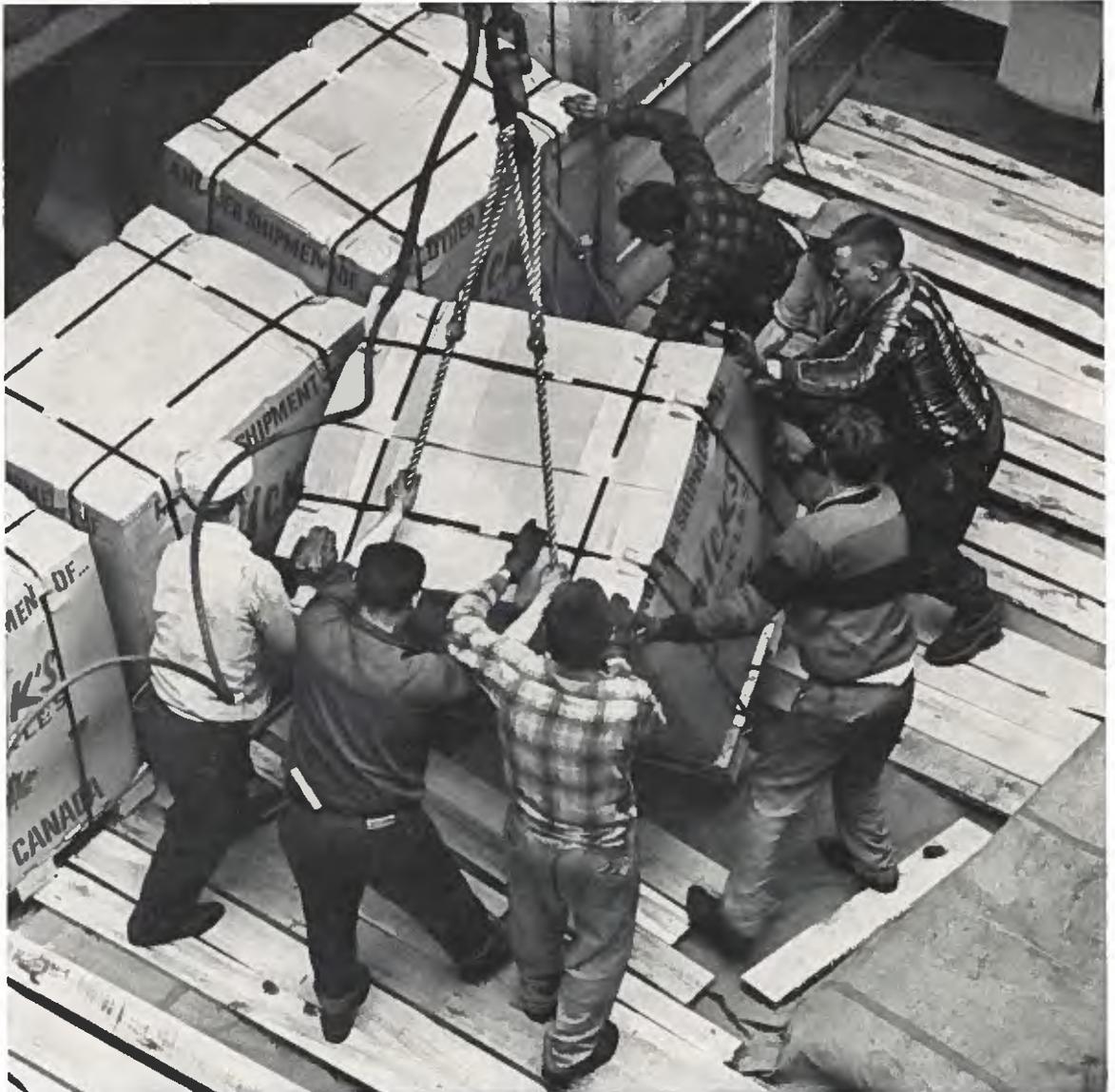


APRIL 26. 69

FOREIGN TRADE

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE, OTTAWA



Canada Exceeds Export Objective

The steel-strapped cartons being lowered into the hold of a ship in Toronto Harbor contain pickles on their way to an overseas market. This manufacturer has been exporting his pickles since 1959 and sales have expanded steadily. It's a good example of what Paul Ojha, of the Dominion Bureau of Statistics, points out in his article on Canada's trade in 1968—the ever-widening base of our exports, both in products and in the areas to which they go, and the increasing place that fully manufactured goods are taking in our shipments abroad.

Among the countries that are buying our manufactured goods is Japan, an industrial giant in today's world. Despite the Japanese industrial might, we are selling them automobiles, sophisticated measuring equipment, pharmaceuticals, and even sporting goods. Our Minister (Commercial) in Tokyo goes into detail in his article on page nine.

Nineteen young men will soon leave Canada and scatter across the world to help man the Trade Commissioner Service offices abroad. They come from six of Canada's ten provinces and have varied and impressive academic backgrounds. Among them are a law graduate, chemical and mechanical engineers, a chartered accountant, a Ph.D. in the social sciences, and several Masters of Business Administration. Many businessmen in Canada already have met these young men (whose pictures appear on pages 14 to 16) during the tours of Canadian industry that were a part of their training and will be interested in their postings.

Our assistant editor, Michael Johnston, who wrote the article about the Torrington Company, "Torrington Sells Precision", on page 21, set out for Bedford, Quebec, and the company's plant on a wintry January morning. He made Bedford all right but that night a blizzard blocked the highway back to Montreal. No problem: he moved in with the family of Torrington's active export manager, R. E. Jess. Entertaining guests from all over the world is a specialty of Mr. and Mrs. Jess, who make the Quebec slogan, "Hospitality Spoken Here" very much their own.

FOREIGN TRADE

Established in 1904. Published fortnightly by the Department of Industry, Trade and Commerce.

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

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Canada Exceeds Export Objective

Exports rose by \$2.1 billion last year, more than double the Government's target of a \$1 billion increase set early in 1968.

Total trade also reached a new peak.

D. PAUL OJHA, *External Trade Division, Dominion Bureau of Statistics*

■ Last year was another very good one for Canada's external trade. Total trade attained a new peak of \$25.9 billion, yielding the highest peacetime trade surplus. It was the eighth in a row and more than double the 1967 surplus. This encouraging development, which exceeded the expectations of most analysts, resulted from increased sales of many commodities and from larger shipments to most of our trading partners.

Merchandise exports (including re-exports) in 1968 attained the record value of \$13.6 billion compared with \$11.4 billion in 1967, an increase of \$2,163 million or 19 per cent. This was more than twice the objective of a \$1 billion increase originally set by the Minister of Trade and Commerce. On the basis of current estimates, exports formed 20 per cent of our gross national product in 1968 against 18 per cent in 1967. Imports rose to \$12.4 billion from \$10.9 billion in 1967, or by 13.7 per cent. As a result, the trade surplus increased from \$539 million in 1967 to \$1,207.6 million in 1968.

Canada's trade over the past five years is depicted in the chart on page 3, which reveals a sustained expansion. During the period total exports rose by over 63 per cent and imports by over 65 per cent. However, given the fact that exports exceeded imports by a wide margin in 1964, the trade surplus has increased by nearly half since then. A steady annual rise in both exports and imports is a reflection of both the buoyant demand in most of our markets abroad and the uninterrupted prosperity at home.

Set in the international perspective, the Canadian export expansion of 19 per cent in 1968, the highest since 1951, compares favorably with the

growth in world exports of 11 per cent. This in itself was double the growth rate in 1967, according to figures recently released by the GATT. The international trading climate was more competitive in 1968, when many countries, including the United States and Canada, made the first of the Kennedy Round tariff cuts. Of the major Western trading countries (barring Japan whose exports increased 24 per cent) Canada's exports exhibited the highest rate of growth. According to preliminary estimates for 1968, Canada ranked sixth in total world trade, after the United States, Germany, Britain, Japan and France.

The most favorable external factor influencing our trade during 1968 was the continued expansion of the United States economy, but there were also other factors at work. For instance, we benefited somewhat from favorable terms of trade. According to preliminary data, export prices in 1968 rose over 3 per cent against a rise of over 2 per cent in import prices.

Canadian Exports

Exports increased for all commodity sections except food, feed, beverages and tobacco, where there was a decline of 3 per cent in 1968 compared with 1967. Exports of crude materials (inedible) rose 17 per cent over the year, fabricated materials (inedible) nearly 15 per cent, and end products (inedible) about 37 per cent. Live animals and special transactions, although each constituting a relatively small part of Canadian exports, also recorded sizable increases. Looking at the export picture from the angle of stage of fabrication, exports of end products in 1968 rose

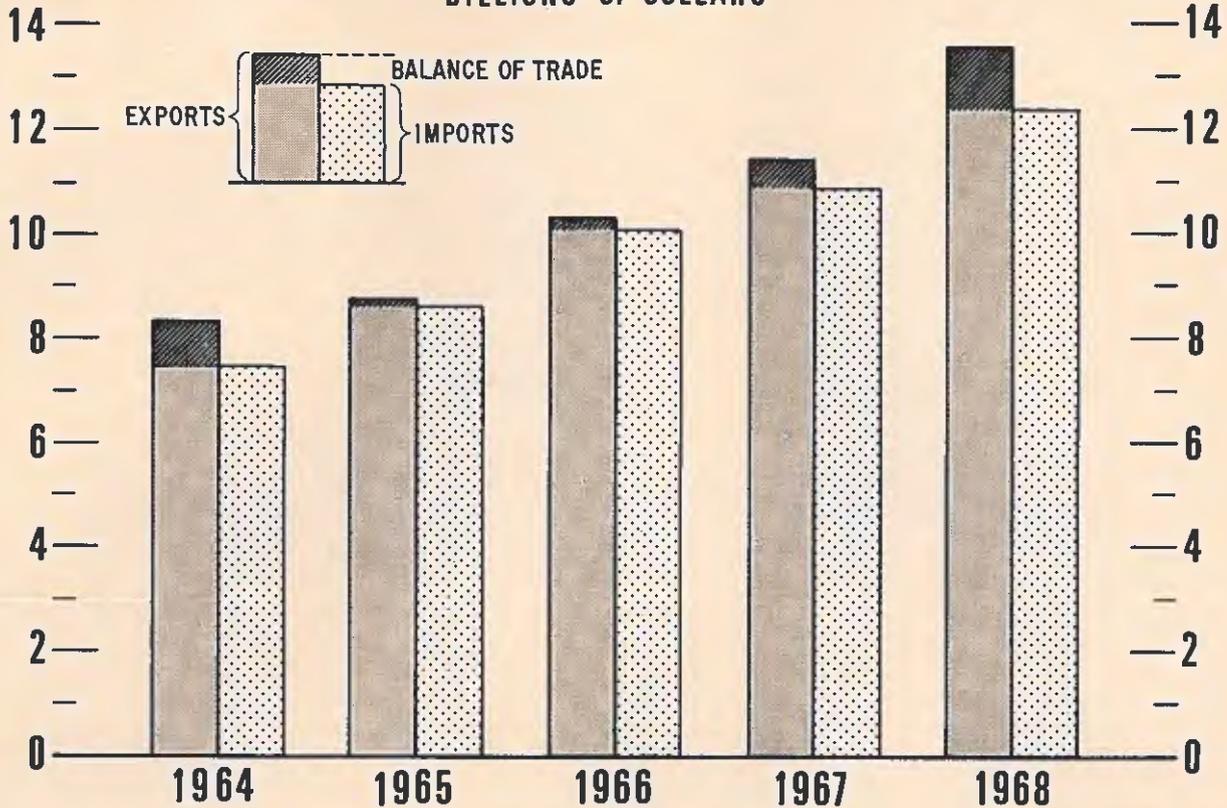
34 per cent over 1967, of fabricated materials nearly 14 per cent, and of crude materials almost 10 per cent.

Table I on page 4 presents domestic exports for the past three years by sections and selected commodities. Among individual commodities, motor vehicles and their parts have been the most dynamic component of Canadian exports in recent years, because of the impetus given to trade both ways by the Canada/U.S. Automotive Products Agreement of 1965. Sales of automotive products, which have increased phenomenally for the last three or four years, totalled \$2.6 billion in 1968, a rise of more than 52 per cent over 1967 levels. Exports of wheat have been somewhat erratic recently, mainly because of crop conditions in importing countries and intensified competition among exporting countries. Notable among the declines in 1968 were those in exports of wheat and wheat flour, barley, and agricultural machinery and parts. Over-all, wheat exports fell during the year by 8 per cent, mainly because of smaller deliveries to the Soviet Union and India, but sales to the People's Republic of China rose by \$68.6 million.

Although exports of motor vehicles and motor vehicle parts have been the fastest growing among end products in recent years, the increase in the total for end products (inedible) is not entirely attributable to this factor. Sales of aircraft and parts rose 18 per cent—from \$313.6 million in 1967 to \$369.4 million in 1968. Exports of industrial machinery and parts increased 21 per cent over the year—from \$243.6 million to \$295.3 million. In fact, exports exhibited a healthy product diversification that reflects our widening export base.

TRADE OF CANADA 1964-1968

BILLIONS OF DOLLARS



What We Buy

Imports into Canada by sections and selected commodities for the past three years are given in Table II on page 4. Canada traditionally imports manufactured goods: approximately two-thirds of our purchases from other countries consist of end products. The heavy concentration of manufactured and semi-manufactured goods, which together constituted more than 86 per cent of our imports in 1968, is a reflection partly of the prosperity of the Canadian people and partly of the principle of specialization.

As the table demonstrates, Canadian purchases in 1968 under the four important sections: food, feed, beverages and tobacco; crude materials (inedible); fabricated materials (inedible), and end products (inedible) increased. By stage of fabrication, end products rose more than 15 per cent

over 1967, fabricated materials by nearly 5 per cent, and crude materials by almost 6 per cent. Imports of motor vehicles rose by almost 40 per cent over 1967 and motor vehicle parts by over 37 per cent. Purchases of most of the other items shown in the table rose. Notable among those that declined were cotton; steel plate, sheet and strip; broad woven fabrics, and agricultural machinery and parts, including tractors. In broad woven fabrics the decline was due in part at least to the operation of the GATT long-term arrangement on international trade in cotton textiles. Under its provisions, low-cost producers have agreed to impose voluntary cuts on their textile exports to Canada and other developed countries in order not to disrupt the domestic markets of those high-wage countries.

Canadian purchases of aircraft and parts during 1968 rose to \$437

million (or 21 per cent) from \$361 million in 1967. The major increase was in imports of aircraft complete with engines.

Direction of Trade

An analysis of trade with our major trading partners shows that sales to most areas increased during 1968. The bulk of our trade is carried on with the countries in the OECD*, of which Canada and the United States are members, and also Japan. Sales to these countries went up by over 20 per cent for the year. Domestic exports to the OECD members made up nearly 89 per cent of our total domestic exports as against more than 87 per cent in 1967. This, of course,

*The Organization for Economic Co-operation and Development has 22 full members, all of them European countries except for Canada, the U.S., and Japan, and one member with special status, Yugoslavia.

