foreign trade

Department of Industry, Trade and Commerce, Ottawa

August 16/69

Puerto Rico Office Opens

Pictorially Speaking

A colleague of ours flew down to Puerto Rico recently to attend the official opening of the new Hato Rey office of the Trade Commissioner Service. He returned not only with a picture story about it but also with photographs of subjects that appealed to him as he wandered, camera in hand, around the streets of San Juan. In a supermarket he caught for our cover a picture of a housewife standing in front of a showcase that contained dried salt cod from Newfoundland—"bacalao" in Spanish. As the notice points out, "Why pay more?" After all, Canadian dried cod is the best; we sold $2.7 million worth of various types of dried cod in Puerto Rico last year.

Brian Northgrave, an Assistant Trade Commissioner who has just finished his first overseas assignment in Pakistan, made a trip to Afghanistan (part of the Islamabad office territory) recently. He took along his camera and made good use of it when **he discovered in Kabul a booming market for used clothing, much of it from North America**. For his entertaining and useful article and for two of the pictures he took, see page 12.

Afghanistan isn't the only Asian country that we cover in this issue—there are also reports from India and Pakistan. Each stresses the most significant change on the subcontinent: the impressive increase in food production and discusses what this means to each in economic terms. For pictures to illustrate these reports, we relied partly on CIDA, the former External Aid Office, which does a great deal of its work in these two countries, and partly on the World Bank picture file.

Since our Glasgow office sent in the article on industrial progress in Scotland and the government incentives provided, the British Board of Trade has announced that it will set up three new major industrial estates, including one on Clydeside and one in Lanarkshire, and will acquire for these 350 additional acres of land. The Canadian who goes to England on business should also travel to Scotland, especially if he can supply materials or components to these expanding industries.

In these sultry summer days—to return to pictures—**we enjoyed looking at the ones that accompanied Zen Burianyk's piece on business visits to Yugoslavia**—especially the bridge at Mostar and the chic young Yugoslav on page 17. In fact, if we were a businessman, we wouldn't think twice about packing up and heading for the Dalmatian coast to look for business. **We would go to other places too, including some pretty close to home, like the Pacific Northwest States.** Ed Price, of the Seattle office, writes about the big centers in this territory and suggests the kind of business that awaits the enterprising.

Already well under way is our issue of August 30. It will cover such varied markets as Kuwait, the Cayman Islands, South Africa, Ireland, and a number of others.

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In Plaza 600, on the right, the Canadian Consulate General will occupy new offices this fall. The building contains 1,600 tons of Canadian-fabricated structural steel. On the left is the 40-story Washington Plaza hotel operated by Western International Hotels.

Pacific Northwest

South of Alberta and B.C. lie the Pacific Northwest States, within easy reach of the Canadian exporter. Already they buy Canadian products worth about $450 million.

EDMOND E. PRICE
Consul and Trade Commissioner, Seattle

Next to Canada, and especially to the provinces of Alberta and British Columbia, lie the Pacific Northwest States, with their 6.2 million people distributed over an area of 274,000 square miles—even bigger than Texas and about the same size as Alberta.

Basically the term "Pacific Northwest" covers the states of Washington, Oregon, Idaho, and the eleven counties of Montana west of the Great Divide. It is a region closely oriented towards Western Canada in trade, resource development, tourism, migration and investment. Trade with Canada accounts for an estimated 40 per cent of its imports and exports, valued at an estimated $1.2 billion in 1968. Japan comes next in importance, with about 15 per cent of the region's international trade.

The leading Canadian exports to the Pacific Northwest in 1968 included crude petroleum, natural gas, and fuel oils (including propane and butane); softwood, lumber and plywood; silver in ore and concentrate; zinc in ore and concentrate; newsprint, pulpwood chips and wood pulp; cattle; sulphur; machinery and equipment for mining, sawmilling, pulp and paper plants and for agriculture; canned salmon and fresh, chilled, and frozen fish; lead and copper in ore and concentrate, and aircraft assemblies and equipment. Principal exports to Canada last year included jet aircraft and parts (U.S. $30.4 million); trucks and parts ($27.9 million); fresh fruit and vegetables ($22.5 million); softwood lumber and veneer ($8.2 million); refined copper ($3.6 million); house trailers and parts ($3.5 million); softwood logs ($3.1 million), and a wide variety of construction machinery and equipment, electronic equipment, paperboard, chemicals, and furniture.

