFF BOARD INQUIRIES—The Australian Minister for Trade and Industry has referred the following subjects to the Tariff Board for inquiry and report as to what level of tariff assistance should be accorded to them: taxi meters; industrial chemicals and synthetic resins; pencils, crayons and chalks.

The Tariff Board will hold public hearings at a future date at which domestic and overseas firms may present briefs in favor of or in opposition to increased protection. For further information, interested firms may contact the Commonwealth Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

Trade Commissioners on Tour

In Territory

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

Barbados—K. G. Ramsay, Commercial Counsellor in Port-of-Spain, Trinidad, will visit Barbados during the week of March 24.

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.

Burma—D. P. Lindores, Acting Commercial Secretary in Kuala Lumpur, Malaysia, will visit Burma March 24-28.

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

French West Indies—K. G. Ramsay, Commercial Counsellor in Port-of-Spain, Trinidad, will visit Martinique and Guadeloupe March 22-28.

Guyana—D. J. McJanet, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Georgetown March 19-21.

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

Windwards—D. Hobson-Garcia, Commercial Officer in Port-of-Spain, Trinidad, will visit St. Vincent, St. Lucia and Grenada March 24-28.

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

Foreign Exchange Rates

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

The mid market rates only are quoted, except when buying and selling rates are specified. The buyi rate is that at which banks purchase exchange from exporters; the selling rate is that at which ban 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: Foreign currency unit in Canadian dollars (February 14)	Value of: Canadian dollar in foreign currency units (February 14)
Algeria		
Dinar	.2167	4.61
Argentina		
Peso (free)	.0031	322.58
Australia		
Dollar	1.199	.8340
Austria		
Schilling	.0415	23.98
Bahamas		
Dollar	1.052	.9506
Belgium and Luxembourg		
Franc	.0214	46.25
Bermuda		
Pound	2.567	.39
Bolivia		
Peso	.0902	10.97
Brazil		
Cruzeiro (official free)	.2741	3.64
Britain		
Pound	2.570	.39
British Honduras		
Dollar	.6425	1.55
Burma		
Kyat	.2255	4.43
Ceylon		
Rupee	.1804	5.54
Chile		
Escudo (bank rate)	.1336	7.48
(free)	.1183	8.46
China, Republic of		
New Taiwan Dollar (official)	.027	37.04
Colombia		
Peso (fixed)	.063	14.95
Congo (Kinshasa)		
Zaire	2.145	.4653
Costa Rica		
Colon	.1621	6.12
Cuba[1]		
Peso	....	....
Czechoslovakia		
Koruna	.1491	6.70
Denmark		
Krone	.1426	6.98
Dominican Republic		
Peso	1.074	.93
Ecuador		
Sucre (official)	.0596	16.50
(free)	.0534	18.45
El Salvador		
Colon	.4295	2.35
Fiji		
Pound	1.233	.81
Finland		
Markka	.2557	3.91
France, Monaco, etc.[2]		
Franc	.2167	4.61
Franco-African Republics[3]		
Franc	.0043	235
French Pacific[4]		
Franc	.0119	84.24
Germany		
D Mark	.2671	3.71
Ghana		
New Cedi	1.051	.95
Greece		
Drachma	.0358	27.93
Guatemala		
Quetzal	1.074	.93
Guyana		
Dollar	.5369	1.85
Haiti		
Gourde	.2148	4.65
Honduras		
Lempira	.5369	1.86
Hong Kong		
Dollar	.1772	5.64
Hungary		
Forint (official)	.0921	10.86
Iceland		
Krona (official)	.0122	81.96
India		
Rupee	.1423	7.02

Country and Currency	Value of Foreign currency unit in Canadian dollars	Value of Canadian dollar in foreign currency units
	February 14	
Indonesia[5]		
Rupiah	....	....
Iran		
Rial	.0142	70.42
Iraq		
Dinar	3.007	.33
Ireland		
Pound	2.570	.39
Israel		
Pound	.3068	3.23
Italy		
Lira	.0017	581.86
Jamaica		
Pound	2.570	.39
Japan		
Yen	.0030	333.33
Kenya		
Shilling	.1526	6.55
Lebanon		
Pound (free)	.3329	3.00
Malaysia		
Dollar	.3508	2.85
Mexico		
Peso	.0859	11.64
Morocco		
Dirham	.2122	4.72
Netherlands		
Florin	.2962	3.37
Netherlands Antilles		
Florin	.5694	1.76
New Zealand		
Dollar	1.203	.83
Nicaragua		
Cordoba	.1534	6.51
Nigeria		
Pound	2.990	.33
Norway		
Krone	.1502	6.64
Pakistan		
Rupee	.2255	4.43
Panama		
Balboa	1.074	.93