TABLE I
CANADA'S DOMESTIC EXPORTS BY SECTIONS
AND SELECTED COMMODITIES

	1966	1967	1968
	(Cdn.\$ million)		
Live animals	78.0	42.3	59.4
Food, feed, beverages and tobacco	1,888.3	1,602.3	1,553.8
<i>of which</i>			
Wheat and wheat flour	1,143.5	802.5	742.4
Fish and fish products	201.8	216.2	234.6
Whisky	127.5	141.5	158.3
Tobacco	40.0	49.9	57.5
Barley	45.0	72.6	40.0
Meat and meat preparations	71.9	58.3	69.5
Vegetables and vegetable preparations	39.7	48.2	44.6
Crude materials, inedible	1,947.6	2,108.3	2,470.8
<i>of which</i>			
Crude petroleum	321.7	397.9	446.4
Iron ores and concentrates	369.0	383.1	443.2
Nickel in ores and concentrates	186.7	204.0	261.0
Copper in ores and concentrates	130.9	157.5	233.3
Asbestos, unmanufactured	182.5	172.4	192.9
Natural gas	108.8	123.7	157.2
Zinc in ores and concentrates	77.7	94.1	99.6
Fabricated materials, inedible	4,012.1	4,229.4	4,855.1
<i>of which</i>			
Newsprint paper	968.2	955.3	989.8
Wood pulp and similar pulp	520.1	543.4	627.9
Lumber, softwood	439.6	474.6	623.4
Aluminum, including alloys	372.3	398.9	445.1
Copper and alloys	266.1	336.7	378.2
Nickel and alloys	212.4	229.3	245.4
Fertilizers and fertilizer materials	139.6	154.6	168.9
Iron and steel, primary and fabricated	244.1	251.6	339.7
End products, inedible	2,119.3	3,106.8	4,243.6
<i>of which</i>			
Motor vehicles	602.9	1,206.1	1,835.0
Motor vehicle parts	390.7	524.0	802.9
Aircraft, complete with engines	19.4	36.0	62.4
Aircraft parts except engines	118.1	183.3	199.8
Aircraft engines and parts	72.7	94.3	107.3
Industrial machinery and parts	209.7	243.6	295.3
Agricultural machinery and parts	182.5	194.3	168.5
Special transactions, trade	25.3	22.5	37.7
Total domestic exports	10,070.6	11,111.6	13,220.3
Total re-exports	254.7	299.3	354.1
Total exports	10,325.3	11,410.9	13,574.4

TABLE II
CANADA'S IMPORTS BY SECTIONS AND SELECTED
COMMODITIES

	1966	1967	1968
	(Cdn.\$ million)		
Live animals	12.8	21.9	15.6
Food, feed, beverages and tobacco	791.7	861.6	902.6
<i>of which</i>			
Meat and meat preparations	58.4	62.8	68.3
Fruit and fruit preparations	200.1	210.1	230.2
Vegetables and vegetable preparations	115.2	123.5	135.4
Coffee	72.4	78.0	83.3
Tea, cocoa and chocolate	42.5	46.9	51.4
Crude materials, inedible	1,023.2	1,062.3	1,126.7
<i>of which</i>			
Crude petroleum	299.0	355.4	372.6
Coal	141.0	145.5	160.4
Aluminum ores, concentrates and scrap	76.6	74.6	83.7
Cotton	50.0	64.5	56.0
Synthetic and other textile fibers	27.0	24.7	27.3
Iron ores and concentrates	56.0	32.9	34.6
Fabricated materials, inedible	2,233.1	2,310.2	2,434.6
<i>of which</i>			
Fuel oil	102.8	119.8	142.5
Organic chemicals	106.6	116.0	129.0
Inorganic chemicals	64.8	64.8	67.7
Plate, sheet and strip, steel	117.0	117.2	103.2
Aluminum, including alloys	72.1	85.5	89.8
Paper and paper board	62.0	64.5	70.4
Broad woven fabrics	195.0	196.9	183.2
End products, inedible	5,483.4	6,550.0	7,628.2
<i>of which</i>			
Motor vehicles	532.1	934.3	1,304.2
Motor vehicle parts	1,048.6	1,234.1	1,696.6
Other transportation equipment	353.8	482.8	586.7
Industrial machinery and parts	1,161.1	1,149.8	1,173.6
Agricultural machinery and parts, including tractors	413.6	418.4	353.2
Communications and related equipment	258.1	288.2	313.3
Other equipment and tools	861.2	1,001.9	1,050.1
Personal and household goods	341.4	417.8	477.2
Miscellaneous end products	513.7	622.7	673.3
Special transactions, trade	322.0	269.3	258.9
Total imports	10,071.9	10,871.9	12,366.7

is so largely because our exports to the United States, our best customer, are included.

Even if exports to the United States are excluded, our sales to the other OECD members rose 7 per cent in 1968. Our purchases from all OECD countries went up by nearly 12 per cent and from member countries other than the United States by 7 per cent.

Our exports to the European Economic Community countries rose by 11 per cent, to Western Europe 7 per cent, Middle East 79 per cent, to Asia (other than the Middle East) 9 per cent, Oceania 11 per cent, South America 21 per cent, and Central America and the Antilles 5 per cent. On the other hand, sales to Eastern Europe declined 22 per cent, to

African countries (other than the Arab countries of North Africa) 3 per cent and to Commonwealth and preferential countries less than 1 per cent.

Our purchases in 1968 from most of the groups/areas mentioned above increased by the following percentages: EEC (6), Western Europe (5), other Asia (15), Oceania (18), South America (23), Central America and

TABLE III
CANADA'S DOMESTIC EXPORTS TO LEADING TRADING PARTNERS

	1966	1967	1968
	(Cdn.\$ million)		
United States	6,027.7	7,079.4	8,892.0
Britain	1,122.6	1,169.1	1,209.6
Japan	393.9	572.2	606.8
Germany, West	176.8	178.0	228.9
Australia	117.4	156.2	185.7
Netherlands	143.1	176.4	179.5
China, People's Republic	184.9	91.3	163.2
Italy	114.8	141.4	131.2
Belgium and Luxembourg	117.5	100.8	127.4
Norway	107.0	87.4	116.3
India	107.7	140.6	111.3
Venezuela	76.0	82.0	102.5
U.S.S.R.	320.6	128.7	88.6
France	84.5	80.6	81.4
Republic of South Africa	74.4	77.7	68.3
Mexico	52.1	49.2	54.6
Cuba	61.4	42.4	45.0
Spain	36.9	39.6	41.1
Jamaica	33.5	39.1	34.4
New Zealand	41.8	40.7	31.8

TABLE IV
CANADA'S IMPORTS FROM LEADING TRADING PARTNERS

	1966	1967	1968
	(Cdn.\$ million)		
United States	7,204.4	7,951.3	9,057.1
Britain	672.6	648.8	696.1
Japan	253.1	304.8	360.2
Venezuela	215.1	276.3	357.9
Germany, West	235.2	256.9	298.9
France	106.7	130.1	121.6
Italy	86.7	110.3	114.5
Sweden	72.5	76.2	78.1
Australia	59.6	64.5	76.0
Netherlands	60.5	64.8	69.1
Switzerland	50.3	66.0	64.3
Hong Kong	38.9	51.0	58.4
Belgium and Luxembourg	61.6	64.6	57.5
Mexico	33.5	29.5	52.2
Netherlands Antilles	38.5	60.3	49.7
Republic of South Africa	27.6	37.1	39.3
Norway	33.8	33.8	39.2
Brazil	35.8	31.4	38.7
India	40.1	42.8	38.3
Saudi Arabia	32.6	31.0	36.2

the Antilles (6), and Commonwealth and preferential countries (4). Canadian purchases from the following declined: Eastern Europe (1 per cent), Middle East (4), and other Africa (12).

The United States continues to predominate in our trade. More than 67 per cent of our domestic exports in 1968 were destined to the U.S. and 73 per cent of our imports came from the U.S. Our exports to the United States rose well over 25 per cent during 1968 (or by \$1,813 million) compared with 17 per cent in the preceding year, and our purchases from it went up 13 per cent (or by \$1,041 million) as against a little over 12 per cent in 1967.

Despite the difficult balance-of-payments situation in Britain, our domestic exports to that market rose by \$40.5 million and our imports from Britain rose \$47 million. Japan continued to be our third best customer, followed at some distance by West Germany. Sales to most of our other major customers went up, as Table III (above) shows. Exports to the Soviet Union and India declined in 1968, mainly because of smaller deliveries of wheat, but exports to China rose \$72 million, thanks chiefly

to increased wheat shipments. Purchases from our major suppliers are analyzed in Table IV above.

Past and Future

It is clear that 1968 was the best for Canada's merchandise trade since the Second World War. The United States continues to stand out both as our major customer and supplier. The commodity composition of our shipments gives increasing evidence of a widening export base. This to a significant extent demonstrates our ability to withstand the greater competitive pressures in world markets—a fact

which is of increasing importance in the post-Kennedy Round era.

The current year has begun well, with both exports and imports showing vigor, according to preliminary data. Exports for the first two months of this year totalled \$2,255.4 million (13.2 per cent up over the same period a year ago) and imports totalled \$2,154.7 million (13 per cent up), giving a trade surplus of \$100.7 million. It seems reasonable to expect continued progress in our export trade, with diversity in both products and markets, though the pace may moderate somewhat in 1969.

Exporting?

When you are packing for a business trip to a foreign market, be sure to save room for brochures about your company, pictures of your plant, and copies of advertisements for your products in Canadian newspapers and magazines. They will help a prospective agent to decide whether to represent you and may also influence potential customers. Ballpoint pens, rulers, lighters, etc., printed with the name of your company, make excellent small giveaways. Don't forget a good stock of business cards, extra passport photographs, a supply of small notebooks to take the strain off your memory, and plenty of company letterhead and envelopes.

Mexico: Stability Fosters Progress

A hard currency, political stability, increasing trade, and expanding industry make this a country on the upswing. Market remains a good one, but import pattern changes as development proceeds.

T. FRANK HARRIS, *Commercial Counsellor, Mexico City*

■ Mexico is a country where steady economic progress has become the rule and 1968 was no exception. The gross national product rose 7.1 per cent compared with 6.4 per cent in 1967, with advances in virtually all fields of economic activity. The gross national product totalled 334.3 billion pesos, and the per capita GNP rose 3.4 per cent (2.7 per cent in 1967). The Bank of Mexico's wholesale price index of 210 items went up only 1.9 per cent, compared with 2.9 per cent between 1966 and 1967. Private and government capital outlays were up 13.8 per cent. Political continuity and stability have created a climate of confidence in Mexico's economy for Mexican investors, industrialists and businessmen and for foreign interests as well. The outlook is bright.

President Diaz Ordaz in his State of the Union address last September pointed out that as of September 2, 1968, the reserves of gold and foreign exchange had reached U.S.\$682 million, up U.S.\$34 million from 1967. In addition, U.S.\$500 million is held as a secondary reserve for the Mexican peso. This has allowed the country to cancel a line of credit for U.S. \$90 million open with the Export-Import Bank of Washington since 1959. The Mexican peso continues very solid—so solid, in fact, that it was used by the International Monetary Fund to finance other countries. This gave Mexico an increase in its drawing rights with the Fund without having to reduce its reserves.

Foreign financing has, however, become increasingly difficult, particularly in bond issues, as foreign investors incline toward increasingly shorter terms and larger yields. Internal interest rates are high, with prime clients paying 12 per cent for loans from

commercial banks. (Although these rates appear high compared with those in Canada, profits in Mexico are proportionately higher also.) Despite this, the Government continues to keep inflation down to modest levels by its fiscal policy and by rigid price controls on basic consumer products.

Foreign Trade Increases

Mexico's exports in 1968 increased by 7.7 per cent over 1967 to a record U.S.\$1,189 million. Imports totalled U.S.\$1,960 million, up 12.3 per cent. The trade deficit of U.S.\$771 million is 20.1 per cent higher than the U.S.\$642 million deficit of 1967. It is interesting to note that Mexican exports of manufactured goods accounted for 21 per cent of total exports compared with 19.1 per cent a year earlier.

Mexico's exports to the other members of the Latin American Free Trade Association (LAFTA) increased by 8.8 per cent to U.S.\$62.2 million. Imports from the LAFTA countries rose 10.9 per cent to U.S. \$42.8 million. LAFTA trade, however, still represents only a small fraction of total Mexican foreign trade and has not risen nearly as rapidly as anticipated at the 1960 Montevideo Conference which created LAFTA.

Tourism Remains Important

The attraction of the Olympic Games held in October 1968 in Mexico City gave impetus to income from tourism, so important to Mexico's balance of payments. The year finished with a U.S.\$49 million balance-of-payments surplus, according to preliminary estimates. Many people who visited Mexico to attend the Games, intrigued by what they saw, will certainly return. History, climate, natural beauty, fine hotels, excellent

food and the warmth of the people make Mexico an almost irresistible attraction. The tourist industry, fully developed, could contribute as much as 45 billion pesos a year to the economy; current annual income from it is estimated at 8 billion pesos. There is a nationwide program aimed at creating the infrastructure necessary for increasing the tourist trade. This program will be partially financed by the World Bank and the Inter-Ameri-

MEXICO'S TOP TEN EXPORTS* 1968

	11 mos. 1968 (U.S.\$ million)
Raw cotton	97.3
Sugar	84.5
Coffee	62.8
Sulphur	51.5
Shrimp	48.3
Corn	43.0
Fresh meats	32.2
Petroleum and derivatives	31.7
Tomatoes	20.8
Fluorspar	20.3

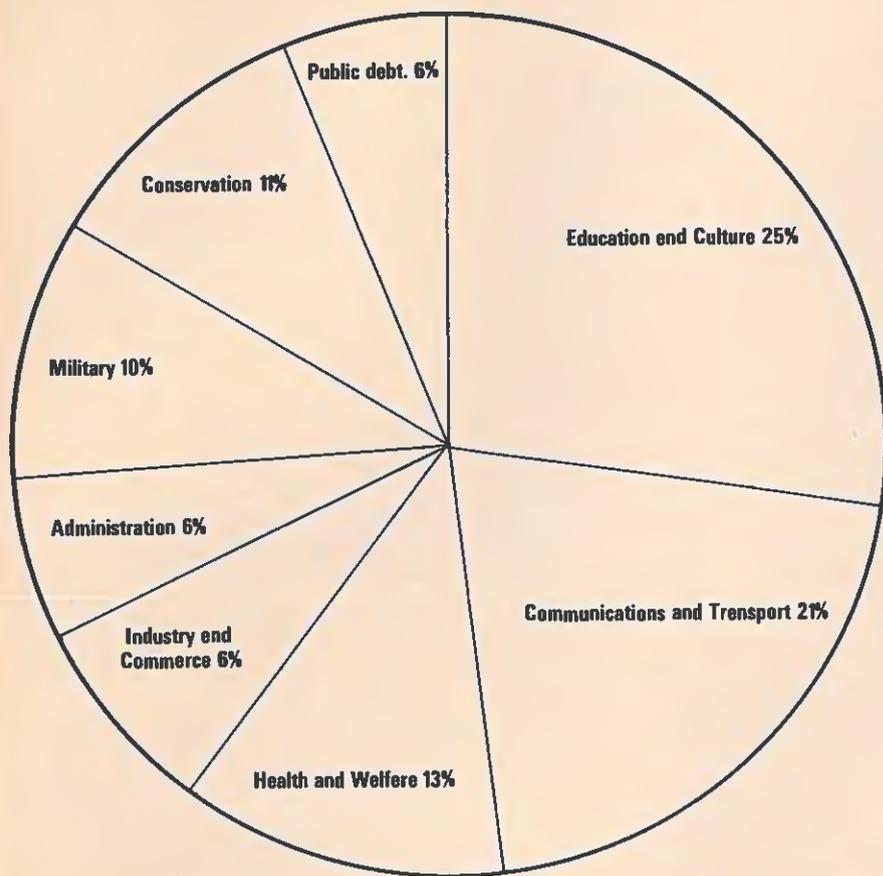
*For November 1968, preliminary.

MEXICO'S TOP TEN IMPORTS*

	11 mos. 1968 (U.S.\$ million)
Mechanical machinery, equipment or artifacts	410.8
Electrical machinery and equipment or objects destined for electronic use	166.5
Organic chemical products	118.4
Automobiles, assembled in the country	74.9
Iron or steel castings	55.4
Precision and measuring instruments and equipment	47.2
Automotive parts and components	37.5
Inorganic chemical products	35.4
Railway material (including rolling stock and spare parts)	35.2
Petroleum and derivatives	34.1

*For November 1968, preliminary.

Allocation of Mexico's 1969 Budget



can Development Bank. Over the next five to ten years, it is expected that the private and public sectors will invest more than 10 billion pesos in diverse tourist industry programs.

Federal Spending Up

Total Mexican federal spending in 1969 will reach 66.1 billion pesos (U.S.\$5.3 billion), up 7.6 per cent from the 61.4 billion pesos spent in 1968. This compares with the 10.6 per cent increase last year over the 1967 budget and reflects a government policy of seeking only a moderate increase in economic growth in the current year. The federal budget since 1966 has been divided into two parts: one for direct federal spending, which for 1969 totals 26.5 billion pesos (U.S.\$2.12 billion), and the other for decentralized agencies and government-owned enterprises, 39.6

billion pesos (U.S.\$3.17 billion). The allocation for direct federal spending is shown in the budget wheel accompanying this article. As usual, the budget is balanced.

Private Capital Spending

Capital spending by private enterprise in Mexico during 1968 was estimated at 39 billion pesos by the Confederation of Industrial Chambers of Commerce and it is unlikely to increase much over this figure in 1969 for two reasons. First, Mexico in the fourth quarter of 1969 will choose an official presidential candidate for the elections in July 1970. Until the candidate and his philosophy are known, businessmen are likely to adopt a "wait-and-see" attitude before making commitments. Second, changes in two basic areas of Mexico's tax structure may impose a larger fiscal burden this

year on corporations. A new 5 per cent tax on added value is scheduled to go into effect October 1 and a flat 42 per cent income tax on corporate earnings over 1.5 million pesos is proposed.

Foreign Investment

To finance development of economic infrastructure, Mexico has had to borrow heavily. As of December 31, 1967, the public debt of the Federal Government reached 42.4 billion pesos, of which 84.6 per cent represented internal debt and 15.4 per cent external debt. The external debt of the public sector at terms of one year or more reached the equivalent of U.S.\$2.18 billion. The annual debt service in 1967 amounted to U.S.\$438 million. The Ministry of Finance scrutinizes carefully all borrowings that the Government and its decentralized agencies propose, with the result that Mexico continues to have a high credit rating abroad—a rating which it has enjoyed for the past decade.

Direct investment from abroad (where the investor is owner or part-owner of the enterprise) comes almost 90 per cent from the United States. New direct investment, which in this decade has averaged U.S.\$109 million per year, declined in 1967 to U.S.\$67 million and probably remained at about this figure last year. This decline resulted from the guidelines laid down by the United States Government on investing abroad by U.S. corporations or foreign lending by U.S. banks.

Direct foreign investment continues to be concentrated in manufacturing, mining and commerce. Mexico welcomes foreign investment but on the Government's own terms. Loans to the Mexican Government and its agencies by foreign governments and international banking institutions are in the preferred category. Next comes foreign capital which creates a minority interest in an enterprise with Mexican partners who hold at least 51 per cent. Though foreign capital still has majority control in some fields, the policy of Mexicanization is obliging more and more industries to transfer majority control to Mexican citizens or institutions.