The point of major industrial and commercial activity in the Northwest is Seattle, 150 miles by road south of Vancouver, B.C. A city of 600,000, serving the Puget Sound metropolitan area with twice this population, it has ranked fourth in the U.S. over the past three years in the number of new housing starts. A good part of this growth has resulted from expansion of the Boeing Company, whose area work force totals 90,000.

Boeing's position as the leading manufacturer of commercial jet aircraft has led to development of a substantial aerospace and electronic support industry. Greater Seattle also contains three large shipyards, a big rolling stock and truck producer in Pacific Car and Foundry, the country's largest fish-processing industry, and a profusion of fiberglass boat manufacturers to provide and service the fleet of 160,000 pleasure craft on Puget Sound. The Alaskan oil boom and the growth in Far East container cargo traffic have helped to make the city's port the tenth busiest in the country.

One hundred and eighty miles by road farther south stands Portland. It rivals Seattle as a port, with the largest volume of dry cargo tonnage handled along the west coast. This consists mainly of wheat (from the north and midwest) and forest products. (Oregon leads in U.S. production of softwood lumber.)

Portland, with a population of 400,000 (metro 900,000), serves as the principal distribution center for Oregon and southern Washington. It has a diversified industrial base, with textiles (Jantzen and White Stag), materials handling equipment (Hyster), electronics (Tektronix Inc.), and the manufacture of forest products machinery and equipment of major importance.

Moving inland up the Columbia River Basin reveals one of the continent's great fruit and vegetable producing areas. Stretching north beyond Spokane, the principal distribution center for eastern Washington and northern Idaho, this desert belt region produces 72 per cent of the country's frozen green peas, and is a major source of apples, berries, hops, apricots, pears, grapes and peaches.

The Columbia is of course the source of power for the Grand Coulee Dam just west of Spokane (worth a visit), the country's largest hydro installation and proud feather in the cap of the Bonneville Power Administration with headquarters in Portland. Power from this network drives aluminum smelters in Washington, Oregon, and western Montana that produce one third of the U.S. ingot supply. However, as the available Northwest hydro power resources rapidly near full exploitation, the region will become increasingly dependent upon the use of fossil fuels (75 per cent of the Northwest gas supply comes from Canada) and nuclear energy.

At Hanford, in eastern Washington, the Atomic Energy Commission operates the world's largest nuclear power plant, an 800,000 kw. reactor. Only last month, Seattle City Light announced plans to build a one to two million kw. nuclear power plant 60 miles north of Seattle. BPA forecasts that there will be 27 nuclear power plants in the Pacific Northwest by 1985.

From Spokane, it is only a short drive into northern Idaho. Although this is best known to Canadians as a freshwater lake and resort district, it also contains the world's largest lead producer in the Bunker Hill mine at Kellogg and its leading silver producer in the Hecla Mining Co. mine at Wallace. Cross this narrow neck of Idaho and you're into "Big Sky" country, the beautiful dude ranch and resort terrain of the Flathead lake region in northwest Montana. A two-hour drive south brings one to Missoula, a picturesque town of 30,000 that serves as a major outlet for most of the 40-plus sawmills in this area.

91S23—2

Perhaps better known is the mining town of Butte, in the lower corner of western Montana, the Anaconda Company's major North American source of copper. The ore from this region is smelted at the adjacent company town of Anaconda. From here, it's a full day's drive to Boise in southern Idaho. (A stop en route at Sun Valley, a favourite retreat of Papa Hemingway, will satisfy the appetite of any sportsman.)

The Idaho capital, Boise, a metropolitan community of 95,000, epitomizes the major reasons why so many people are settling in the Pacific Northwest: good climate, abundant recreation and sporting activities, and an industrial tempo well above the national average. It is headquarters to such internationally known names as Boise Cascade Corporation (the world's fourth largest forest products company—slightly below the Weyerhaeuser Co., and above Georgia-Pacific, the Northwest's other $2 billion in sales forest companies), Morrison-Knudsen Co., and Simplot.