Country and Currency	Value of Foreign currency unit in Canadian dollars	Value of Canadian dollar in foreign currency units
	February 14	
Paraguay		
Guarani (free)	.0086	116.28
Peru		
Sol (free)	.0245	41.66
Philippines		
Peso (free)	.2751	3.63
Poland		
Zloty (fixed basic rate)	.2685	3.72
Portugal & Colonies[6]		
Escudo	.0374	26.80
Saudi Arabia		
Riyal	.2066	4.84
Sierra Leone		
Leone	1.503	.66
Singapore		
Dollar	.3508	2.85
South Africa		
Rand	1.503	.66
Spain & Dependencies		
Peseta	.0154	64.25
Sweden		
Krona	.2075	4.81
Switzerland		
Franc	.2483	4.02
Syria		
Pound (free)	.2812	3.55
Thailand		
Baht (free)	.0521	19.19
Trinidad & Tobago[7]		
Dollar	.5392	1.85
Tunisia		
Dinar	2.045	.48
Turkey		
Lira	.1193	8.38
United Arab Republic		
Pound (official)	2.470	.40
United States		
Dollar	1.074	.93
Uruguay		
Peso (free)	.0043	232.55
Venezuela		
Bolivar (official free)	.2392	4.18
Yugoslavia		
Dinar (official)	.0859	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, Cameroons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
4. New Caledonia, New Hebrides, French Polynesia.
5. Because of the complexity of the Indonesian exchange rate system, it is impractical to quote a single representative rate for the rupiah.
6. Approximately same rate for Portuguese territories in Africa.
7. Also used in Barbados, Leeward and Windward Islands.

The Containerization Movement

Italy's Ports Take Up the Challenge

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

■ The use of containers in the Italian trade is still in its infancy but the Italians are now tackling the job in earnest and preparing ambitious plans. A study group, the Centro Italiano Studi Containers (CISCO), has been formed. It is the principal association of private and state agencies promoting containerization in Italy and is backed by the Chambers of Commerce of Genoa, Milan and Turin, and the Genoa Port Authority. CISCO committees deal with various aspects of containerization including port problems, inland terminals for rail and road traffic, documentation and customs, financing and banking. Last year, working with the Genoa Fair authorities, CISCO sponsored the Second International Container Exhibition which attracted 187 exhibitors (123 Italian, 64 foreign) and put on show a wide range of equipment used in handling containers as well as the various kinds of containers themselves. (The site of this exhibition will in future alternate every two years with Hamburg.)

The conference held in conjunction with the exhibition lasted three days. It was attended by 400 people from 15 countries and there were 18 speakers from 11 countries, mostly in Europe. The object was to exchange views and experience in developing containerization by sea, land, road, rail and air.

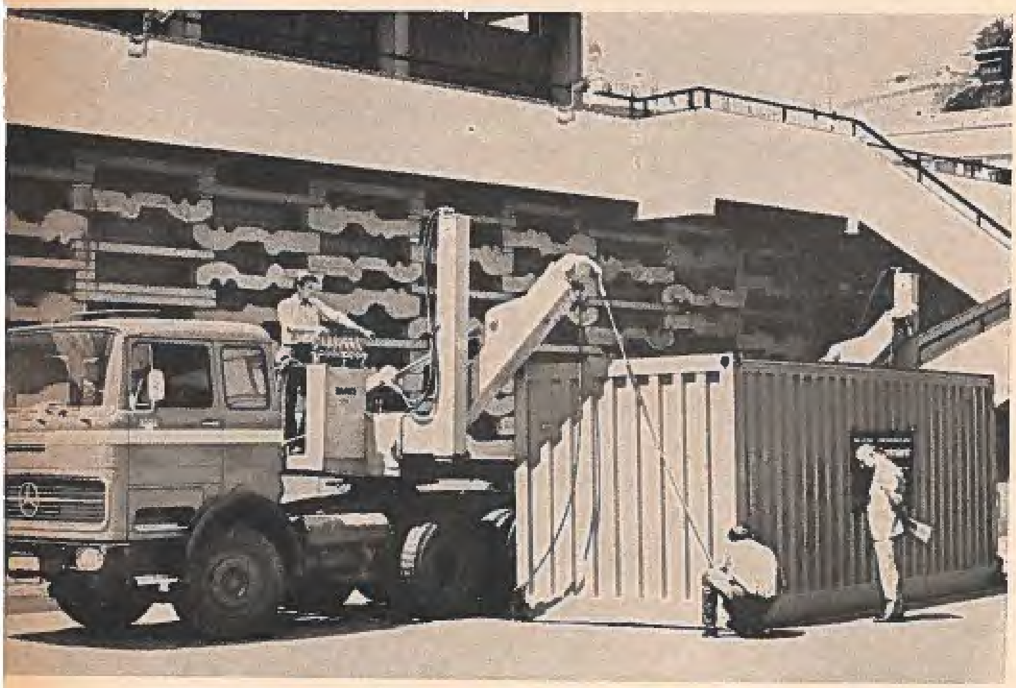
To assist CISCO in its studies and keep it on the right lines, four international consulting firms were asked to research the following questions:

1. What national transport structure would be most readily integrated into the European and Mediterranean area logistic system?

2. In the short term (up to 1973) and the long term (up to 1980), what are the maximum advantages to be got from Italy's strategic position?

3. How can Italy benefit from technological developments in transport services (shipping, ports, roads and railways, distribution centers, and port and inland marshalling yards), bearing in mind the country's geographical position and paying particular attention to the use of ISO containers?

The consulting firms have already presented plans that CISCO will study and develop. Among the most pressing problems are financing and insurance, the revision of obsolete Customs laws and laws covering the conveyance of containers by road, and the lack of inland terminals. Some of these problems are international, some national.



Handling low-volume container traffic economically still poses problems. This picture, which was taken in Italy recently, shows one of the ways to do it.

Customs and Road Laws

The President of the Italian Center for Customs Studies outlined at the Genoa conference some problems arising from the movement of goods in large containers. The present Customs ruling on containers is regulated by the Geneva Convention of May 18, 1956, which Italy ratified on November 3, 1961. Customs laws in most countries have not kept pace with the development of containerization. The Ministry of Finance asked the Center to prepare suggestions for bringing Italian Customs law into line with present-day needs.

A special study group set up by the Genoa Chamber of Commerce studied the advantages of a single document for containerized goods that would serve as a consignment note for the overland journey and as a bill of lading for marine transportation.

It was hoped that new international laws would define the treatment of containers, permitting them to be used within a country (subject to prescribed conditions) as well as in overseas trade.

The General Management of Customs issued an important circular on August 19, 1967. This stated that containers may enter Italy with cargo hy rail wagon and they may, in accordance with existing regulations, continue to the railway station of destination with a cargo list; they may continue to the locality nearest to destination where there is a Customs office by road truck still covered by the cargo list guaranteed by the railway which assumes responsibility that the container will not be opened en route and that it will be presented to the Customs at destination unopened. The operators have already contributed to the system of standardizing containers and are proceeding with the setting up of groupage terminals and inland centers.

The foregoing shows, the circular went on, that Italy is making real efforts to co-operate in devising Customs laws which will result in the least delay in delivering goods from door to door. With such a document as described above, the container, without further controls except for the integrity of its seals, should be able to proceed to its final destination where Customs inspection will be performed; the container which was full when imported may, after emptying, be used within the state for the transport of goods while bringing the container to a place for loading goods for export.

In short, Italy has adopted two procedures: the one just described which is based on the intervention of the State Railways, and the other based on TIR (International Transportation by Road) rules which deal mainly with the entry of full containers.

The law in Italy at present permits transportation by road of containers not more than 20 feet long but doesn't allow the more economical 40-foot containers or pairs of 20-foot ones. This is partly due to the State Railways' fear that too much container traffic might go by road and thus deprive the railways of much-needed revenue. However, efforts are being made to change this law to permit the longer trailers and the greater axle-loading needed to carry larger containers.

Land Facilities

Railroads in Italy now handle a good deal of container traffic but better rolling stock and more suitably equipped terminals are required before the system can develop significantly. German, Belgian, Italian, French, Dutch and Swiss railway managements have been working together to create rapid transit schedules and attractive rates and to develop liner trains similar to those in Britain. The Rotterdam-Milan run and others within Europe are already operating; it is only a matter of time before Italy is equipped to handle this traffic efficiently.

A CISCO study group has been planning a number of collection and clearance centers. Some marshalling yards for containers are already working at the ports, in railway yards and in places where there is substantial road traffic, but these are only the beginnings of a vast network. The problem is deciding which of the many ports and inland sites available would make the best container centers from an economic point of view. Great expenditures will be necessary to provide specialized handling equipment and the large assembly and storage areas needed at the ports in order to serve a large industrial hinterland properly.