With its desire to foster industrial development, Mexico has a very protectionist trade policy. This, coupled



—Sr. Guerrero Tostado

No, these aren't ancient Aztec tombs but the newest thing in silos in Mexico. They are being built throughout the country to store corn from the small farms.

with expanding industrial development, is making it increasingly difficult to sell manufactured goods to Mexico except for sophisticated products that require a high degree of specialized engineering and knowhow. Controls take the form of high import duties or import licences or both. New industries are assured of full protection from international competition, at least initially. Many foreign companies, encouraged by Mexico's economic and political stability, have taken advantage of this protective umbrella. A number of Canadian companies have set up successful operations in Mexico and it is hoped that others will consider this possibility. Except for the type of products mentioned above, it is unlikely that any manufacturer can export finished products indefinitely to a developing protectionist country such as Mexico. Like Canada, this country is anxious to diversify its sources of investment capital and Canadian investors are welcomed.

Two-Way Trade Up

Canada's exports to Mexico in 1968 totalled Cdn.\$54.6 million, up from \$49.2 million in 1967. Our major exports were newsprint \$8.3 million, automobile parts and accessories \$7.5 million, asbestos milled fibers \$5 million, commercial communication equipment n.e.s. \$3.8 million, railway rails \$3.6 million, combine reaper-threshers \$1.9 million, wood pulp, dissolving and special alpha \$1.8 million, purebred dairy cattle \$1.2 million, passenger automobiles and chassis \$1.2 million, steel sheet and strip n.e.s. \$1.1 million.

Mexico's sales to Canada increased spectacularly from Cdn.\$26.6 million for the period January to November 1967 to \$47.6 million for the equivalent period in 1968. The import figures for the full year 1968 are expected to show Mexican-Canadian trade as almost in balance. Major imports from Mexico were raw cotton Cdn.\$16.6 million, fresh tomatoes \$8.3

million, green coffee \$3.6 million, fluorspar \$2.3 million, fresh oranges, mandarines and tangerines \$1.5 million, frozen strawberries \$1.4 million, silver \$1.4 million, baler twine \$1 million, metal ores, concentrates and scrap n.e.s. \$825,513, and fresh cantaloupes and muskmelons \$779,343.

With industrial development on the upswing and a rising standard of living, Mexico will continue to provide a market for Canadian products. The mix will keep on changing as locally manufactured goods replace imports. Canadian exporters and potential investors should keep a close watch on developments.

The Trade Commissioners at this post can provide Canadian exporters with market information, introductions to importers, manufacturers, potential partners, and bank and government officials and give other assistance as needed. Canadian Pacific Airlines and Aeronaves de Mexico have direct flights from Canada to Mexico City, the commercial center of the country. Why not pay us a visit?

Mexico's Import and Exchange Regulations

Import Licences—Importers must obtain import licences from the Secretariat of Industry and Commerce for more than half the items in the tariff.

Foreign Exchange—There are no restrictions on foreign exchange.

Tariff Features—Imports from Canada receive most-favored-nation treatment. Preferential treatment is extended to certain imports from member countries of the Latin American Free Trade Association. Imports are subject to specific and ad valorem duties. Specific duty is levied in pesos on the weights or quantities indicated in the tariff. Ad valorem duty is assessed on the invoice value or the official Mexican valuation as shown in the tariff, whichever is higher. In addition to duties, imports are subject to a surtax of 3 per cent of the sum of the duties. A surcharge of 10 per cent of the value is levied on some commodities, as indicated in the tariff. Tariff classification is based on the Brussels tariff nomenclature.

Japan Buys Manufactured Goods

... Canada sells them there

J. A. STILES

Minister (Commercial), Tokyo

■ Paralleling the impressive growth in Japan's exports during the past two decades has been an equally remarkable rise in Japanese imports. Purchases from abroad have included not only industrial raw materials unavailable in sufficient quantities locally, but also a wide range of finished goods needed to strengthen Japan's productive capacity and to meet the demands brought on by a rapidly improving standard of living.

In the course of rebuilding Japanese industry, much of the desired capital equipment could not be procured from domestic sources. In addition, there was a natural desire to obtain the most advanced production techniques in order to achieve the strongest possible competitive position. This meant in many cases looking to foreign sources for technical knowhow and equipment. As Japanese industry gained in strength under the stimulus of an expanding export trade, the need increased for the latest in sophisticated production and control machinery, not all of which could be obtained domestically.

Demand Broadens

In the immediate postwar years the over-riding concern was to re-establish quickly Japanese productive capacity and export trade. By the early 1960's excellent progress in this direction had been made and it was possible to concentrate more on improvements in the social structure, such as the building of roads and housing. At the same time, the new prosperity was reflected in increased demands for a wider variety of consumer goods, including fresh and processed foodstuffs, many of which came from abroad as the move towards import liberalization in Japan gained momentum.

Table I (page 15) shows how far this broadening of overseas buying



A skilled Japanese worker at the Electro-Technical Laboratory of the Ministry of International Trade and Industry operates electronic test and measuring equipment that was manufactured by a Canadian firm established in Smith Falls, Ontario.

has progressed in recent years; total Japanese imports in 1967 reached U.S.\$11.7 billion, of which over U.S.\$3.1 billion represented manufactured goods. In 1967 these imports rose by more than 44 per cent so that finished goods comprised some 26.8 per cent of total Japanese imports.

A recently published projection by the Japanese Ministry of International Trade and Industry estimated imports for the fiscal year ending March 1969 at U.S.\$13.4 billion, and imports of manufactured products are expected to increase 16.4 per cent over the previous year. A leading Japanese bank is also forecasting that overseas purchases for the year ending March 1970 will rise to U.S.\$16.9 billion, with finished goods imports continuing their steady advance. There seems to be general agreement that to maintain a strong rate of expansion in industry, as well as to meet the growing demand for attractive foreign con-

sumer goods, Japan will need to rely on imports to approximately the same degree as at present. Thus one can expect purchases of manufactured goods to continue along with the expanding raw material imports that Japanese industry needs.

What Canada Sells

In recent years Canada has become an important supplier of Japan's requirements, with Canadian sales in 1967 reaching \$572 million, largely foodstuffs (wheat, oilseeds), and industrial raw materials (copper concentrates, wood pulp, lumber, aluminum, nickel, asbestos, coal and potash). Only some \$20 million, or 3.5 per cent, of Canadian exports to Japan in 1967 consisted of finished goods. Table II shows a breakdown of Canadian shipments of manufactured products to this country; the leading items were card punch machines and computer parts, office machines, industrial

JAPAN'S IMPORTS

TABLE I—BY COMMODITY GROUP

	1966	1967	Jan-Sept 1968
	(U.S.\$ million)		
Foodstuffs	1,676.3	1,804.7	1,391.8
Raw materials	3,873.2	4,493.1	3,608.7
Materials for textiles	923.5	897.7	720.0
Materials for metals	1,207.5	1,600.4	1,210.6
Others	1,742.2	1,995.0	1,678.1
Mineral fuels	1,803.7	2,239.5	1,967.2
Coal	302.6	400.8	383.2
Crude oil	1,200.4	1,457.1	1,231.5
Petroleum products	274.4	340.9	310.5
Manufactured goods	2,169.5	3,125.9	2,575.9
Chemicals	497.0	610.6	496.8
Machinery and instruments	820.1	1,053.4	979.1
Others	852.4	1,461.9	1,100.0
Total	9,522.7	11,663.1	9,543.7

Source: JETRO's *Foreign Trade of Japan 1968*.

TABLE III—CHEMICALS AND PHARMACEUTICALS

	1965	1966	1967
	(U.S.\$'000)		
Organic compounds	102,006	113,718	162,853
Styrene	666	2,571	4,605
Ortho-xylene	4,552	4,928	5,218
Para-xylene	3,751	4,878	6,504
Mixed xylene	610	591	1,053
Ethyl benzene	1,435	241	1,130
Cyclohexane	10,460	12,894	13,489
Glycerin	3,143	4,831	3,349
Cresol	331	636	1,044
Terephthalic acid dimethyl	320	9	5,875
Citric calcium	1,074	2,001	1,698
Amino alcohol	721	1,085	1,404
N-methyl-nathyl calvamaït	305	1,339	2,077
Enzyme	1,289	1,959	2,735
Inorganic compounds (including elements)	35,390	44,738	55,832
Mercury	10,148	12,157	15,599
Carbon black	1,331	1,317	2,025
Boric acid	1,017	1,263	1,238
Cobalt oxide	772	971	1,614
Aluminum oxide	3,666	6,257	7,072
Vanadium pentoxide	1,916	5,529	4,378
Sodium borate	2,667	3,567	4,072
Mineral tar	2,979	2,205	3,627
Dyestuffs	22,352	25,716	26,775
Vegetable tannin extracts	3,910	4,156	2,513
Paints	8,532	12,416	12,354
Pharmaceutical products	59,769	78,983	98,034
Essential oils, perfumes and flavoring material	20,797	25,835	26,307
Natural vegetable perfumes	13,518	17,206	16,759
Cosmetics	5,827	8,211	9,279
Chemical fertilizers	45,684	49,464	45,521
Potassic fertilizers	45,019	48,688	43,501
Synthetic plastics	26,744	35,494	42,592
Others	73,443	95,090	124,225
Insecticides	4,824	7,010	9,136
Starch	2,871	3,002	8,092
Casein	8,390	13,732	15,496
Rosin	8,771	10,292	12,070
Petroleum additives	17,029	22,050	22,867
Catalysts	6,690	6,204	10,017
Total	407,779	496,536	610,596

Source: JETRO's *Foreign Trade of Japan 1968*.

TABLE II—SOME CANADIAN MANUFACTURED GOODS

	1966	1967	Jan-Oct 1968
	(Cdn.\$'000)		
Plastic and synthetic rubber not shaped, n.e.s.	3,102	3,585	2,101
Industrial chemical specialties	321	647	576
Electric motors	201	168	117
Chain saws	146	174	134
Parts and accessories for chain saws	130	145	164
Textile industry machinery and parts	233	489	244
Combine reaper threshers	309	223	167
Passenger automobiles and chassis	361	83	56
Other motor vehicles, motorcycle parts	17	6	101
Aircraft engines and parts	107	115	95
Aircraft assemblies equipment and parts, n.e.s.	343	491	258
Components for communication equipment, n.e.s.	45	136	154
Measuring and testing equipment and parts, n.e.s.	229	185	274
Card punch sort tab computers and parts	4,653	7,127	5,213
Office machines and parts, n.e.s.	1,015	899	1,093
Sporting recreation equipment and parts, n.e.s.	243	309	247
Biological products for humans	254	432	359
Veterinary medicine feed supplements	176	272	250
Medicinal and pharmaceutical products, n.e.s.	220	416	423

Source: DBS

TABLE IV—MACHINERY AND INSTRUMENTS

	1965	1966	1967
	(U.S.\$'000)		
Total machinery imports	711,273	752,917	971,535
<i>of which</i>			
General machinery	450,674	461,638	619,420
Boilers and boiler house plant	6,476	9,705	6,119
Steam prime movers	7,228	16,576	12,597
Internal combustion engines for aircraft	25,601	26,195	44,689
Office machines	108,204	112,136	160,240
Electronic computers	62,805	68,103	105,413
Bookkeeping and accounting machines	14,851	13,351	14,503
Metalworking machinery	62,319	47,518	58,392
Textile machinery	29,919	28,962	39,898
Paper and pulp mills	6,401	5,724	6,316
Printing machines	13,887	14,137	17,916
Pumps	19,753	13,542	42,057
Mining, construction and cargo-handling equipment	23,956	24,263	28,775
Agricultural machinery	11,725	16,769	27,423
Electric machinery	111,381	124,831	201,531
Heavy electric equipment	17,716	18,519	17,726
Generators	7,532	4,997	5,051
Motors	4,694	4,538	5,528
Electric circuit apparatus	16,966	20,121	24,777
Communications equipment	11,069	13,564	29,496
Household electric appliances	3,671	4,291	5,285
Semiconductor elements	6,888	9,888	17,106
Electric measuring instruments	22,642	24,031	37,184
Transportation equipment	153,602	180,966	160,389
Passenger cars (excluding parts)	27,863	34,326	32,772
Aircraft	81,227	85,245	57,020
Ships and boats	34,443	46,751	51,567
Ships and boats for scrapping	7,881	11,166	17,294
Tankers	12,218	24,743	21,937
Cargo ships	13,420	9,628	10,825
Precision instruments	44,400	51,637	72,032
Timepieces	10,621	11,882	18,110
Total	760,057	820,071	1,053,372

Source: JETRO's *Foreign Trade of Japan 1968*.

chemicals, synthetic rubber, specialized machinery, measuring and testing equipment, pharmaceutical products and sports equipment.

Could Canadian exporters do better in selling manufactured goods to Japan? There seems to be a growing potential for these sales, although competition from other overseas suppliers is, and will continue to be, very keen. Tables III and IV give a detailed breakdown of the expanding Japanese purchases of chemical and pharmaceutical products and of machinery and instruments during the years 1965-67. The wide range of commodities and machinery listed gives a good picture of the import demand.

In 1967 there was a particularly strong requirement for imported gear-cutting machines, gear-working machines, large presses and shearing machines. (Canada imports gear-cutting machines, but makes some large presses and some shears.) Purchases of modern office machines were also large because of the greater accuracy, durability and ease of operation of the foreign products. In the electrical machinery group, demand was also strong for measuring instruments, integrated circuits and other electronic parts, reflecting the large investments by Japan in industrial streamlining and modernization, including system control.

To date, North America and Europe have been the principal sources of Japanese imports of these items. Thus, if Canadian suppliers can compete with U.S. and European manufacturers of their products, they should be competitive in the Japanese market.

Despite Japan's tremendous progress in recent years in developing the electronic industry, this field is a wide one and Japan is far from self-sufficient. There is still a need, for example, for imported electronic equipment for specialized purposes, such as aviation.

That there are good sales prospects for Canadian firms was demonstrated by the success achieved by seven Canadian manufacturers who took part for the first time in the Japan Electronics Show in Tokyo last September. At this show Canadian producers of electronic measuring and testing equipment, avionics and industrial machines were particularly pleased with the favorable response by Japanese

importers. (See article in the February 1, 1969, issue of *Foreign Trade* about this show.)

Consumer Goods in Demand

A visit to one of the large Japanese department stores reveals the growing range of imported consumer goods being offered and sold, often at considerably higher prices than similar domestic goods. In the clothing department, for example, one can see British, French, U.S. and German sports clothing and equipment, as well as leisure-time wear. The popularity of well-known foreign brand names is clearly evident. In some instances, superior quality is the reason for sales at higher than local prices.

In household goods, such items as attractively packaged American towel sets and glass cookware are selling, as are small English space heaters, German cutlery and Danish furniture.

But it is in the extensive food sections of these stores, as well as in the growing number of Japanese supermarkets, that one becomes aware of the fascinating variety of foodstuffs now available from a wide range of overseas sources. The demand for convenience foodstuffs is clearly on the increase as growing productivity permits more leisure time to enjoy a steadily rising standard of living.

The Japanese are also fond of products made of wood and the current housing boom could well offer sales possibilities for Canadian firms, particularly manufacturers of construction-grade plywood.

Restrictions Easing

Not all foreign products at present can enter freely into Japan; some import restrictions still remain, particularly in the agricultural field. Of the 121 items under Japan's quantitative import control system, some 69 are agricultural commodities. In processed foods, there will probably be a growing trend towards joint ventures between local and foreign suppliers. Already such firms as Kellogg's, General Foods, Knorr and General Mills are producing in Japan by this method. As Japan continues its liberalization of foreign capital investment and imported technology, it seems logical that the joint venture method will become more widely used.

Outlook Is Bright

Leading economists and business leaders are forecasting that the fiscal year ending March 1970 will be another year of business boom for Japan. The national economy is expected to expand by 11.4 per cent in real terms, compared with the 11.6 per cent rise projected for the 1968-69 fiscal year. Expansion of private consumption, housing investment, and brisk inventory and equipment investment by private firms are expected to be the main props supporting this continuing high level of growth.

All of this means interesting market prospects for manufacturers of capital equipment, construction materials and machinery, and of consumer durables such as heating equipment. Rising living standards should also create an increasing demand for non-durable consumer products such as clothing and convenience foods.

Canadian exporters in these fields are urged to investigate sales possibilities in Japan for their products. Although there is no doubt that Japanese industry in the past twenty years has made phenomenal progress in expanding the volume and variety of its production, there are always sales prospects for specialized lines offering new advantages. It should be remembered, too, that Japan can no longer be considered a low-wage country; current wage levels here are approximately those prevailing in many European countries.

Competing in the finished goods field in Japan will not be easy but the potential for those who are successful in this market of more than 100 million people is most attractive.

Special Delivery to Caracas

On April first, special delivery service between Canada and Caracas, Venezuela, was introduced. It is restricted to letters only, addressed for delivery in Caracas. The cost is forty cents in Canadian postage or postage impressions in addition to the regular airmail or surface postage. Special delivery service will be given to letters from Caracas that carry "Special Delivery" or "Express" stickers.