Potato processing is a major industry, as is the manufacture of mobile homes, trailers and campers. Boise is also coming into its own as the major distribution point for southern Idaho, a role until recently divided between Portland and Salt Lake City.

Having done the circle, it is now an easy drive or plane trip to Portland or Seattle on a return trip to Canada. More and more Canadian businessmen are discovering the Pacific Northwest. If you are located in Eastern Canada and consider it too distant a market to service or visit, then do as your competitor may be doing already—use your Vancouver sales office or resident representative to cover the region. Seattle is only 30 minutes away from Vancouver by plane and Portland 45 minutes. Both have direct daily air service to Vancouver.

If you are a manufacturer with a base in Western Canada, then the Pacific Northwest may well be the most convenient part of the U.S. market to test out initially. Wherever your location, you will find it a responsive and friendly place for Canadians to do business.

Canadian Loans Boost West African Power

The final pair of generators will be installed soon at the Akosombo generating station of the Volta River Authority (VRA) to bring the power plant there to its full capacity of 882 mw. The extra electricity will be used by the Volta Aluminium Company (VALCO) to increase production at its smelter in Tema and by the Electricity Corporation of Ghana (ECG), and some power will also be exported to Togo and Dahomey. The World Bank will provide a loan of U.S.$6 million and Canada Cdn.$5.83 million; U.S. $650,000 will come from the original U.S. AID loan and U.S. $100,000 from the original World Bank loan. The Volta River Authority will contribute the remaining U.S.$2.2 million of the U.S. $14.8 million total.

The World Bank loan will finance the purchase and installation of turbines at Akosombo, substation equipment at the smelter and for the towns of Tema, Sekondi-Takoradi and Kumasi, and the services of consultants to advise the Volta River Authority on future expansion and organization.

The Canadian loan of Cdn.$5.83 million will finance the purchasing and installation of two generators, transformers and ancillary equipment at Akosombo. Canada has also offered a loan of Cdn. $1.75 million, grants of Cdn.$182,000 and the release of Cdn.$1.5 million of Canadian counterpart funds for the construction of the Ghanaian section of the double circuit 161 kv. Ghana-Togo-Dahomey transmission line which is to run from Akosombo to Cotonou in Dahomey via Lome in Togo. Ghanaian power will be purchased in Togo and Dahomey by the Communauté Electrique de Benin. Canada has offered a total of Cdn.$5.8 million in loans and Cdn. $264,600 in grants to Togo and Dahomey for the construction of the transmission line in those two countries. The entire project, including the generators and the transmission line, will involve total development loans of Cdn.$13.38 million and total grants of Cdn.$446,600. This is the largest loan-financed project that the Canadian International Development Agency has undertaken in Africa.

India

Agricultural outlook is bright; industry is recovering slowly from recession; exports have risen 12 per cent. Need for foreign aid remains acute. Majority of Canadian sales made under our aid program or international financing; consumer goods excluded.

A. WORDEN EVANS
Commercial Counsellor, New Delhi

India presents a brighter economic picture today than a year ago when the country was recovering from the disastrous droughts of 1966 and 1967 which brought inflation and recession in their train. Food shortages have disappeared, prices have stabilized, and industrial output is expanding. On the other hand, investment is disappointingly low and neither this year's budget nor the Fourth Five Year Plan (which runs from April 1, 1969) seem to provide the stimulus for the growth necessary to improve the lot of a population estimated at the moment at 535 million. The economy must expand by 2.5 per cent a year merely to maintain present income levels and last year's growth was between 2.5 and 3 per cent. Yet the basis for an accelerated advance is present. India has built up a large and complex industrial structure and appears to be on the brink of a major breakthrough in agriculture.