There is an overland service from London to Milan (most of the cargo is whisky and chemicals in sacks). The rail terminal at Milan Rogoredo is fully equipped to handle container traffic. The plan is to start a daily container train on the Milan-Florence-Rome-Naples run in the winter when fruit and vegetables are moving in volume from the southern part of Italy to North and Central Europe. The Milan Rogoredo terminal is operated by CEMAT (owned by the State Railways) and various private interests. So far, the traffic is about 20,000 tons a month but it is expected to double within the year. CEMAT's giant Costamasnaga gantry crane can handle 25 containers an hour and straddles six lanes (two rail lines, two truck lanes and two lanes used for stacking and manoeuvring containers). The Rogoredo terminal now covers 40 by 400 meters but will be replaced in the 1970's by a great rail, truck, and Customs center at Seagrate, about 10 kilometers from Milan.

Shipping Connections

Only one line at present operates a service between North America and Italy with cellular containerships but another line with cellular vessels sailing to Northern Europe will extend its service to Italy soon. In the meantime, ships have been adapted to carry containers.

American Export Isbrandtsen Line and Fabre Line provide a container service from the United States to Genoa, Leghorn and Naples and have reduced turnaround time at these ports from 42 to 28 days. Shipping lines with sailings between Italy and Canada/United States/Great Lakes are said to be planning a container service to Montreal for this summer.

Italian lines are expected to order containerships in the near future. Genoa handled 3,500 full containers in 1966 (excluding those in the Sardinian trade) and 5,400 in 1967. North Atlantic traffic totalled 2,800 containers in 1966 and 4,500 in 1967. The number in the Far East trade was 183 in 1966, 265 in 1967 and 109 in the first two months of 1968.

Over 30 ferries of 1,200 tons to 8,000 tons serve ports in Italy and link them to other Mediterranean ports; more ships are planned. They are flexible and most of them take roll-on roll-off containers. Some are being adapted for the big boxes. Roll-on roll-off containers do not make such good use of space on board ship but they do not require the same degree of specialization.

The 123 Italian exhibitors at the recent Container Exhibition proved that Italian firms are well established in the manufacture of equipment for containerization. They are turning out cranes and carriers of all types and sizes, trucks and tractors for moving containers and the containers themselves. The first order for cellular container ships placed with Italian shipbuilders was a contract for two vessels for Bahamas Ocean Development of Nassau of 19,700 tons dead weight. Each will be able to carry 1,200 20-foot containers.

For the facilities at individual Italian ports, see next page.

Containerization in Major Italian Ports

Genoa—Genoa is the most advanced in handling container traffic and will soon begin construction of the large new dock at nearby Voltri and two container terminals. The one at Ponte Libia will be ready early in 1969. It will have a quay length of 400 meters, a depth of 11 meters, a quay area of 14,000 square meters and a backup area to the north of 20,000 square meters. A one-storey warehouse 100 by 25 meters is planned for emptying and filling containers not used for groupage cargo. Tbe pier will be served by three rail tracks. At the start, there will be one 40-45 ton capacity Paceco Vickers crane with a reach of 32 meters seawards and 37 meters landwards. The quay equipment will include four straddle carriers, 15 flatcars and 6 tractors to haul containers within the yard. It will be possible to stack containers three high. There will be five conventional 3- to 6-ton cranes on the quay for unloading and handling general cargo.

The terminal at Nino Ronco is expected to be ready about the end of 1970 or early 1971. The quay length there will be 400 meters and the bottom deptb 12 meters. Initially, the area available will be 65,000 square meters. In the second stage this will be increased to 85,000 square meters in addition to backup areas. The pier will be served by three rail tracks, one of which will service a single-storey warebouse 100 by 25 meters for emptying and filling containers not used for groupage cargo. Probably Italian-made Paceco Vickers 40-45 ton capacity cranes will be used.

Although Genoa is the main base at present for container traffic, otber ports have equally ambitious plans and make impressive claims.

Leghorn—Leghorn is already handling container traffic from tbe United States and elsewhere and considers it has all that is necessary to become one of the main Mediterranean container ports serving Europe and North America. It has a highly developed industrial hinterland producing export goods, road and rail facilities, and adequate space adjacent to the port for distribution services. Its location in the center of the west coast of Italy is considered ideal for a distribution center. It could serve not only Italy but other parts of Europe by rail, autostrada and air (using Pisa airport). Mediterranean ferries operating out of Leghorn act as feeders for ocean-going vessels. One ferry company has a 25,000-square-meter terminal at Leghorn, another has a similar area nearby. A provisional 120,000-square-meter terminal is being built capable of handling one million metric tons of container traffic a year. A U.S. shipping group already sailing to Genoa and Leghorn is building a private container terminal at Leghorn on an area of 100,000 square meters. Other docks for handling and repairing containers are also being planned in the harbor.