Educational Equipment in Hong Kong

B. W. H. YEUNG

Commercial Officer, Hong Kong

■ There are over 690,000 children attending primary schools in Hong Kong and over 231,000 in secondary schools, concentrating largely on academic subjects. With the growth of manufacturing—the number of registered factories has risen from 7,953 in 1963 to 11,257 in March 1968—the need for more technical schools and institutes has become pressing. Today 55 per cent of the working population of Hong Kong is employed in various industries, such as textiles, plastics, light metals, electronics, and shipbuilding and breaking. It is estimated that each year about half of those leaving school sooner or later find their way into semi-skilled or operative jobs in industry, and that out of every 17 young people entering these industries, 14 will become operatives, semi-skilled or unskilled.

Providing Technical Training

In view of this and the increasing demand by industry for qualified technicians, the Government plans to increase the number of technical schools and institutes in Hong Kong. One of these new institutes is scheduled to be completed by mid-1969. It will take over from the existing Technical College the pre-apprenticeship and other low-level courses to enable the college to concentrate on the training of technologists and high-level technicians. It will have a body of 10,000 to 15,000 students, and will offer courses in textile technology, electronics, metalworking, etc. The whole project is in the initial stage and the Education Authority is currently compiling the requirement list. The Hong Kong Government called for tenders for heavy equipment, such as guillotine and folding machines and universal milling machines, on October 1, 1968. Tenders for the rest of the equipment needed—the major proportion—will be called early this year. Construction cost of this Institute is estimated at about \$710,000 and this has been provided by the Royal Hong Kong Jockey

Club which donated \$1.07 million. About \$360,000 of this grant will be spent on equipment.

In addition to these technical institutes, there are three colleges of education and two universities in Hong Kong. The two universities are the Hong Kong University (English-speaking), teaching engineering, medicine, science, etc., and the recently established Chinese University which concentrates mostly on arts and science subjects. Sixty per cent of the graduates from the Chinese University join the teaching profession. It is intended to move this university into the New Territories where there is more space and build a completely new campus. Its future buildings will consist of the three colleges of the university, a university headquarters complex which will house the central administrative building, student center, assembly hall, library and the research institutes for social studies, humanities, science and technology and school of education. The total cost of the buildings is estimated at \$12.8 million. This amount, with an additional sum of \$200,000 for furniture, fittings and educational equipment, will be provided by the Hong Kong Government. It is also estimated that the recurring expenses for instruments and equipment will amount to \$62,500 a year. Generally speaking, the Hong Kong educational system offers very little at the industrial arts level at the moment but this is changing.

All these developments mean opportunities for selling educational and vocational training equipment. Some of these are detailed below.

Machine Tools and Metalworking Equipment—With the expected increase in the number of technical institutes and secondary schools, the demand for this type of equipment in the near future will definitely increase. However, it may be difficult for new firms to penetrate the market effectively without an aggressive marketing program, in view of the traditional background of Hong Kong and the fact that British products are highly favored. In addition, several

Japanese machine tool manufacturers are already aggressively exploiting this market and are beginning to achieve certain results. The statistics on imports of machine tool parts and metalworking equipment into Hong Kong

IMPORTS OF MACHINE TOOL PARTS AND METALWORKING EQUIPMENT 1967

Code No. Item	Quantity (units)	Value (H.K.\$)
715104 Metalworking milling machines		
<i>from</i>		
United States	6	102,107
Sweden	45	26,815
Germany Fed. Rep.	7	142,918
Italy	2	17,210
Britain	24	307,035
Japan	6	1,603,221
China (People's Republic)	20	273,142
Australia	1	30,138
Total	111	2,502,586
715106 Metalworking machine tool parts		
<i>from</i>		
United States	—	17,234
Sweden	—	5,781
Switzerland	—	609
Germany Fed. Rep.	—	46,544
Italy	—	5,620
Britain	—	80,759
Japan	—	122,458
China (People's Republic)	—	10,954
Total	—	289,959
715105 Metalworking planing machines		
<i>from</i>		
Britain	1	7,700
Total	1	7,700
715291 Metalworking machinery parts n.e.s.		
<i>from</i>		
United States	—	51,901
Sweden	—	6,389
Germany Fed. Rep.	—	40,082
France	—	63,640
Italy	—	13,834
Britain	—	300,699
Taiwan	—	5,000
Japan	—	74,203
China	—	49,984
Singapore	—	5,422
Australia	—	730
Total	—	611,884
715299 Metalworking machinery n.e.s.		
<i>from</i>		
Japan	2	229,696
Total	2	229,696

Source: Department of Commerce & Industry, Hong Kong.

Rate of exchange: HK\$5.60=Cdn. \$1.

in 1967 in the accompanying table will illustrate the general situation.

Electrical and Electronic Equipment—The announcement that Hong Kong will have educational television by September 1969 came recently. As a start, this project will cost the Government some \$1.3 million and \$25g,000 a year to run it. The capital costs for studios and equipment will reach about \$660,000 and for TV receivers

somewhat the same. The Government will purchase the TV receivers by tender, supply them to its own schools, and subsidize their purchase by aided schools. The Government will not transmit the programs itself but will make them freely available to the two local television stations.

Although British and U.S. firms are selling substantial amounts of electrical and electronic equipment to Hong Kong, and despite the fact that

both Japan and the Colony itself have highly sophisticated electrical and electronic industries, it is felt that there could still be a good potential here for the sale of Canadian manufactured electronic and electrical teaching equipment. This is mainly due to the fact that there has been little demand for this type of equipment before, and that Canadian equipment is designed especially for educational purposes.

Telecommunications Equipment in Argentina

F. J. DOLAN, *Senior Commercial Assistant, Buenos Aires*

■ The Argentine Government's economic development program for the period 1965 to 1969 included plans for the development of the telecommunications system. For several reasons, but primarily because of the unstable economic situation and the impossibility of obtaining adequate financing, the Government was able to fulfil only part of the proposed program. In fact, the present acute deficiencies of the entire telecommunications system are due more to financial than to technological problems. The present Administration is now making an all-out effort to expand the existing installations and construct new ones, including an international satellite telecommunications system. The new expansion program of the National Telecommunications Agency (NTA) calls for an investment of approximately 200,000 million pesos over the next five years. Two locally established foreign companies—Standard Electric Argentina, a subsidiary of ITT of the U.S., and Siemens Argentina, the local subsidiary of Siemens and Halske of Germany—are supplying 730,000 new telephone lines during this period.

The over-all program of the NTA is ambitious and foreign financial aid and the supply of equipment from foreign manufacturers is essential to its success. In addition to the installation of new telephone lines, investment is also required in the following areas:

1. Long distance interurban networks.
2. Radio links, microwaves, VHF, coaxial cables and toll boards.

3. Installation of automatic dial offices (there are still many manual offices even in the Buenos Aires suburban area).

4. Construction of a nation-wide system for interurban subscriber-to-subscriber dialing.

The two local manufacturers of telecommunications equipment produce the following items:

Standard Electric Argentina: automatic telephone equipment, sub sets, VHF, radio broadcasting equipment and plastic- and lead-covered cables.

Siemens Argentina: automatic telephone equipment, PABX's, subscriber sets, radio and special-purpose equipment and instruments. These two factories can perhaps provide the equipment necessary for the extension of the existing networks in the principal cities, but for cities in the interior, where there are usually no automatic services, the necessary equipment will have to be provided by foreign manufacturers. The establishment of a new ground station for satellite intercommunications will itself demand the renewal of all obsolete equipment and the laying down of a new trunking system for long-distance interurban direct dialing connections.

Imports Still Needed

It is interesting to note that in the contracts for the supply of equipment signed with the two local manufacturing facilities mentioned above, the allowable imported content is 25 per cent, to be progressively reduced to

not more than 15 per cent. The delivery of equipment must be made during the period 1970 to 1974. These contracts call for the supply of not only automatic telephone lines but also a large number of telex lines and the corresponding automatic exchanges and accessories. There are opportunities for Canadian manufacturers to supply the imported content in these projects.

The modernization and expansion program also covers other aspects of the telecommunications field. Works are scheduled shortly for the public telegraph service, such as the extension of automatic exchanges in the suburbs of Buenos Aires, in combination with the automatic telegraph channels (point-to-point) exchange system already installed between Buenos Aires and several important cities in the interior.

The installation of stations under the radio-electric program will be extended and priority given to the extreme north and south of the country. This installation also includes new radio-telephone circuits.

The use of electronic control systems for transport, classification and postmarking of correspondence will also be extended to the important cities.

Radio-telegraphic and radio-telephone mobile systems controlled from Buenos Aires and from all ports on the Atlantic coast are also to be expanded. This service is rendered at present by short-wave telegraphy and telephony and medium-wave telegraphy on 500 kc. wave band. Short-wave services are on 100 w. and 1 kw. transmitters of local manufacture and

there are 5, 10, and 60 kw. units which are imported. All Argentine telecommunications systems use American standards. The electrical system is 220 volts 50 cycles.

Where Opportunities Lie

Telecommunications engineering in Argentina is generally carried out by the technical departments of the Argentine Telecommunications Agency and the Secretariat of Communications but in some specific cases foreign consultants may be called upon.

Contracts are normally awarded by public tender and one condition for participation in such tenders is that the supplying company be inscribed in the state registry of suppliers. Foreign companies need not apply for registration if they are legally represented in Argentina by an adequately registered Argentine firm.

A consultative group of the Inter-American Telecommunications Commission (CITEL) has recently completed a review of an IADB feasibility study of the general requirements for an Inter-American telecommunications network. The study recommends the creation of a regional network consisting of microwave systems, submarine cables, satellite communications, telephone, telex, telegraph and leased-line services, as well as high-quality television and radio broadcasting channels. The proposed network will interconnect internationally the domestic telecommunications systems of Latin American countries and will also link them to the rest of the world.

The network basically would consist of a 960-channel system of two types of facilities: terrestrial segments of national networks that could be adapted to carry international traffic, and space segments consisting of earth satellite stations, which would be devoted solely to international traffic.

It is important to stress that any Canadian manufacturer building telephone equipment similar to that used in Argentina (crossbar type) with technical capacity to supply central offices and associated equipment on a turnkey basis, and in a position to offer long-term payments (ten or more years), has an excellent opportunity to obtain substantial orders from this country.

Assistant Trade Commissioners Posted

Nineteen of the 1968-69 group of Assistant Trade Commissioners who have completed a number of months of training, including tours of Canadian industry, have received their postings. They will leave Canada during the summer to take up their new assignments.



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Educated: University of Alberta, B.Sc.(Agr.) 1966; University of British Columbia, M.S.A. 1968.
Posting: Melbourne, Australia, as Assistant Commercial Secretary.



Garrett C. M. Lambert
Born: Toronto, Ontario.
Educated: University of Toronto, B.A. (Econ.) 1963; postgraduate studies at the Universities of Toronto and Carleton 1966 and 1967.
Posting: Tehran, Iran, as Assistant Commercial Secretary.



William E. Magee
Born: North Battleford, Saskatchewan.
Educated: University of Saskatchewan, B.Eng. (Mech.) 1963, M.Sc. 1965.
Posting: Canberra, Australia, as Assistant Commercial Secretary.



Henry W. Guy
Born: Motherwell, Scotland.
Educated: McMaster University, B.Comm. 1968.
Posting: Islamabad, Pakistan, as Assistant Commercial Secretary.



James D. Leach
Born: Moncton, New Brunswick.
Educated: University of Toronto, B.Comm. 1962, M.A. 1965.
Posting: Santiago, Chile, as Assistant Commercial Secretary.



Robert J. McGavin
Born: Calgary, Alberta.
Educated: University of British Columbia, B.P.E. 1965; University of Washington, M.Sc. 1966, Ph.D. (Social Sciences) 1969; University of Oslo, Certificate 1966.
Posting: Melbourne, Australia, as Assistant Commercial Secretary.



George P. Orban
Born: Budapest, Hungary.
Educated: McGill University, B.Sc. (Chem.) 1966; Institut d'Etudes Politiques, Paris, Diploma 1968.
Posting: Johannesburg, South Africa, as Assistant Trade Commissioner.



John H. Treleven
Born: Ottawa, Ontario.
Educated: University of Toronto, B.A. (Honours) 1967.
Posting: Sao Paulo, Brazil, as Vice Consul and Assistant Trade Commissioner.



Dwayne D. H. Wright
Born: Toronto, Ontario.
Educated: University of Toronto, B.A. 1965, M.B.A. 1968.
Posting: Cape Town, South Africa, as Assistant Trade Commissioner.



W. Brian Schumacher
Born: Winnipeg, Manitoba.
Educated: University of Manitoba, B.Sc. (Mech. Eng.) 1964; University of Western Ontario, M.B.A. 1968.
Posting: Detroit, as Vice Consul and Assistant Trade Commissioner.



J. Yves Trépanier
Born: Montreal, Quebec.
Educated: University of Montreal, B.A. 1960; Ecole Polytechnique, B.Sc.A. (Chem. Eng.) 1966; University of Western Ontario, M.B.A. 1968.
Posting: Beirut, Lebanon, as Assistant Commercial Secretary.



David S. Wright
Born: Montreal, Quebec.
Educated: McGill University, B.Sc. 1966; Columbia University, M.B.A. (International Finance) 1968.
Posting: Rome, Italy, as Assistant Commercial Secretary.

International Loans Announced

Private industry in Pakistan—The World Bank (IBRD) will lend U.S.\$40 million to the Pakistan Industrial Credit and Investment Corporation Ltd. (PICIC). This will provide half the foreign exchange PICIC needs between now and mid-1970 for loans to private enterprises in Pakistan. In the past, many of PICIC's loans have been made to firms combining Pakistani capital and management with foreign capital and technical knowledge.

New port at Mogadiscio—The International Development Association (IDA) will provide a credit of U.S.\$550,000 to help finance consultants' services for final engineering studies of the proposed

new two-herth deep-water port at Ras Sif, Mogadiscio, Somalia, and to assist the Somali Ports Authority in setting up a commercial accounting system. Consultants for the port are the French Société Grenobloise d'Études et d'Applications Hydrauliques (SOGRAH) and for the accounting system the British Associated Industrial Consultants. The new port would cost U.S.\$15 million; most of the financing would have to come from external sources.

Steel mill in Argentina—The Inter-American Development Bank (IADB) will lend U.S.\$5.3 million to Propulsora Siderurgica S.A. to help finance engineering services and provide professional assistance during the first year of opera-

tion of a cold-rolled sheet and flat products plant at Ensenada near La Plata. The plant will have a capacity of 350,000 tons a year, will cost \$73 million, and will begin operations early in 1970. It is the first stage of an integrated steel mill. The other stages will include facilities for 600,000 tons a year of hot-rolled steel, an increase in cold-rolling capacity to 500,000 tons, and a 1,350,000-ton blast furnace. Techint Engineering Co. helped in planning and will provide the technical assistance.

The IADB loan is within the framework of the *Alliance for Progress*. U.S. \$3.3 million of the loan will be disbursed in Italian lire for foreign goods and services and U.S.\$2 million will be provided in pesos.