Crucial to Indian development plans is enough foreign exchange to provide the raw materials, components and specialized machinery necessary for the maintenance and expansion of industry. It is therefore encouraging that exports, particularly of non-traditional items, are increasing at a satisfactory rate. But the real key to rapid expansion is additional external aid, committed over an extended period so that the planners can be assured of the necessary resources when and in the form in which they are needed. India's vital need is not in the project area. It is for funds to provide maintenance imports and specialized equipment not yet made in the country if investment is to be undertaken at a rate in keeping with the desire to raise living standards above the present per capita income of about Cdn.$84 a year. In the present uncertainty about development assistance from abroad, those responsible for the management of India's finances have to tailor their plans to assured resources.

The Fourth Plan recognizes these financial constraints and so opts for "growth with stability"—in other words, the art of the possible. The next five years are envisaged as a period when ongoing projects will be completed and few new ones undertaken. The plan is flexible and open to expansion in the light of the situation in any given year but it is much more indicative than operational.

Wheat has been the pace-setter in the agricultural revolution which has resulted in the much greater output of the past two years. At the same time, promising new seeds have been developed for other cereal grains and point the way to a real breakthrough in agricultural production over the next few years. The scope for bringing about greater yields is considerable and economic prices for agricultural products, plus necessary supplies of high-yielding varieties of seed, fertilizers and pesticides, have proved a real spur to the farmer who is assured of guaranteed water supplies. Unfortunately the great majority of the farmers still depend on rainfall to nourish their crops and long-term research is needed to bring them the benefits of the new technology.

India is now facing the problems of plenty as the planners struggle to provide more storage space and better distribution for the larger crops. Better credit facilities are also essential to help the cultivator finance his purchases of the new inputs. Development of new seeds has become urgent as scientists race to combat new strains of rust and pest control has become even more vital.

The Fourth Plan provides enhanced resources for agriculture in an effort to meet all these problems. New factories to produce fertilizers and pesticides, better credit facilities for the farmer, more irrigation works both major and minor, and a comprehensive program of research into the problem of the rain-fed areas—all these are major ingredients of the Plan. **The outlook for agriculture is the brightest part of the Indian economic scene.**

The slow recovery of business from the recession of the drought years continues steadily but undramatically. A moderate revival has occurred among industries producing consumer goods (including consumer durables), chemicals, vehicles and some machinery. Industries related to agriculture continue to boom but heavy engineering and steel producers have remained in the doldrums. In the absence of a much greater investment program for industry than is foreseen at present, the latter face an extended period of under-utilization that exports will do little to ameliorate.

Industry as a whole is going through a period of transition. Much of the business world has been facing for the first time a buyer's market and is developing a healthy respect for such techniques as cost accounting, management engineering, and market surveys. Competition has helped to bring about increased efficiency and encouraged the manufacture of new products as well as an awareness of what aggressive selling and advertising can achieve. Management is rapidly becoming market-oriented and this orientation will also be of value as India strives to increase its export trade. Nevertheless, it would be false to give the impression that all Indian manufacturers are becoming competitive in terms of international prices, operating as they do in a highly protected market.

Industrial prospects appear to indicate that recovery will proceed at a pedestrian pace, particularly steel and heavy engineering. Investment in railways and electric power shows no planned increase and recovery of demand in other areas does not seem to have resulted in expansion plans.

91523—2½

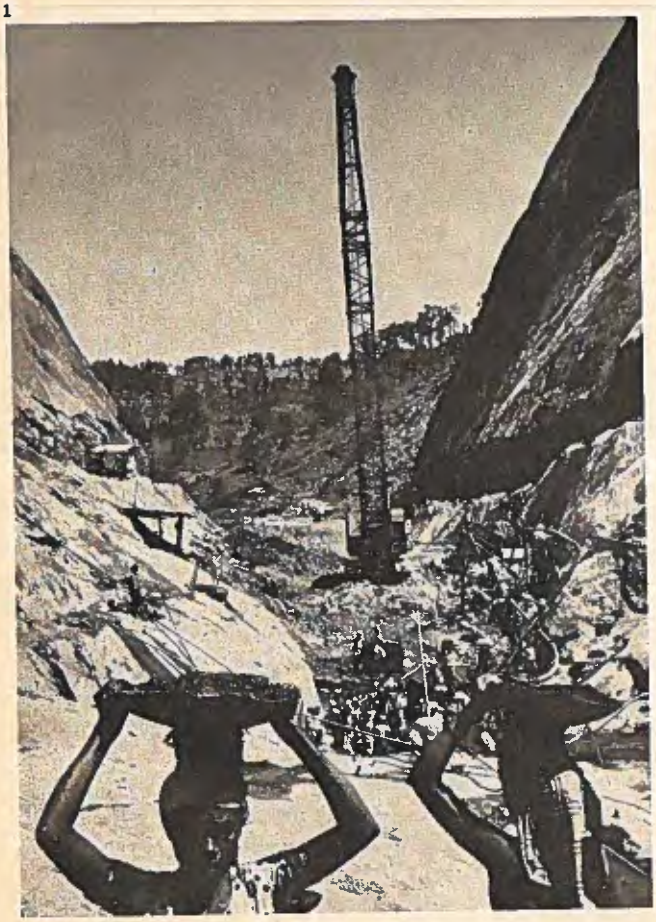
1. Indian women are among the workers on the Idikki Dam in Kerala, to which Canada is contributing $25 million in engineering services and equipment. Eventually, when the southern power grid is completed, Idikki will supply power to an area covering one third of the Indian subcontinent.