Naples—Naples is handling marine container traffic from the United States and Britain on a small scale at present but is being equipped to handle containers by rail when the Milan-Naples liner train service starts. The Naples Smistamento terminal (800 meters from the port) is expected to start operating within the year and will provide direct connections with the rail marshalling yards and easy access to all the autostrade. Operated by SOS SpA, the terminal is being equipped to make up daily express trains to European destinations.

Venice—Venice claims that it can adapt its port to handle container traffic with relatively simple alterations. It further claims to have more land at its disposal near piers than any other major Italian port. It may surprise people who think of Venice only in terms of canals and gondolas that the port serves a highly industrialized hinterland with a dense population. It is well connected by rail, road, air and inland waterways.

The Port Authority plans a container terminal at two piers in the commercial sector of Porto Marghera. It will include 34,000 square meters of open storage at the base of one pier to hold 320 roll-on roll-off containers, four access roads and additional space for storage nearby.

A 78,000-square-meter open storage zone on the other pier is to take 280 containers on a single level and 322 containers of the roll-on roll-off type. The service area is to have open space on the perimeter of the pier 28 meters wide and running 250 meters along the length of the pier, plus 25,000 square meters of road surface for access and movement. In this zone there will be a warehouse 100 by 50 meters for loading and unloading freight and there will be a rail link to eight warehouses at the Lombardia wharf. A refrigerated warehouse and an airconditioned warehouse are also planned for one of the piers. The total project covers an area of 154,00 square meters.

Trieste—Trieste is making good progress with a container terminal and a pier with about a mile of wharfside which is claimed to be the longest single pier in Europe. Between 20 and 25 per cent of freight to and from Mediterranean and Arab countries passing through Trieste could be containerized. The port also hopes to expand its traffic in fruit and vegetables from the Mediterranean to North and Central Europe by using containers. Private and state agencies are promoting a large terminal (STIMAT) capable of raising the throughput of produce from 100,000 to about one million tons a year. A Trieste port survey indicates that Arab countries import a number of products suitable for container shipment including lumber, textiles, iron, steel, electrical equipment and machinery. Israel imports large amounts of mercbandise from West Germany, Switzerland, Austria and the Netherlands and is increasing its purchases of chemicals, pharmaceuticals and textiles from Eastern Europe. Much of this could move in containers through Trieste. The proportions of traffic through Trieste in containers in the future could be: Algeria 30 per cent; Saudi Arabia and neighboring countries 40 to 45 per cent; Greece 15 to 20 per cent; Israel 10 to 20 per cent; Lebanon 20 per cent; Malta 7 to 10 per cent; Morocco 25 to 30 per cent; Syria 7 to 8 per cent.

The STIMAT project was developed by private and state agencies including Shell, Fiat, Finsider, Banco Nazionale del Lavoro, Breda and Rivalta Scrivia SpA. Its major aim is to provide a cheap way to market the produce of South Italy and Sicily and, later, of Mediterranean and Arab countries with large exports of agricultural products. The plans call for building dozens of small shallow draft containerships (in the 100-ton and 250-foot range) capable of loading at virtually all the small ports in South Italy near growing sites. Tbe use of containers for shipments to Australia and the Far East is expected to develop in the future.

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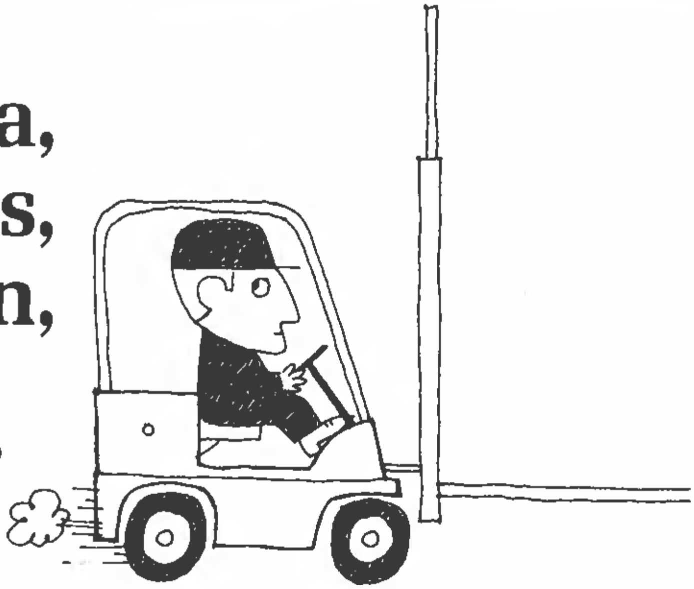

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