Foreign Commercial Representatives in Canada

ARGENTINA

Economic Counsellor's Office
Embassy of Argentina
211 Stewart St.
Ottawa 2

AUSTRALIA

Commercial Counsellor and Australian
Government Trade Commissioner
Australian High Commission
90 Sparks St.
Ottawa

Australian Government Trade Commissioner
Canadian Imperial Bank of Commerce Bldg.
1155 Dorchester Blvd. W.
Montreal

Australian Government Trade Commissioner
Burrard Bldg., Suite 608
1030 West Georgia St.
Vancouver

AUSTRIA

Embassy of Austria
445 Wilbrod St.
Ottawa 2

Consulate of Austria
1132 Kensington Rd. N.W.
Calgary

Consulate of Austria
526 Young Ave.
Halifax

Austrian Trade Delegate
630 Dorchester Blvd. W., Suite 2275
Montreal

Austrian Consulate General
National Trust Bldg.
1350 Sherbrooke St. W.
Montreal

Austrian Trade Delegate
62 Richmond St. W., Suite 616
Toronto

Consulate of Austria
525 Seymour St.
Vancouver

Consulate of Austria
54 Harrow St.
Winnipeg

BELGIUM

Counsellor, Belgian Embassy
85 Range Rd.
Ottawa 2

Consul General of Belgium
913 Royal Bank of Canada Bldg.,
Place Ville Marie
Montreal

Consul General of Belgium
8 King St. E., Suite 1901
Toronto

Consul General of Belgium
Baxter Bldg., Rm. 916
1111 West Hastings St.
Vancouver

BOLIVIA

Consul General
Consulate General of Bolivia
4866 Cote des Neiges, Apt. 903
Montreal 26

BRAZIL

Office of the Commercial Attaché
Brazilian Embassy
450 Wilbrod St.
Ottawa 2

Brazilian Consulate General
1 Place Ville Marie, Suite 1505
Montreal

Brazilian Consulate
508/10 Rogers Bldg.
470 Granville St.
Vancouver

BRITAIN

Minister (Commercial)
British High Commission
80 Elgin St.
Ottawa

The British Trade Commissioner in Alberta
Bank of Montreal Bldg., Suite 600
101st and Jasper Ave.
Edmonton

The British Trade Commissioner in
the Atlantic Provinces
Centennial Bldg., 10th Fl.
1645 Granville St.
Halifax

The Senior British Trade Commissioner
in the Province of Quebec
635 Dorchester Blvd. W.
Montreal

The British Trade Commissioner
in Saskatchewan
815 Avord Tower
2002 Victoria Ave.
Regina

The Senior British Trade Commissioner
in Ontario
200 University Ave.
Toronto

The Principal British Trade Commissioner
in British Columbia
Bank of Nova Scotia Bldg.
602 West Hastings St.
Vancouver

The British Trade Commissioner in Manitoba
Monarch Life Bldg., 4th Fl.
333 Broadway Ave.
Winnipeg

BULGARIA

Bulgarian Trade Commission
1550 Maisonneuve Blvd. W., Suite 210
Montreal

BURMA

Embassy of the Union of Burma
Royal Trust Bldg.
116 Albert St.
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CEYLON

Commercial Secretary, High Commission
of Ceylon
85 Range Rd., Suites 103-104
Ottawa 2

CHILE

Embassy of Chile
56 Sparks St., Suite 204
Ottawa

Consulate General of Chile
1745 Cedar Ave., Apt. 101
Montreal

Consul of Chile
1575 West Sixth Ave.
Vancouver

Consul of Chile
106 Niagara St.
Winnipeg

CHINA (TAIWAN), REPUBLIC OF

Economic Counsellor
Embassy of the Republic of China
85 Range Rd., Suite 406
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Consul General of the Republic of China
510 West Hastings St.
Vancouver

COLOMBIA

First Secretary and Consul
Embassy of Colombia
140 Wellington St., Suite 112
Ottawa

Consul General of Colombia
1500 Stanley St., Suite 320
Montreal

Consul of Colombia
67 Yonge St., Suite 726
Toronto

Vice-Consul of Colombia
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Vancouver

COSTA RICA

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555 Maple Ave., St. Lambert
Mnntreal

CUBA

Cuban Trade Commissioner
3737 Metropolitan Blvd. E., Suite 1200
Ville St. Michel
Mnntreal

CZECHOSLOVAKIA

Office of the Czechoslovak Trade
Commissioner
1280 St. Mark St.
Mnntreal

DENMARK

Royal Danish Embassy
85 Range Rd., Suite 702
Ottawa 2

Royal Danish Consulate General
1245 Sherbrooke St. W., Suite 1525
Mnntreal 109

Royal Danish Consulate
151 Bloor St. W.
Trnrontn 5

Royal Danish Consulate
1201 West Pender St.
Vancouver 1

DOMINICAN REPUBLIC

Consul General of the Dominican Republic
6609a St. Hubert St.
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**EASTERN CARIBBEAN COMMISSION
(Leeward and Windward Islands)**

Commissioner, Eastern Caribbean
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14 Frontenac St., Place Bonaventure
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Mnntreal 114

ECUADOR

Chargé d'Affaires, Embassy of Ecuador
56 Sparks St., Rm. 728
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Mnntreal

Honorary Consul of Ecuador
3000 Yonge St.
Trnrontn

Honorary Consul of Ecuador
1480 Arbutus St., Apt. 1
Vancouver

EL SALVADOR

Consul General of El Salvador
1255 University St., Rm. 926
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FINLAND

Embassy of Finland
85 Range Rd.
Ottawa 2

Trade Commissioner for Finland
1010 St. Catherine St. W., Suite 1114
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FRANCE

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10 John St.
Ottawa

Commercial Counsellor of France
Place Bonaventure, 32 Farnham
P.O. Box 177
Mnntreal 3

Commercial Counsellor of France
185 Bay St.
Trnrontn

French Trade Commissioner
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GERMANY

Commercial Counsellor, Embassy of
the Federal Republic of Germany
1 Waverley St.
Ottawa

Consulate of
the Federal Republic of Germany
11618 100th Ave.
Edmnmnton

Consulate of
the Federal Republic of Germany
1541 Barrington St.
Hallfax

Trade Commissioner
Consulate General of
the Federal Republic of Germany
1545 McGregor St.
Mail: 1501 McGregor St.
Mnntreal

Consulate General of
the Federal Republic of Germany
50 Prince Arthur Ave., S. 206
Mail: 77 Admiral Road
Trnrontn

Consulate of
the Federal Republic of Germany
22 Poplar Ave.
St. Jnhn's

Consulate of
the Federal Republic of Germany
National Trust Bldg.
325 Howe St.
Vancouver

Consulate of
the Federal Republic of Germany
421 King St. N.
Waterloo, Ontario

Consulate of
the Federal Republic of Germany
424 Wellington Cres.
Winnipeg

GHANA

Counsellor, Office of
the High Commissioner for Ghana
85 Range Rd., Suite 810
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GREECE

Royal Greek Embassy
Chateau Laurier, Suite 110
Ottawa

GUATEMALA

Consul General of Guatemala
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Mnntreal

HAITI

Commercial Attaché, Embassy of Haiti
150 Driveway, Apt. 111
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Consul General
Consulate General of Haiti
1500 St. Catherine St. W.
Montreal 12

Consul General, Consulate General of Haiti
1005 St. Louis Rd.
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HONDURAS

Consul General, Consulate General of the
Republic of Honduras
1225 St. Mark St., Suite 101
Montreal

Honorary Consul, Consulate of Honduras
25 Adelaide St. E., 19th Fl.
Trnrontn

HUNGARY

Hungarian Trade Commission
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INDIA

Second Secretary (Commercial)
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200 MacLaren St.
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Trade Commissioner for India
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INDONESIA

First Secretary
Economic Affairs, Indonesian Embassy
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IRAN

Imperial Embassy of Iran
85 Range Rd., Apt. 502
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IRAQ

Third Secretary
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Washington, D.C. 20036

IRELAND

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2100 Drummond St.
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ISRAEL

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Consul for Economic Affairs of Israel
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Tnrontn

ITALY

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Embassy of Italy
172 MacLaren St.
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Consul and Trade Commissioner for Italy
800 Place Victoria, Suite 3423
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Italian Trade Commissioner
100 University Ave., Suite 510
Tnronto

Italian Trade Commissioner
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JAMAICA

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Consulate General of Japan
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Consulate General of Japan
Toronto-Dominion Centre, Suite 1803
P.O. Box 10
Tnronto 1

Consulate General of Japan
409 Granville St., Rm. 1211
Vancouver

Consulate of Japan
Tribune Bldg., Rm. 301
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LEBANON

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KOREA

Second Secretary and Consul
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Consulate of Mexico
372 Bay St., Suite 309
Tnrontn

Consulate of Mexico
Burrard Bldg., Rm. 607
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MONACO

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810 Tour de la Bourse, Place Victoria
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NETHERLANDS

Commercial Counsellor
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Netherlands Consulate General
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NICARAGUA

Consul General
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NORWAY

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Ottawa

Consul General of Norway
Royal Norwegian Consulate General
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Consul General of Norway
Royal Norwegian Consulate General
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PANAMA

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Halifax

Honorary Consul of Peru
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Honorary Consul of Peru
55 d'Auteuil
Quebec

Honorary Consul of Peru
57 Chestnut Park Rd.
Tnrontn

Consul General of Peru
525 Seymour St., Suite 116
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Honorary Consul of Peru
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Commercial Section
Polish Consulate General
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Consulate of Portugal
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Consulate General of Portugal
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Consulate of Portugal
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Université Laval
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Consulate of Portugal
King's Bridge Court, Apt. 2D
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Consulate of Portugal
159 Bay St., Suite 712
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Consulate of Portugal
736 Granville St., 7th Fl.
Vancouver

Vice Consulate of Portugal
239 Rouge St.
Winnipeg

SOUTH AFRICA

South African Trade Commission
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SAN MARINO

Consul General of San Marino
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SPAIN

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Ottawa

SWEDEN

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Royal Consulate General of Sweden
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(Eastern Canada)
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Toronto

Trade Commissioner for Sweden
(Western Canada)
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Consul General of Switzerland
100 University Ave.
Toronto 1

Consul of Switzerland
1130 One Bental Centre
505 Burrard St.
Vancouver 1

Consul of Switzerland
Tribune Building
257 Smith St.
Winnipeg 1

THAILAND

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Consulate of Thailand
Bank of Canada Bldg.
250 University Ave.
Toronto

Consulate of Thailand
608-1445 Marpole Ave.
Vancouver

TRINIDAD AND TOBAGO

Trade Commissioner
1210 Sherbrooke St. W., Suite 200
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TURKEY

Commercial Counsellor, Turkish Embassy
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Ottawa 2

**UNION OF SOVIET
SOCIALIST REPUBLICS**

Trade Representative of the U.S.S.R.
in Canada
24 Blackburn Ave.
Ottawa 2

UNITED STATES

Commercial Attaché
Embassy of the United States
100 Wellington St.
Ottawa 4

Consul General of the United States
805 8th Ave. S.W.
Calgary 2

Consul General of the United States
Bank of Nova Scotia Bldg.,
183-189 Hollis St.
Halifax

Consul General of the United States
1558 McGregor St.
Montreal 109

Consul General of the United States
1 Ste. Genevieve Ave.
Quebec 4

Consul General of the United States
Harbour Bldg., Suite 701
133 Prince William St.
Saint John

Consul General of the United States
King's Bridge Rd.
St. John's

Consul General of the United States
360 University Ave.
Toronto 1

Consul General of the United States
Burrard Bldg.
1030 West Georgia St.
Vancouver 5

Consul General of the United States
Kent Trust Bldg.
500 Ouellette Ave.
Windsor 14

Consul General of the United States
6 Donald St.
Winnipeg 13

URUGUAY

Chargé d'Affaires a.i.
124 Springfield Rd., Apt. 102
Ottawa

VENEZUELA

Consul General of Venezuela
1980 Sherbrooke St. W., Rm. 850
Montreal

Consul of Venezuela
525 Seymour St.
Vancouver

YUGOSLAVIA

Embassy of the Socialist Federal
Republic of Yugoslavia
17 Blackburn Ave.
Ottawa 2

Consul General of the SFR of Yugoslavia
377 Spadina Rd.
Toronto

Torrington Sells Precision

Its factory in Bedford, Quebec, makes needles for high-speed knitting machines and sells them in more than fifty countries.

MICHAEL A. JOHNSTON
Assistant Editor, "Foreign Trade"

■ "The Canadian knitting industry is not big enough to support a substantial needle manufacturing operation," Mr. Champagne told me when I visited the Torrington Company earlier this year. "Without our export markets we would soon be out of business. In fact, we sell 85 per cent of our production overseas."

Torrington's position is exceptional in Canada today but it may not be so unusual in five or ten years' time. Economies of scale are by no means confined to process industries and mass production. They operate in many other fields, including labor-intensive industries turning out precision products.

The needle industry in Bedford, Quebec, goes back at least a hundred years. There was a cottage craft in the town before William Corey set up his factory in 1884. Thirty years later, the Torrington Company of Torrington, Connecticut, bought Corey out and replaced his outmoded machinery with the most advanced equipment then available. World War I created a tremendous demand for latch needles and at the time Torrington was the only firm in the British Empire which made them. When the war ended, the Bedford factory found itself with greatly expanded capacity, a wealth of home-grown technical expertise, and excellent connections in foreign markets. It didn't wait for the former giants of the industry to get back onto their feet but quickly organized agencies throughout the world and consolidated its position.

World War II boosted the demand for knitted goods and once more upset the needle industry's distribution pattern. Peace presented Torrington with another golden opportunity to extend its markets. But this time there was a difference. Major developments in

the plastics industry were adding a new dimension to the knitting trade. Manmade fibers now offered an answer to the problem of "seating" which had long bedevilled manufacturers of knitted dresses. Crimping gave the new yarns stretch, allowing women the best of both worlds—the wear and washability of synthetics plus the freedom of movement they associated with wool.

Rising standards of living in Europe and North America created a demand for sports clothes, casual wear and high fashion goods that in turn called forth a new generation of very complex, high-speed knitting machines. The knitted cotton T-shirt swept Africa and Asia, supplanting traditional home spun and woven garments. To the needle industry, this meant two distinct markets—one which demanded extremely accurate needles and another where standards were less rigorous.

German manufacturers soon made a comeback and within a short time world markets (as far as the non-Communist countries were concerned) were dominated by six large firms, all competing strongly. Japanese suppliers made inroads into the African and Asian business which was chiefly concerned with price. Torrington fought hard to maintain its position; that it succeeded and today sells in 50 or more countries speaks highly of its management and the skill of its employees.

How Do You Sell Needles?

It is fashionable to say that the problems of production have been solved and all industry has to do today is to create markets, but an hour or two in a needle factory is enough to raise doubts about that assertion.

The needle has not only to be the right shape, it must be compatible with the batch supplied three months or two years before. If there is any

variation from batch to batch, this shows up in the garment. Then the needle must be strong; a needle for ladies' hosiery has an expected life of some 50 million strokes and yet the latch walls are only four thousandths of an inch thick. Accuracy, strength and smoothness are the characteristics of a good needle and they are the main selling points. The Bedford factory offers 4,500 different kinds of needles from general production and often has several hundred in process at once. Every needle is checked individually and they are boxed by hand.

The agent is the vital link between factory and customer. He is the man on the spot who presents the product and makes the sale. Torrington chooses its agents with care. Many of them also represent knitting machine manufacturers. This arrangement has advantages for both parties: Torrington wants technical skill and the representative finds selling needles an excellent way to keep in touch with his prospects. In such a highly competitive trade, good communications are a must. Torrington staff visit agents regularly and make full use of the services the Trade Commissioners provide.

Problems of the World Marketer

Every market is different from every other market. Sometimes the differences are minor and easily taken care of by an export clerk. (Needles are almost invariably dispatched by air freight which is much less complicated than surface transportation.) But sometimes differences call for major changes in marketing policy. "The important thing," Ed Jess, Torrington's export manager, told me, "is to remember that you are in business to sell at a profit and there is nothing sacred about a routine which gets in the way of the company's main objectives. If the ground

rules in a market change, you either find a way of adapting yourself to them or you don't get the orders.

"Take, for example, markets in Latin America where you have the double problem of deposit fees plus inflation. Duty and deposits can tie up two or three times the value of the goods for several months. Instead of earning a profit, the agent's working capital depreciates in value. The sensible thing for him to do is to get a loan and stop using his own money. But loans are hard to come by and the bank wants security. The exporter who ties up his own money in local currency to help an agent is almost certain to regret it.

"Torrington managed to find a way round the difficulty. Here's how it's done. You tell the agent to borrow the money he needs from the bank. Through your bank in New York you guarantee the loan, undertaking to pay up if required to within 30 days of the expiry of the agent's loan. This way you don't get caught if the Government down there puts restrictions on funds leaving the country. If the local currency is inflated, you lose nothing and the agent effectively pays the bank less than he borrowed.

"Torrington is now doing a lot of business with Eastern Europe. There you adopt a different strategy. You seldom meet the end user; most dealings are with state trading corporations. International machinery shows such as ITMA in Basel and the Brno and Poznan Fairs can help to make your capabilities known. But you must follow up every lead. When a state trading organization asks a question, reply promptly and fully even if you have covered the subject already—the person who makes the purchasing decision may not have got your literature. Don't give up if you don't get an order for a year or so. They have a habit of suddenly coming out of the blue and upsetting all your production plans—not that that matters if it's good business.

"Torrington people visit Technopromimport (the Soviet government trading corporation in this field) in Moscow regularly to show that they are seriously interested; officials don't like placing orders with someone they haven't seen before. They also prefer to deal with representatives of prin-

cipals rather than with agents whose commission has to be included in the price.

"Torrington will soon start advertising in the U.S.S.R. Incidentally, we were very interested in the article on advertising in the Soviet Union in *Foreign Trade* of January 6, 1968."

On Being International

The Torrington Company at Bedford is part of an international organization with factories in the United States, Britain, West Germany, Italy and Brazil. This has many advantages. Specialized machine tools developed in Bedford are used in the other factories and vice versa. Rationalization cuts down the number of kinds of needles which have to be made in each plant.

The European factories concentrate on needles most commonly used in their home markets and those which cannot be shipped in at competitive duty-paid prices, and they help spread the overheads of the worldwide selling organization. Almost all the parent company's production of needles is sold in the

United States. Because Bedford has such a fine export record and is so dependent on foreign markets, it is given almost complete operating autonomy. The parent provides financial and other specialist services.

Needles are the mainstay of the Bedford factory but Torrington believes in diversity of production as well as of markets. Bedford, for example, manufactures needle bearings for the automotive industry. These require the same basic skills and are made by a similar process. The company has recently reorganized the bearings department to cope with its growing business and prospects for the future.

There are, of course, other applications where swaging (drawing out wire with high-speed rotary hammers) gives a precision product at a competitive price. The parent in the United States and Torrington factories in Europe make bicycle parts, precision threaded bolts and speedometer pins, for example. Their training facilities, research and the vast fund of technical knowhow can be drawn upon when the time comes to expand or diversify further.