2. The drive to modernize and step up output extends to India's forests that cover 24 per cent of its land area. Logging training centers, set up by FAO with UNDP financing, teach workers how to use rigs like this one.

3. Rising agricultural production is the brightest part of the Indian economic picture. Better seed, fertilizers, and improved cultivation have all played a part. Here a farmer at an agricultural college in Uttar Pradesh inspects an improved crop of potatoes.

4. The five locomotives being loaded on ship at Montreal Harbor represent the first instalment of an order for 30 for India that went to MLW-Worthington in Montreal. A special floating crane was used to handle the shipment. —Photos by Canadian International Development Agency and World Bank.

1



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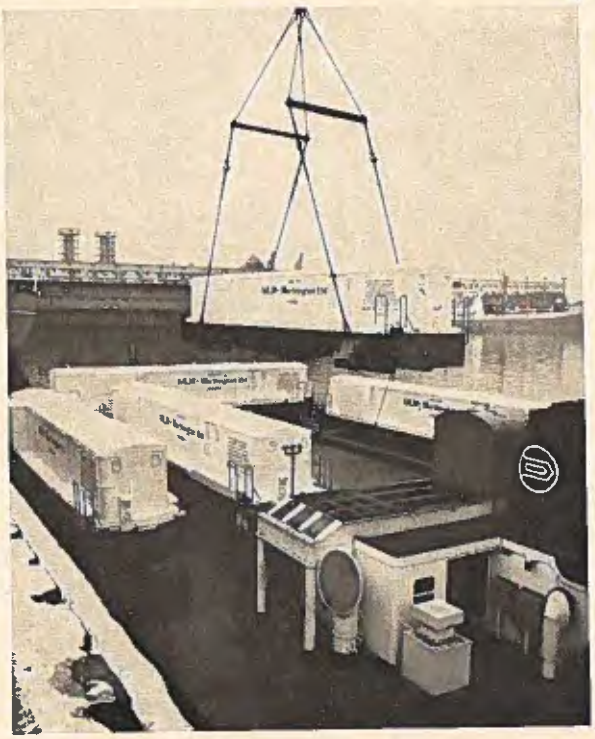


2

The key to more rapid growth seems to lie in greater investment in the public sector and in the absence of these, industrial recovery will be slow. A rise in output of between 5 and 6 per cent is all that can be expected in the next year or so.

A major drag on the Indian economy is the population increase of 2.5 per cent or about 13 million a year—an increase that consumes the major part of the gains from development. Although it is true that India is in the forefront of the countries attempting population control, this is a long-term process and it will be some time before the program can have the desired effect. There is an urgent need for new and better techniques of family planning as well as massive resources to reach and disseminate information among India's 560,000 villages. Success in this area would be most fruitful in accelerating development.

A gap of a billion dollars or more between India's exports and the payment made for imports and to service the debt explains the satisfaction shown over the marked improvement in exports during 1968/69. Official support by means of large financial incentives for exports, combined with substantial unutilized capacity, has led to a 70 per cent increase in non-traditional items and an over-all increase of about 12 per cent. At this rate, steel and engineering goods may soon rival jute products as India's principal earners of foreign exchange.