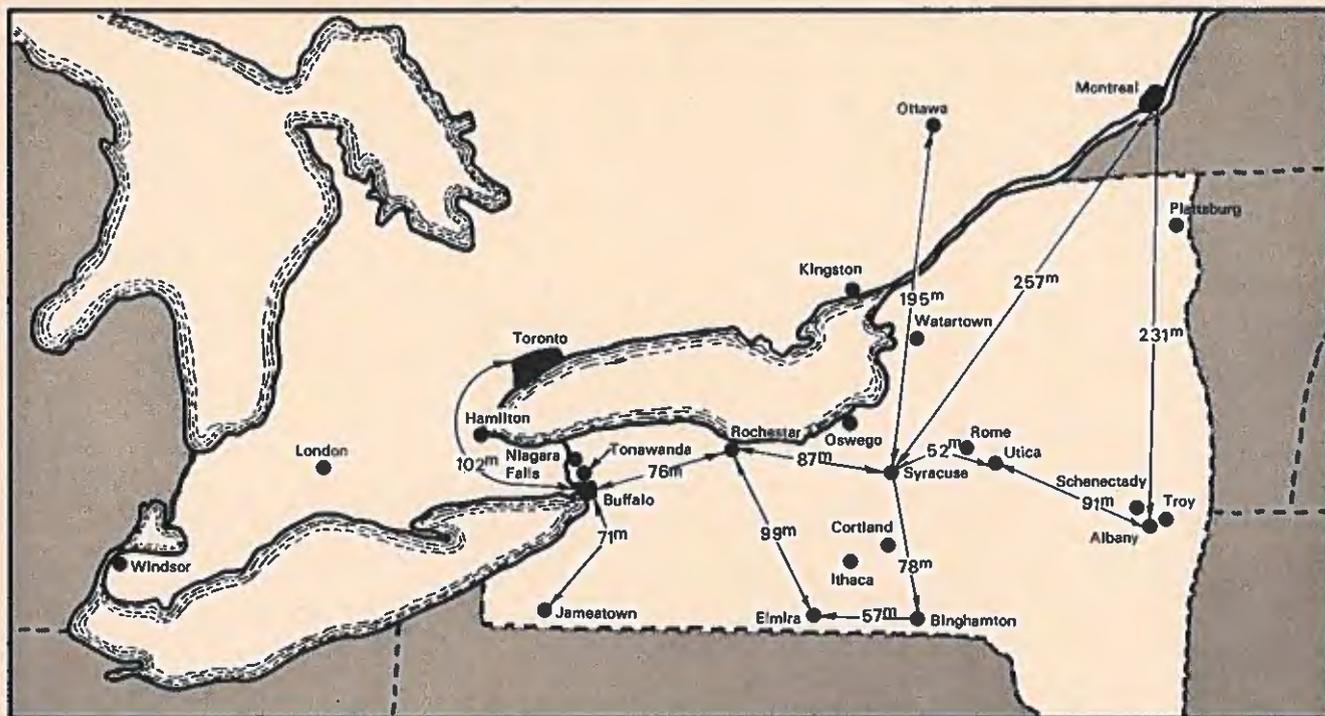
Foreign Loans Announced

Industrial development in the Philippines—The Asian Development Bank will lend U.S.\$5 million to the Private Development Corporation of the Philippines (PDCP) to assist it in financing private industry and other production enterprises. PDCP was established in 1963 and has been playing an increasingly important role in industrial development.

Farm credits for Brazil—The Inter-American Development Bank (IADB) will lend Brazil U.S.\$26 million to finance credits for medium-scale cattle ranchers in the States of Bahia, Minas Gerais and Espirito Santo. The credits will be used to improve pasture, build fences, provide watering stations, silos, and feeding troughs, and to buy tractors, farm equipment and livestock. Technical assistance will be given by the National Livestock Development Council and other agencies. The loan is within the framework of the *Alliance for Progress*.

Power in Ireland—The World Bank (IBRD) will lend U.S.\$14.5 million to the Electricity Supply Board of Ireland for a 280 mw. pumped storage power plant at Turlough Hill near Dublin. The project will cost U.S.\$31.5 million in total and be ready by early 1974. The Electricity Supply Board will execute the project and procurement will be on the basis of international competitive bidding.

Agricultural development in Iran—The World Bank (IBRD) will lend U.S.\$30 million to Iran to continue development of irrigated lands near the Pahlavi Dam. Besides providing for irrigation and drainage works, the loan will make possible a farm credit program, an agricultural training center, and marketing arrangements. Most of the irrigated land will be cultivated by smallholders but there will be some large-scale mechanized farming too.



It's Almost a Domestic Market

The larger cities of Upstate New York lie close to the Canadian heartland, share the same tastes, the same commercial climate. If you want to sell more consumer products, try calling on retailers just across the border.

C. K. MARCHANT

Vice Consul and Assistant Trade Commissioner, New York

■ Only a handful of Canadian companies in the consumer goods field have tackled selling in the major centers of Upstate New York with the same enthusiasm as in the major Canadian cities. But if Upstate New York were to become part of a Canadian company's basic market—as geography and commercial climate suggest it logically should—results might be surprising. Upstate centers would be included among the top six metropolitan markets:

Estimated Population

Montreal	— 2,489,000
Toronto	— 2,233,000
Buffalo	— 1,502,000
Vancouver	— 923,000
Rochester	— 870,000
Syracuse	— 678,000

Put another way, it would require the next eight Canadian cities by population—Winnipeg, Ottawa, Hamilton, Quebec City, Edmonton, Calgary, Windsor, and London—to put

together an aggregate market as big as in the three Upstate centers. And potentially, marketing costs associated with penetrating an equally large market with a smaller number of centers would be lower.

Tied to New York City

Many people assume that purchasing in Buffalo, Rochester and Syracuse is connected by some kind of umbilical cord to New York City. They note that department store XYZ in Buffalo is associated with buying office ABC located in New York City. Therefore they reason that to sell Buffalo, you must first sell New York. They also point out that New York City is the pace-setter in consumer goods. Consequently, they believe that buyers from such supposedly remote outposts as Rochester flock to New York only to breathe the invigorating air of Seventh Avenue styles and merchandising.

The problem with this approach is not that the facts are wrong. Most department stores in Upstate New York are affiliated with New York buying offices. And Upstate buyers do make the rounds in New York during market weeks. But in spite of this, purchasing decisions are made independently in Upstate New York.

For the Canadian exporter the difficulty is that trying to sell through New York may put a company new to the market at a serious disadvantage in gaining exposure for its lines. The huge number of vendors who set up in New York during the main market periods, combined with the limited amount of time any given buyer has to survey the various products on the market, means that the unknown company is probably out of luck. But is there another way of placing your products before the Upstate buyer?

Yes. Why not call directly on the Buffalo, Rochester or Syracuse buyer? You will probably find him friendly to Canadians and, more important, interested in Canadian products of good quality offered at a competitive price. Though any buyer may want to assess the New York market before making final decisions on the mix of lines he will want for the coming season, at least he will be familiar with the lines of Canadian exporters who have taken the trouble to come to town and knock on his door. In the words of a vice-president of one major Upstate store, "We've seen French, British, Italian and Irish vendors. Why not Canadians?"

When to Sell

Timing sales calls on Upstate buyers is of crucial importance. As a general rule the best—perhaps the only—time to make potentially effective sales calls in Buffalo, Rochester and Syracuse is just before the main market periods in New York, with a follow-up immediately after the buyers return from New York.

The logic here is that you should expose your product line to the buyer before he visits the huge market in New York. The fact that the buyer has been introduced to your lines in the privacy of his office, rather than as part of a hectic dash from mart to mart, should help to establish the

advantages and uniqueness of your product firmly in his mind.

Don't be discouraged because a buyer says that it is too early to make up his mind on the coming season's lines and he hasn't seen the New York market. Simply make it part of your marketing strategy to call when he is placing most of his definite orders—immediately after the main market period.

Both prongs of this attack are essential to success in selling to this lucrative market. Doing only half

the job is not likely to generate a respectable volume of orders—just as a skewer is a poor substitute for a fork. Timely, well-prepared calls on the buyer should give you a better chance of placing your goods in this market. And you will have the chance of getting to know the buyer better and benefitting from his advice.

Timing of Main Markets

To make calls just before the main New York market periods, you need to know when these main markets

Where to Sell Consumer Goods

It would be impractical to list all the various stores and outlets, but here is a list of the major retail stores/chains in the Buffalo, Rochester and Syracuse area:

Buffalo

Adam, Meldrum & Anderson Co.
383 Main Street
Telephone: (716) TL3-4020
All departments; seven stores

L. L. Berger Inc.
514 Main Street
Telephone: (716) 856-5300
Women's ready-to-wear and accessories; three stores

Wm. Hengerer Co.
465 Main Street
Telephone: (716) TL6-6666
All departments; three stores

Hens & Kelly
478 Main Street
Telephone: (716) 852-5600
Most departments; seven stores

The Sample Inc.
1631 Hertel Avenue
Telephone: (716) TF6-1234
Clothing and furnishings; nine stores

Sattlers
998 Broadway
Telephone: (716) 894-2345
All departments; four stores

Rochester

E. W. Edwards & Son
144 Main Street, E.
Telephone: (716) 546-5000
All departments; three stores

B. Forman & Co.
46 S. Clinton Avenue
Telephone: (716) HA6-2000
Clothing and furnishings; two stores

McCurdy & Co., Inc.
285 E. Main Street
Telephone: (716) BA5-3000
All departments; three stores

National Clothing Co.
159 E. Main Street
Telephone: (716) 453-3800
Clothing; four stores

Sibley, Lindsay & Curr Co.
250 E. Main Street
Telephone: (716) 232-7700
All departments; six stores

Syracuse

The Addis Co.
4499 S. Salina Street
Telephone: (315) HA2-7121
Clothing and furnishings; three stores

C. E. Chappel & Sons Inc.
205 S. Salina Street
Telephone: (315) 474-1231
Most departments; four stores

Dey Brothers Co.
401 S. Salina Street
Telephone: (315) GR4-2711
Most departments; five stores

E. W. Edwards & Son
220 S. Salina Street
Telephone: (315) GR4-5981
Most departments; two stores

Fiah & Co.
419 S. Salina Street
Telephone: (315) HA2-2221
Women's clothing and accessories; four stores

L. A. Witherill
300 S. Salina Street
Telephone: (315) HA2-2111
Most departments; two stores

are. Here is a rough run-down on several product groups:

Women's ready-to-wear: June sees main market activity for fall lines and January for spring lines.

Men's tailored clothing: January for fall clothing, August for spring lines. (Note: this is considerably earlier than for comparable women's lines.)

Men's sportswear: April for fall and winter lines.

Giftware: The main markets for gift items center around the New York Gift Shows in February and August. The latter caters heavily to Christmas orders.

Shoes: Again the market centers around the major shoe trade show—held annually in April (fall lines) and October (winter and spring). Men's shoes tend to be less seasonal than women's and consequently market periods are less clear-cut.

Winter footwear: This is generally bought early, in April. It is characteristic of the winter footwear market that quantities for the upcoming winter are only ordered once—a greater than anticipated demand can seldom be filled by repeat orders because of lead and delivery times.

Furniture: Market periods are centered around three marts, each with special characteristics. The January mart generally features lines being introduced for the coming "year" (that is, beginning in the fall). At the time of the April mart, department store buyers have a better idea of the funds they will have for purchases in the furniture field. In October, buyers readjust their orders to take account of changes in the forecasts of Christmas and post-Christmas demand that were made in April.

Sporting goods: For fall and winter sporting goods, the main market period begins in early March, for summer lines, around August 1.

Other items: Non-seasonal goods such as housewares may be bought throughout the year. Orders for Christmas merchandise are generally placed by the previous June.

There are two particularly bad times for calls by vendors from the buyer's point of view. The summer is the main holiday season and callers may find the buyer out of town. And during the pre-Christmas rush, most buyers are much too busy with mer-

chandising to have a great deal of time for or interest in dealing with new products.

For those products whose main New York markets fall in the month of January, we recommend planning calls on Upstate New York immediately after the Christmas season—that is, in the first week of January. November would be too early, December too busy, and later in January too late.

Business Jets Mean Business

■ The natives of Wichita, Kansas, modestly refer to their hometown as the air capital of the world—and with considerable justification. Some 60 per cent of the business and private aircraft sold in the U.S. are manufactured there. Beech and Cessna, two of the world's largest producers of business aircraft, have their headquarters in the city. Lear Jet Industries Inc., the only major producer of business jets in the U.S., assembles its executive aircraft in Wichita.

The number of employees and the sales of the various aircraft companies in Wichita give some idea of the scale of operations. Cessna employs 8,500 and has sales of \$200 million, Beech 12,000 and \$180 million, Boeing 12,500 and \$2,900 million, and Lear Jet 2,000 and \$35 million.

Wichita was once a major center for military aircraft. Boeing's Wichita Division produced 10 per cent of U.S. aircraft in World War II, including the B-17 and B-29. Apart from B-52 support work, nearly all of this division's work is now in the commercial field and includes major assembly of the Boeing 737 and production of the forward section of the Boeing 747.

Beech and Cessna are involved to some extent in military production. About 35 per cent of Beech's output is defence-oriented, largely because it has a prime contract for U-21A utility aircraft for the army. Cessna is making the T-37, the A-37A and A-37B Dragonfly light attack jets, the O-2A forward air controller and O-2B "psywar" aircraft for the USAF.

Cessna recently announced that it would enter the business jet aircraft field. This decision is of considerable interest to Canadian industry because the Fanjet 500 will be powered by JT15D-1 fanjet engines made by United Aircraft of Canada Limited.

With the exception of the Fanjet 500, neither Cessna nor Beech is planning radically new models in the near future. However, the industry is often requested

The major retailers and department store chains are listed in the accompanying box. For more detailed information—such as level, type, and range of products of a particular store or the name of the buyer your company should call on—contact the Commercial Division of the Canadian Consulate General, 680 Fifth Avenue, New York, New York 10019. We would be happy to help you with this or any other marketing problem.

by the authorities to find new sources and stimulate competition on defence contracts.

Canadian suppliers to the aviation industry would do well to visit Wichita. Besides Lear Jet, Beech, Cessna and Boeing, there is a host of firms in the area, ranging from machine shops with 300 employees such as L & S Aerodyne, down to small operations with five or ten. Castings and forgings for aircraft are purchased from as far away as California; Wichita is readily accessible to Canadian producers.

Channels of distribution vary according to the component or assembly involved. Basic materials such as bar stock and rolling mill products are bought from local distributors. Castings and forgings which are not available from local foundries are contracted for on a competitive basis from sources all over the United States and, in one case, even from Germany. Outside machining is used to varying degrees. Cessna, for example, has an extensive in-house fabrication facility, manufacturing its own seats, landing gear and propellers. Beech, on the other hand, contracts out much of its work.

Timing is all-important to the prospective new supplier. Once a new model has been announced, prototype development begins. This is the point at which the salesman must do his job. Needless to say, his task will be much easier if he has already introduced his product or facility to the buyer.

A well-planned business visit to Wichita need take only two or three days. The Canadian Consulate in Dallas can supply the names and locations of the buyers to see at the various aircraft manufacturers. It can also provide more specific information on their current programs. We would be glad to assist you in your first visit to the "air capital of the world".

—JOHN A. LANGLEY
*Vice Consul and Assistant Trade
Commissioner, Dallas*

Over-all expenditure on highways in West Malaysia amounted to only 41 per cent of the Plan target during 1966-68, but progress in East Malaysia on all categories of transport projects (except ports) was ahead of schedule. The delay in port projects was due largely to the difficulty of obtaining and using foreign assistance on acceptable terms. The whole five major port projects in the Plan will, however, be under construction by early 1970.

The major recommendations of the Malaysia Transport Survey have been accepted by the Government as the basis for a much larger development program for the remainder of the First Plan and in the Second Malaysia Plan. A number of measures for better co-ordinated and comprehensive planning of the transport system and its effective use will also receive priority attention from the Government.

Other Programs

Telecommunications—The telecommunications program lagged badly in 1966-67 but these delays began to be made good in 1968 and, with bilateral lines of credit and a World Bank loan, good progress is expected in 1969-70. Only 25 per cent of the allocation for postal services was spent, compared with the substantial progress in 1961-65. The largest element in this program, the Kuala Lumpur General Post Office project, is still faced with problems of acquiring a site. The revised Plan objective is to complete all elements of the program other than the K.L. General Post Office.

Electricity Supply—The electricity supply program has proceeded largely on schedule. By 1970, total generating capacity of the MEB will have more than doubled. Investment for 1970-75 is therefore expected to be below 1966-68 levels. The Sabah Electricity Board and the Sarawak Electricity Supply Corporation will receive assistance in obtaining adequate foreign financing for their programs.

Water Supply—Water-supply projects, except those for Kuala Lumpur and Penang, faced difficulties in getting and using foreign financial aid because of their small foreign exchange content. In the remainder of the Plan

period proper, project preparation will be emphasized, plus the drawing-up of satisfactory financial arrangements for the support of water-supply projects. Where these are viable, domestic resources will be used to implement them.

Health Programs—Health programs in the Plan, largely hospital construction, proceeded on schedule. The remaining Plan years will witness greater attention to staff training, rural health services and hospital improvements.

Housing—The Plan objective of constructing 30,000 to 35,000 units of

(mostly) low-cost housing is likely to be fully met, despite the slow start in 1966-67.

These development projects provide attractive opportunities for Canadian companies either to invest in Malaysia or to sell engineering services, capital equipment, or other products. The opportunities are particularly interesting in the forest products field. Canadian companies desiring further information about any aspect of the Development Plan should write to the Commercial Division of the Canadian High Commission in Malaysia at Kuala Lumpur.

Your Commission Agent in France

■ Commission agents and travelling salesmen in France—"Voyageurs, Représentants, et Placiers"—who are not carrying on business for their own account and who are working for one or more principals are entitled to certain benefits. Among these are:

1. They may deduct 30 per cent from total salary and commissions in computing taxable income. This deduction is in addition to the standard one of 10 plus 20 per cent granted to all French citizens.
2. They are exempt from the yearly tax imposed on the owner of a motor vehicle—the "Vignette Automobile". This tax ranges from 60 to 240 francs a year, depending on the type of vehicle.
3. They receive a 50 per cent rebate on the cost of "cartes d'abonnement a demitarif". These cards are available to all French and foreign residents, are valid for 12 months, and make it possible for the holder to travel on the railway at half fare within the area that the card covers. The cost of this card varies with the size of the area in which it can be used.

Many agents also are permitted to import samples under the "Carnets ECS" procedure. Under this, commercial samples are admitted into France for one year without payment or deposit of duty or taxes. To benefit from this, however, an agent must represent a principal in a country that has signed the 1956 Brussels Customs Agreement. Canada is not yet a signatory and therefore on commercial samples from Canada the agent in France must deposit the full amount of import duties and domestic taxes.

To obtain the benefits set out above, the agent must be a member of the *Chambre Syndicale Nationale des Représentants de l'Industrie et du Commerce*. He must also present to the *Prefecture de Police* in Paris or to the local *Prefectures* in the provinces a certificate written in French on the principal's letterhead. This certificate must confirm that he is a commercial representative for the company, working under a contract or agreement that defines the nature of the services the agent is to render, the goods to be offered for sale, the area of representation, the category of the client's business, and the rate of remuneration. The *Prefecture* then issues to the agent a VRP card entitling him to the special privileges outlined.

Canadian exporters to France who enter into agency agreements should be aware that there, as in many other European countries, terminating such an agreement may lead to claims for compensation. If a claim is made, the courts must be satisfied that the agreement was terminated for just cause—and "just cause" may not be defined in the way that the exporter construes it. For example, permanent and complete inability to work because of accident or illness may entitle the agent to compensation. In all such cases, compensation is determined in a rather complicated manner and may cover both direct and indirect benefits for which the agent is eligible. For further information on the termination of contracts with agents in France, exporters should write to the European Division, Department of Industry, Trade and Commerce in Ottawa. The Division also has on file examples of suitable agency contracts prepared by the Paris Chamber of Commerce.

BRITISH HONDURAS—a Small Caribbean Market

J. PIERRE LEFEBVRE, *Assistant Commercial Secretary, Kingston.*

■ As British Honduras nears independence, to be achieved some time before 1972, its Government is working hard to attract sound foreign investment to insure future economic stability. Here is a country with 5.7 million acres, of which 38 per cent is suitable for agriculture, according to a UN survey, and 46 per cent is suitable for forestry. Yet it has a population of only twelve per square mile. Its Government grants to investors generous tax concessions, remission of duty on imports of machinery and sometimes on raw materials, and help in financing through the Development Finance Corporation. A foreign investor can lease or buy for as little as U.S.\$10 an acre some Crown land for industrial purposes in any part of the country.

British Honduras serves as a bridge between Central America and the English-speaking Caribbean. It is on the brink of joining CARIFTA and an investor could thus benefit from duty-free entry of his agricultural or industrial products into a market of approximately five million consumers. The geographical location also makes it a possible supplier of fresh fruit and vegetables to the U.S. and Canadian markets during the winter season.

Prospects in Agriculture

Crops—Most tropical and some temperate crops thrive in this territory, which has an annual rainfall ranging from 50 inches in the northern districts to 140 in the Toledo district. The following crops are being or have been grown on an extensive scale: sugar cane, oranges, grapefruit, coconuts, rice, maize, beans of various types, cucumbers, bananas, cacao, cassava, pineapples, tobacco and mangoes. Most other tropical and some temperate crops thrive but are not yet grown as widely as those listed above.

Livestock—The greater part of the territory is eminently suited to pasture and the production of fodder crops. There is a promising export market for meat because of the over-population

in the neighboring Caribbean islands which makes cattle breeding difficult. At the present time the cattle population is about 30,000 head. The Department of Agriculture breeds beef and dairy bulls for sale to the farmers; the most popular breeds are Jamaica Black, Brahman, Herefords, Jamaica Red and Dairy Brown Swiss. Private companies also have Santa Gertrudis and Charolais crosses.

Most breeds of pigs thrive under good management, as do sheep and poultry, but only limited numbers are maintained at the present time.

Prospects in Industry

The tourist trade is still in its infancy. There is room for at least one more hotel in Belize and many of the surrounding cays have beautiful beaches which could be developed into major tourist spots. In the more southerly parts of the country, undeveloped areas have the potential for resorts that could compete with the Caribbean's famous beaches.

A survey of industries which could be established locally to meet the needs of the domestic market was made by an industrial consultant and the results are available in pamphlets giving details of capital requirements and other information for investors. Pamphlets have already been issued on animal feed pellets, concrete tubes and paints. Others are being prepared on doors, windows, dried and salted fish, fish meal, fish oil, and leather tanning. Automobile repair shops, plants for canning vegetables, and grey iron foundries are also needed.

Foreign Trade

British Honduras traditionally imports more than it exports; from 1963 to 1966, for example, the trade deficit increased by about BH\$3.5 million a year to a peak of BH\$19.5 million in 1966, the highest figure for a decade. One reason for the large deficit is the growing need for imports of capital equipment and consumer goods. Returns on exports have been affected by the depressed world

prices for sugar and citrus and by the disappearance of the lumber trade as timber stands became depleted. In 1966, for example, imports of manufactured goods, machinery, transport equipment and miscellaneous manufactures went up about 60 per cent in value over 1963, but exports of sugar, citrus and lumber went up by a mere 10 per cent. The same trend continued in 1967, when exports reached only Cdn.\$13.3 million and imports Cdn.\$24 million.

WHERE BRITISH HONDURAS BUYS

From	1967 (per cent of total imports)	1966	1965
Britain	30.40	38.25	32.12
United States	34.21	33.52	36.89
Jamaica	6.86	5.52	4.89
Canada	4.26	3.95	4.45
Netherlands	5.40	4.86	4.32

The table sets out the main suppliers to the British Honduras market. Of imports worth Cdn.\$24 million in 1967, food accounted for \$6.7 million, machinery and domestic appliances for \$2.3 million, motor vehicles for \$2.3 million, manufactures of metal \$1.5 million, and mineral fuels and lubricants \$1.1 million. The Canadian share of this market was only Cdn.\$1.18 million in 1967 and \$646,581 in the first six months of 1968 (up from \$572,941 in the first half of 1967). The major purchases from Canada in 1967 included food products Cdn.\$259,000, transport and communications equipment \$192,000, textiles and manufactures \$79,000, paper and paperboard \$56,000, and chemicals and related products \$41,000.

One of the major problems in increasing Canadian sales to British Honduras is the fact that there is no longer any direct shipping service from Canada to that country and goods must be transshipped in New York, New Orleans, or Miami. This leads to long delays in delivery and occasionally the loss of a shipment. It also raises the price of goods and

often nullifies the advantage we gain over U.S. suppliers because of the Commonwealth preference.

Before selling to or investing in British Honduras, the businessman should investigate opportunities for himself. The simplest way to reach the country is by air from New Orleans or Miami. Best time of year for the trip is from November to March, and you should make a reservation well in advance at the Fort George Hotel in Belize. It has air-conditioned rooms and good food, and the rate is about Cdn.\$9.00 a day, European plan.

If you intend to travel within British Honduras, you should have

some of your U.S. funds changed for local money. The rate of exchange tends to vary from one place to another; the Fort George Hotel, the Royal Bank, the Bank of Nova Scotia or Barclays Bank will give you the exact one.

Getting about in British Honduras is not difficult. Belize City is connected by all-weather roads with Benque Vieja del Carmen in the west and Corozal Town in the north. About midway to the west, the Hummingbird Highway branches to the south, connecting up the town of Stann Creek and farther south, Punta Gorda and beyond to Puerto Barrios, Guatemala.

You can rent a Land Rover at the hotel for U.S.\$20 a day, with possible discounts for one week or longer.

Maya Airways operates schedule and charter flights of three- and five-seater aircraft within the country, connecting Belize City with the five other district capitals. Air taxis also provide charter service to all parts of the country.

If you would like to study opportunities in British Honduras, write to the Trade Commissioner in Kingston, Jamaica, well before your visit. He can provide up-to-date information about the country and arrange appointments for you.

trade lines



Swiss build methane liquefaction unit in Britain

Sulzer Brothers Ltd. of Winterthur has received an order from Whessoe Ltd. to build a liquefaction unit for the Algerian natural gas store at Ambergate in England. The unit, operating as a pilot plant, will reliquefy gas which has boiled off during road tanker discharge or because of air-pressure fluctuations—Berne.

New thermal station for Spain

Hidroelectrica Espanola S.A., one of Spain's major power utilities, plans to build a new thermal station at a cost of some U.S.\$100 million at Castellon de la Plana on the Mediterranean coast. Two groups of turboalternators will be installed, each with a capacity of 540,000 kw. Annual production is expected to average 4,500 million kwh.—Madrid.

Venezuela's diamond production increases

In the first eight months of 1968 Venezuela produced 58,000 karats of diamonds, a 21 per cent increase over the same period in 1967. Industrial diamonds accounted for 18,430 karats, bort diamonds 5,240 and jewellers' diamonds 34,420—Caracas.

Canadian firm builds factory in the Netherlands

Lufkin Rule Company of Canada Ltd. will build a factory for the production of measuring tapes of all

kinds made from metal, synthetic fiber and wood in Emmen, Netherlands. Construction of the factory was expected to begin in March 1969. The company will employ 50 workers at the start, increasing to about 200 in a few years—The Hague.

Great demand for aluminum in France

Aluminum consumption in France increased by some 6 per cent to 335,000 tons in 1968 compared with 316,000 tons in 1967. This is a satisfactory result considering the events last spring which resulted in a 16 per cent drop in production for the first six months of 1968—Paris.

BASF buys machinery for dry ice plant

Badische Anilin und Sodafabrik (BASF) of Ludwigshafen, West Germany, will build a new plant for the production of dry ice. The daily output will be 175 metric tons, equivalent to half Europe's total production now. Two Swiss manufacturers, Sulzer Brothers Ltd. of Winterthur and Escher Wyss Ltd. of Zurich, will supply the freezing units—Berne.

Venezuela receives two loans for power project

The IADB has approved two loans totalling U.S.\$16 million to help finance the construction of a dam, hydroelectric plant and transmission facilities on the Santo Domingo River in Venezuela. The U.S.\$48.5 million plant will have an eventual capacity of 240,000

kw. produced by four 60,000 kw. generators, two of which will be installed in the first phase. The project will contribute more power to a comparatively underdeveloped area in which 17 per cent of Venezuela's population is concentrated.—Caracas.

The Netherlands steps up polypropylene production

Rotterdamse Polyolefinen Maatschappij N.V. (RPM) of Rotterdam, (60 per cent Shell Petroleum N.V. and 40 per cent Montecatini-Edison) will double the capacity of its polypropylene plant to 30,000 tons annually. RPM is a licensee of the Montecatini-Edison patent, valid in the Netherlands until 1981—The Hague.

German sausage-makers want casings

West Germany imports \$36.3 million worth of sausage casings a year; nearly half are sheep casings for weiners and frankfurters, and one third hog casings. Imports of beef casings total some \$5 million a year. West Germany imports hog casings chiefly from the People's Republic of China and beef casings from

Ireland and Denmark, with a small share from Canada. The import center for casings is Hamburg, where some 40 firms specialize in this market—Hamburg.

Singapore-Moscow direct air route planned

The Soviet Union has signed an agreement with Singapore for a direct air service from Singapore to Moscow. Both Aeroflot, the Soviet national airline, and Malaysia-Singapore Airlines will operate flights between the two countries. Aeroflot is expected to start its service to Singapore in April, using the Ilyushin-62—Singapore.

Chile makes life easier for tourists

Chile has recently passed a decree authorizing hotels and boarding houses to accept payment in foreign currency or to change this into escudos (but not vice-versa), on Saturdays, Sundays and holidays when the banks are closed. Hotels must apply to the Banco Central for registration and submit accounts for checking—Santiago.

Trade Commissioners on Tour

In Canada

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

Ottawa—Department of Trade and Commerce

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

Toronto—Canadian Manufacturers Association

Windsor, Ontario—Greater Windsor Industrial Commission

Fredericton, New Brunswick—Department of Industry

All other centers—Board of Trade or Chamber of Commerce

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

Vancouver—May 19-24

Regina—June 2

Calgary—May 26

Winnipeg—June 3-5

Edmonton—May 27-28

Toronto—June 6-15

Fort Murray, Pine Point,

Montreal—June 16-19

Yellowknife—May 29-31

Temporary Duty in Ottawa

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

K. R. Higham, Assistant Trade Commissioner in Liverpool, England, May 7-16.

H. J. Horne, Commercial Counsellor in Sydney, Australia, May 12-23.

In Territory

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

Barbados—J. A. Ahow, Commercial Officer in Port-of-Spain, Trinidad, will visit Barbados May 6-8.

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

Guyana—J. M. C. Lavoie, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Georgetown May 20-22.

Tobago—D. Hobson-Garcia, Commercial Officer in Port-of-Spain, Trinidad, will visit Tobago May 13.

Trinidad—D. Hobson-Garcia, Commercial Officer in Port-of-Spain, will visit South Trinidad May 27.

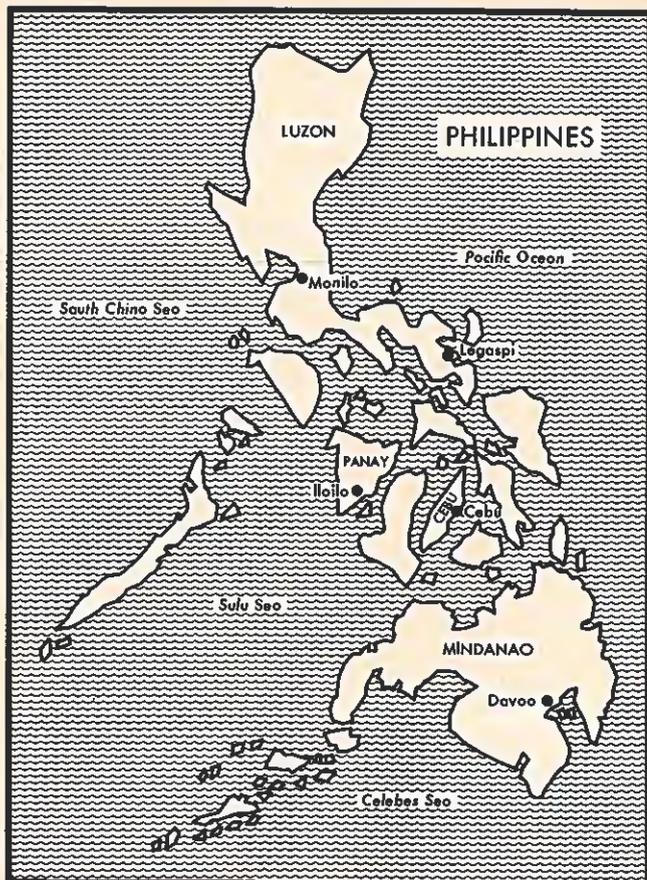
Turkey—Trade Commissioners in the Athens, Greece, office visit Istanbul and Ankara approximately every six weeks.

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

Windwards—D. J. McJanet, Assistant Commercial Secretary in Port-of-Spain, will visit St. Lucia, St. Vincent and Grenada May 11-17.

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

Markets in Brief



PHILIPPINES

Area: 115,739 square miles, including 7,000 islands.

Population: 35,883,000 in 1968, increasing at the rate of 3.5 per cent a year.

Climate: mildly tropical, with the following mean temperatures: December to February 70°F (21.1°C); March to July 90°F (32.2°C); July to November 80°F (26.6°C).

Language: business community uses English.

Currency: Philippine peso; a free rate of exchange followed decontrol measures in March 1962. Selling rate of U.S. dollar is fixed at 3.90 pesos.

Weights and measures: English and metric systems; U.S. engineering standards generally used.

Electric supply: 60 cycles; single phase 110/220 volts, three phase 220 volts.

Capital: Quezon City.

Chief ports: Manila, Cebu, Iloilo, Davao, Legaspi.

Marketing centers: Manila and suburbs (1965 population) 2,141,500, Cebu City 296,000, Davao City 265,800, Iloilo City 178,600, Bacolod City 140,000, Legaspi City 71,400.

Economy: mainly agricultural—doubled rice production and exported rice for the first time in 1968. Showed considerable strength in mining, construction, output of food crops, impressive gains in durable goods manufacturing. Mining—copper, nickel, iron, gold. Adopted in 1967 the

Investments Incentives Law encouraging investments in certain preferred and pioneer industries; government five-year socio-economic development program directed toward broadening of industry.

Total Philippine imports: (f.o.b. value) 1968 (Jan.-Mar.)—U.S.\$270.1 million; 1967—U.S.\$1,054 million.

Chief imports: (per cent) 1967—machinery other than electric 21.7; transport equipment 12.4; base metals 10; mineral fuels, lubricants and related materials 8.9; cereals and cereal preparations 7.8; electric machinery, apparatus and appliances 4.5; explosives and miscellaneous chemical materials and products 3.5; textile yarns, fabrics and made-up articles 3; dairy products, eggs and boney 2.8; textile fibers not manufactured into thread and yarns 2.8.