There are too many imponderables to become optimistic about this achievement. Any downturn in world trade would affect these newly won gains. Perhaps more important, when domestic recovery proceeds more rapidly, reserves of capacity for export will tend to diminish. Official policy must be kept flexible to deal with problems of maintaining and expanding exports as these arise, especially in the area of industrial efficiency, hampered by the absolute protection of domestic producers from foreign competition.

Canada's exports to India decreased from $140 million in 1967 to $111 million in 1968. Of the $140 million in exports in 1967, $86 million worth was financed under Canada's bilateral aid program and $12 million under untied multilateral financing provided by the World Bank Group, of which Canada is a member and substantial supporter. For 1968, out of $111 million, $74 million was provided under Canada's bilateral aid program and $8 million under World Bank Group financing. Wheat shipments dropped by $23 million and sales of sulphur were off $2 million. Aluminum fell by $7 million as demand decreased in the face of increased domestic production.

On the other hand, sales of locomotives and parts were up by $4 million, electrical machinery and parts $2 million, chemical fertilizers $4 million, and aircraft and parts $3 million.

Imports from India were down slightly in value at $38 million, compared with $42 million in 1967, because of decreases in prices of Indian exports of tea, sugar, and jute and cotton textiles. (See tables below for details of trade from 1960/68.)

Prospects for 1969/70 are for a continuation of the gradual recovery begun in the previous year, provided the weather is relatively normal. A return to rapid growth would throw an unendurable strain on the balance of payments in the absence of increased external aid. Yet the basis for rapid growth is there and population pres-

TABLE 1

WHAT CANADA BUYS FROM INDIA

	(Cdn. $'000) 1960	1964	1965	1966	1967	1968
Cashew nuts, shelled	1,454	2,122	2,374	1,698	2,374	3,156
Sugar (mostly raw)	—	—	3,493	2,938	3,278	602
Pepper, unground	872	709	1,172	1,017	862	773
Tea, all black	8,483	7,662	7,097	4,862	5,086	4,564
Cotton textiles	3,370	3,824	4,509	3,765	3,842	2,610
Jute textiles	9,880	15,078	18,144	19,904	20,622	17,728
Carpets—woollen (mostly of Oriental design)	1,180	1,425	1,737	1,843	1,900	2,352
Total, above items	25,239	30,720	38,526	36,027	37,964	31,785
Grand total, including other items	29,352	36,121	42,424	40,093	42,774	38,304

TABLE 2

WHAT CANADA SELLS TO INDIA

	(Cdn. $'000) 1960	1964	1965	1966	1967	1968
Wheat*	2,209	8,500	15,357	67,344	72,763†	45,704
Asbestos*	967	2,939	2,229	2,954	3,054	3,449
Sulphur, raw*	—	102	1,389	2,623	12,633	10,537
Wood pulp (mostly dissolving)*	4,255	3,461	1,222	1,413	239	391
Newsprint*	311	3,727	3,731	5,579	4,186	3,828
Plastic and synthetic rubber not shaped n.e.s.*	1,334	1,065	868	502	723	266
Iron and steel items*	516	1,274	527	424	1,556	148
Aluminum*	8,101	4,698	6,144	5,216	7,940	711
Copper*	6,759	260	19	—	3,030	2,269
Lead*	123	1,941	3,258	1,850	1,636	1,422
Nickel*	849	1,021	1,510	432	2,164	1,452
Zinc*	2,747	3,911	6,378	2,107	2,429	3,181
Locomotives and parts*	64	6,684	9	18	4,231	7,510
Electrical machinery and parts*	126	4,540	5,273	7,339	5,076	7,159
Chemical fertilizers*	2,423	—	1,286	1,482	5,505	9,652
Aircraft and parts*	144	9,748	857	1,234	1,068	4,317
Trucks and trailers*	—	—	—	—	—	1,110
Prefabricated building structures	—	1,295	726	746	9	250
Total, above items	31,925	55,166	50,783	101,263	128,242	103,356
Total, including all others	36,814	64,042	58,453	107,738	140,226	111,255

*Shipments wholly or partly under Canadian aid
†Includes wheat flour

sures make it essential to move in that direction. The most hopeful development in the Indian economy is in agriculture, where progress continues, and in the determination of the Government to maintain and extend these gains. Achievement of the goal of a 5 per cent yearly increase in agricultural output during the Fourth Plan will help to underpin the economy, provided that rural savings are tapped to assist in development. The economy will continue to suffer the constraints imposed by the foreign exchange situation and any improvement must be contingent on increased earnings from exports and the tourist trade.