Chief suppliers: (U.S.\$ million, f.o.b. value) 1967—United States 423.6, Japan 362.9, West Germany 54.5, Britain 46.4, Australia 36.8, Canada 25.4, Indonesia 21.8, Netherlands 21.6, Saudi Arabia 20.7.

Value of imports from Canada: 1968—Cdn.\$34.5 million; 1967—Cdn.\$25.4 million.

Chief imports from Canada: (Cdn.\$ million) 1968—trucks and chassis, commercial 8.6; telephone apparatus and parts 4.8; passenger automobiles and chassis 4.5; newsprint 3.2; insulated wire and cable 1.6; wheat 1.5; malt 1.2; zinc blocks, pigs and slabs 1.2.

Total Philippine exports: 1968 (Jan.-Mar.)—U.S.\$193.3 million; 1967—U.S.\$812.3 million.

Chief exports: (per cent) 1967—copra 19, logs and lumber 30.5, sugar 21, coconut oil 8.5, copper concentrates 10.8, abaca 2.2, desiccated coconut 2.5, plywood 2.6, copra meal 1.6.

Chief markets: (per cent) 1967—United States 33.4, Japan 26, Netherlands 4.1, West Germany 3, Britain .65.

Value of Canadian purchases: 1968—Cdn.\$2.8 million; 1967—Cdn.\$3.1 million.

Chief Canadian purchases: (Cdn.\$'000) 1968—desiccated coconut 1,162; chrome in ores and concentrates 333.4; mahogany lumber, veneer and plywood 599.5; manila fiber 101.6.

Dollar exchange: exchange may be obtained freely and no general import licences are required. Credit situation is tight and importers have difficulty in obtaining credit from the banks to buy dollars.

Prices: quote in U.S. dollars, c. and f. Manila or other ports.

Samples: unsaleable samples or those of no appreciable commercial value are exempt from import duties.

Trade agreements: Canada and the Philippines accord each other most-favored-nation treatment but without contractual obligation. Philippine general customs tariff accords m.f.n. treatment to all countries but, under a reciprocal trade agreement, gives the U.S. preferential treatment under which duties on U.S. goods are 90 per cent of the m.f.n. rate until December 31, 1973; 100 per cent from January 1, 1974.

Trade terms: letter of credit usual; imports exceeding \$100 in value must be covered by a letter of credit. The Central Bank of the Philippines currently imposes stringent credit restrictions on imports of all items; one requirement is a cash marginal deposit which is lodged with the bank by the importer upon opening of a letter of credit. The special time deposit required ranges from 25 to 175 per cent.

Correspondence: airmail only (one week); letters 25 cents per half ounce. (Seamail takes eight weeks.)

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: Asia and Middle East Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, or

Consul General and Trade Commissioner, Canadian Consulate General, P.O. Box 1825, Manila, Philippines.

BRITAIN

Area: 94,214 square miles (England 50,327, Wales 8,017, Scotland 30,411, Northern Ireland 5,459).

Population distribution: (millions)—London and Southeast Region 11.2, North Western 6.6, Scotland 5.2, Midlands 4.9, East and West Ridings 4.3, Eastern 4.0, North Midlands 3.8, South Western 3.6, Northern 3.3, Southern 3.0, Wales 2.7, Northern Ireland 1.4; age distribution (per cent)—under 15, 24.1; 15 to 65, 64.8; 65 and over, 11.0.

Currency: pound sterling; £1=Cdn.\$2.579 (March 1969).

Wages and salaries: over-all and weekly average salary or wage in 1967 was £22. Average industrial weekly wage in 1967 was £21/7/- (males), £10/11/- (females).

Shipping: London, Liverpool, Southampton, Bristol and Glasgow are served regularly by sailings from Canadian East and West Coast ports, and in the summer season from Hudson Bay and St. Lawrence-Great Lakes ports.

Value of imports: 1967—£6,434.1 million; 1966—£5,946.7 million.

Value of exports: 1967—£5,028.7 million; 1966—£5,046.9 million.

Adverse trade balance: 1967—£1,405.4 million; 1966—£899.8 million.

Import breakdown: (per cent) food, drink and tobacco 26.6; basic materials 14.6; minerals, fuels and lubricants 11.3; semi-manufactures 18.2; finished manufactures 19.3.

Export breakdown: (per cent) manufactures 75.1; food, drink and tobacco 6.1; coal and petroleum products 2.5.

Value of imports from Canada: 1967—Cdn.\$1,169.1 million; 1966—Cdn.\$1,122.6 million.

Value of exports to Canada: 1967—Cdn.\$673.1 million; 1966—Cdn.\$644.7 million.

Imports from Canada by type: (Cdn.\$ million) 1967—fabricated materials, inedible 570.6; food, feed, beverages and tobacco 293.3; crude materials, inedible 246.4; end products, inedible 58.3.

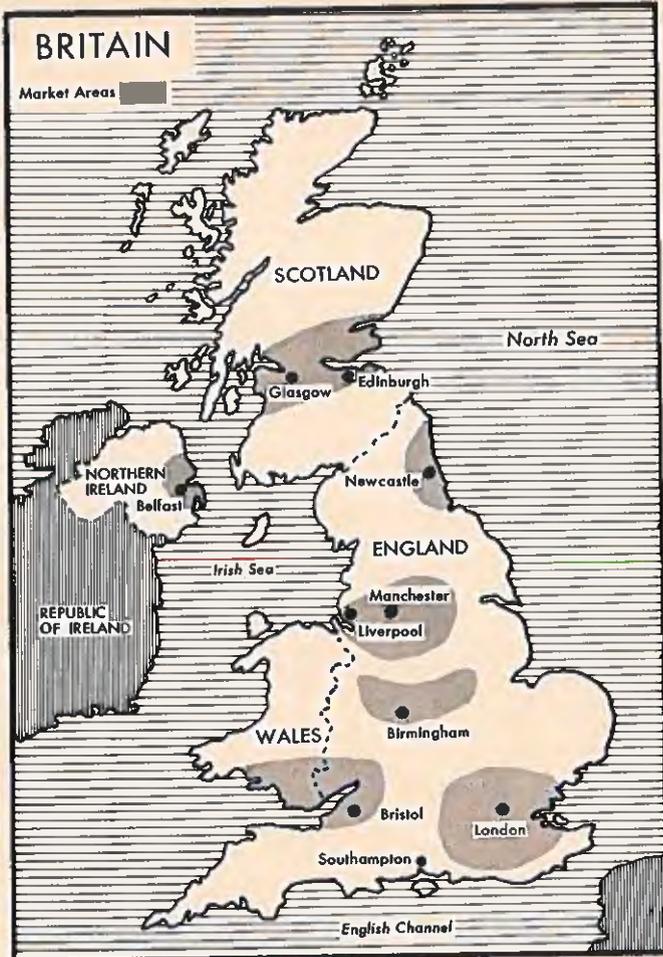
Exports to Canada by type: (Cdn.\$ million) 1967—end products, inedible 414.1; fabricated materials, inedible 176.5; crude materials, inedible 29.9, food, feed, beverages and tobacco 42.8.

Prices: quote in pounds sterling on at least c.i.f. basis and preferably "delivered".

Usual terms of payment: payment terms will fluctuate during period of import deposit scheme.

Samples: all samples are subject to import duty and purchase tax where applicable.

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



Import controls, tariffs: the vast majority of Canadian exports enter Britain on open general licence. The principal restrictions remaining against Canadian goods are on fresh apples and pears, potatoes, processed milk and uncanned whole hams. A prior deposit scheme, requiring a 50 per cent deposit on c.i.f. value, was introduced in November 1968 and it is expected to terminate in November 1969. The 50 per cent deposit is refunded in sterling after 180 days without interest. Raw materials and foodstuffs are exempted from the scheme.

Correspondence: airmail, 15 cents per half ounce.

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

LONDON: Minister (Commercial); Office of the High Commissioner for Canada, One Grosvenor Square, London, W1X 0AB, England, or

LIVERPOOL: Canadian Government Trade Commissioner, Martins Bank Building, Water Street, Liverpool L2 3SY, England, or

GLASGOW: Canadian Government Trade Commissioner, Cornhill House, 144 West George Street, Glasgow C.2, Scotland, or

BELFAST: Canadian Government Trade Commissioner, 15-17 Chichester Street, Belfast BT1 4JB, Northern Ireland.

Foreign Exchange Rates

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

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

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

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

Country and Currency	Value of		Country and Currency	Value of	
	Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units		Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
	April 8			April 8	
Algeria Dinar	.2171	4.60	Denmark Krone	.1431	6.98
Argentina Peso (free)	.0031	322.58	Dominican Republic Peso	1.076	.93
Australia Dollar	1.204	.8340	Ecuador Sucre (official) (free)	.0598 .0536	16.72 18.65
Austria Schilling	.0416	24.03	El Salvador Colon	.4308	2.32
Bahamas Dollar	1.055	.94	Fiji Pound	1.236	.80
Belgium and Luxembourg Franc	.0214	46.72	Finland Markka	.2564	3.90
Bermuda Pound	2.567	.38	France, Monaco, etc. ² Franc	.2171	4.60
Bolivia Peso	.0904	11.06	Franco-African Republics ³ Franc	.0043	232.5
Brazil Cruzeiro (official free)	.2701	3.70	French Pacific ⁴ Franc	.0119	84.03
Britain Pound	2.579	.38	Germany D Mark	.2675	3.73
British Honduras Dollar	.6447	1.55	Ghana New Cedi	1.055	.94
Burma Kyat	.2261	4.42	Greece Drachma	.0358	27.93
Ceylon Rupee	.1809	5.53	Guatemala Quetzal	1.076	.93
Chile Escudo (bank rate) (free)	.1297 .1153	7.71 8.67	Guyana Dollar	.5384	1.85
China, Republic of New Taiwan Dollar (official)	.027	37.04	Haiti Gourde	.2154	4.64
Colombia Peso (fixed)	.063	15.87	Honduras Lempira	.5384	1.85
Congo (Kinshasa) Zaire	2.150	.4651	Hong Kong Dollar	.1777	5.62
Costa Rica Colon	.1625	6.15	Hungary Forint (official)	.0921	10.85
Cuba ¹ Peso	Iceland Krona (official)	.0122	81.96
Czechoslovakia Koruna	.1496	6.68	India Rupee	.1427	7.00

Country and Currency	Value of		Country and Currency	Value of	
	Foreign currency unit in Canadian dollars	Canadian dollar into foreign currency units		Foreign currency unit in Canadian dollars	Canadian dollar into foreign currency units
		April 8			April 8
Indonesia ⁵ Rupiah			Paraguay Guarani (free)	.0086	116.28
Iran Rial	.0142	70.42	Peru Sol (free)	.0246	40.65
Iraq Dinar	3.015	.33	Philippines Peso (free)	.2751	3.63
Israel Pound	2.579	.38	Poland Zloty (fixed basic rate)	.2690	3.71
Italy Lira	.0017	588.23	Portugal & Colonies ⁶ Escudo	.0375	26.66
Jamaica Pound	2.579	.38	Saudi Arabia Riyal	.2066	4.84
Japan Yen	.0030	333.33	Sierra Leone Leone	1.506	.66
Kenya Shilling	.1526	6.55	Singapore Dollar	.3338	2.99
Lebanon Pound (free)	.3338	2.99	South Africa Rand	1.506	.66
Malaysia Dollar	.3519	2.84	Spain & Dependencies Peseta	.0154	64.93
Mexico Peso	.0862	11.60	Sweden Krona	.2084	4.79
Morocco Dirham	.2128	4.69	Switzerland Franc	.2488	4.01
Netherlands Florin	.2961	3.37	Syria Pound (free)	.2812	3.55
Netherlands Antilles Florin	.5710	1.75	Thailand Baht (free)	.0522	19.15
New Zealand Dollar	1.207	.82	Trinidad & Tobago ⁷ Dollar	.5392	1.85
Nicaragua Cordoba	.1538	6.50	Tunisia Dinar	2.051	.48
Nigeria Pound	2.998	.33	Turkey Lira	.1197	8.35
Norway Krone	.1508	6.63	United Arab Republic Pound (official)	2.477	.40
Pakistan Rupee	.2261	4.42	United States Dollar	1.077	.92
Panama Balboa	1.077	.92	Uruguay Peso (free)	.0043	232.56
			Venezuela Bolivar (official free)	.2398	4.17
			Yugoslavia Dinar (official)	.0861	11.61

1. There is no trading in Cuban pesos in U.S. or Canadian banks at present.
2. Franc is also used in French Guiana, Guadeloupe and Martinique.
3. Chad, Central African Republic, Congo (Brazzaville), Dahomey, Gabon, Ivory Coast, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Camerons, 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.

businessman's bookshelf



World Marketing: a Multinational Approach

John K. Ryans Jr. and James C. Baker 387 pages
\$8.95 (cloth) \$5.95 (paper)

The compilers of this book, both assistant professors at the University of Maryland, describe it as a "sort of supplementary textbook in the field of international marketing". They have drawn together articles from a number of sources by a variety of authors from several countries. This is not a how-to-do-it book, as Mr. Ryans and Mr. Baker are at pains to point out, but it could certainly enlarge the horizons and improve the marketing approach of almost any foreign trader. And it is highly readable.

Basically it covers the cultural, the financial and the organization aspects of marketing abroad. The cultural section stresses that ignorance of cultural differences between nations can prove dangerous to businesses operating abroad—and produces case histories to prove it. The excellent section on distribution channels abroad points out how they often differ from U.S. practice. There is a chapter on channels of distribution in developing economies, one on the complicated Japanese system, one on wholesaling in Turkey, and so on. Similarly, the treatment of advertising abroad includes the Soviet Union, Europe and Africa and provides advice on selecting an effective advertising agency in a foreign country.

Each chapter ends with a list of additional references and there is an appendix showing how the book can be meshed in with introductory marketing courses.

Order from: General Publishing Co. Ltd., 30 Lesmill Road, Don Mills, Ontario.

How to Get Your Boss's Job

By George Proxy 184 pages \$6.95

"Anyone who writes a book titled *How to Get Your Boss's Job* and who uses his real name doesn't know the first thing about his subject," says the candid introduction. With that warning, you won't be surprised to find that "George Proxy" is a pseudonym—after all, he has a boss too. George even suggests that you avoid leaving this book around and read it in the "solitude of your den." Otherwise your subordinates might lay hands on it and start practising what it preaches. Then where would you be?

Don't expect the book to provide rocket fuel that will propel you rapidly to the top-executive stratosphere. You are probably well acquainted with the formula already—keep educating yourself, make decisions promptly, practise subtle showmanship, mind

your manners, be discreet about office "affairs", work like a beaver—and so on. But it is all put down pithily and each brief chapter concludes with apt quotations from the wise and the wealthy—Macbiavelli, J. K. Galbraith, or John D. Rockefeller. Many of them will amuse you and some you could happily slip into a speech—the definition of an expert, for instance, as "someone who knows no more than you do, but who has it better organized and uses slides." Or this one—"Most of us would have preferred to be born Eastern Potentates. This fading hope can be revived and realized by the acquisition of a good secretary."

On second thought, don't let her read this review!

Order from: George J. McLeod Limited, 73 Bathurst Street, Toronto 2B, Ontario.

Iran: a Survey for Businessmen

London Chamber of Commerce 32 pages plus
appendices 12s. 6d. (post free)

"Iran is currently the biggest and most promising market in the Middle East," says the closing sentence in this pamphlet. This is, of course, from the British point of view; the survey on which the booklet reports was made on the spot in 1968 by a group from the London Chamber of Commerce. For Canada, Iran ranked fourth among Middle Eastern markets in 1967.

In October Tehran will play host to the Second Asian International Trade Fair, in which a number of Canadian companies will exhibit. Potential exhibitors, travelling businessmen, and those studying this market will find this survey an admirable introduction. It discusses petroleum and mineral production and policy, the land reform, investment (both domestic and foreign), communications, and the need for consulting engineering services and the more limited one for contractors. It then analyzes imports in general (tables in the appendices), pointing out that two thirds consist of capital goods, steel or other structural materials, and raw materials for industry. Finally, it deals specifically with the market for various types of British goods.

The useful map in the center spread gives main roads, railways, and airports, and there are a number of appendices. One of these gives the specifications of reservoir dams built since 1957 and for those now under construction, plus a list of dams to be built after 1972. The law on attraction and protection of foreign investments is given in full, and the oil companies and the insurance companies established in Iran are listed.

Order from: Publications Department, London Chamber of Commerce, 69 Cannon Street, London, E.C. 4, England.

Mission Not So Impossible

Recognize them? Greg Morris and Peter Lupus are using a device to place mosquitos treated with sleep-inducing bacillus in an otherwise inaccessible room. The "heavies" panic and the Mission Impossible team is able to complete its assignment.

Hardly less spectacular is the STEM's other job as a solar panel actuator on space vehicles. The STEM is made by Spar Aerospace of Toronto and is typical of the Canadian electronic components and equipment used in the Apollo program and other way-out projects.

All systems are go in the California market for such sophisticated devices. If you make them, team up with your Canadian Trade Commissioner in Los Angeles for a successful sales mission.



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Los Angeles, California 90014

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