The Canadian Aid Program to India offers opportunities to Canadian exporters except for those producing consumer goods. There is a complete ban by the Government of India on the import of the latter. In all other areas an alert agent can find business for his principal either with Canadian or multilateral financing or on occasion even with free foreign exchange.

In the past few years Canada has provided India with such varied products as industrial and port locomotives, bakery equipment, cobalt therapy units, spare parts for aircraft and locomotives, and electrical, scientific research, and construction equipment. Canadian producers interested in the Indian market should not fail to consult the article in *Foreign Trade* of March 30, 1968, entitled, "The Canadian Businessman and Aid to India". Following the advice it offers could be most rewarding.

Airports

Early in 1971 India will take delivery of its first jumbo jets. This does not leave much time for modernizing its already congested international airports to cope with the extra traffic. The committee set up two years ago to study the problem has just made its report.

D. W. R. McTAGGART
Acting Commercial Secretary, New Delhi

The importance of commercial aviation and its rapid expansion are characteristic of developed countries, where quick and efficient air travel has contributed to a high standard of living. Now India, struggling to achieve its development targets, is concentrating its attention on the need for adequate commercial aviation facilities. Profiting from the experience of Western countries, it is planning to avoid future congestion at its international airports, with all the attendant passenger discomfort and economic loss. Canadians may be able to play a significant role in this expansion.

India is served by approximately 30 foreign airlines operating a wide range of modern aircraft. Many of these lines will be among the first to use the new jumbo jets and supersonic airliners. India's own fleet of commercial aircraft is technically quite modern and efficient and Air India on its international routes around the world flies pure-jet Boeing 707's exclusively. Early in 1971 it will take delivery of its first two Boeing 747 jumbo jets. Indian Airlines, the government-owned domestic carrier, operates an almost 100 per cent jet or jet-prop fleet and its aging, low-capacity Caravelles will soon be replaced by new medium-range jets of the Boeing 727 or the Douglas DC-9 class. The problem, therefore, is not the aircraft themselves but seeing that there are adequate ground facilities to deal with bigger planes and increasing passenger and cargo traffic.

The Government of India, through the Ministry of Tourism and Civil Aviation, set up the International Airports Committee two years ago. It appointed as chairman J. R. D. Tata, a prominent industrialist. (Mr. Tata was the first licensed private pilot in India, founded Air India and is now its chairman.) The six other members were drawn from the Indian aviation industry and the Civil Aviation and Finance Ministries. The Committee was charged with determining what should be done in order to provide the international airports at Delhi, Bombay, Calcutta and Madras with the necessary buildings, equipment, facilities, amenities and organization to handle future passenger and cargo traffic. The Committee was to bear in mind particularly the special requirements for jumbo and supersonic jets and ensure that the facilities could be expanded with the growth of air traffic.

The Committee established three separate study groups to look into flying operations, terminal buildings, and airports as a whole (including runways, taxiways and land for buildings). The Committee also drew on the resources of the International Civil Aviation Organization, the International Air Transport Association, and a major international airline. It has recently presented its report to the Government.

The report is critical of several aspects of the present airport situation and makes numerous recommendations. It compares Delhi's annual passenger flow of 556,000 and Bombay's 879,000 with Paris's 8.2 million, London's 12.4 million, and Chicago's 27.5 million and points out that India has not had the traffic density problems which have overwhelmed airports in developed countries. It goes on to say, however, that conditions in India have already "deteriorated beyond tolerable

limits" and that action must be taken immediately to avoid the near-paralysis that has stricken some North American and European airports. The Committee states that "the standard of amenities at all Indian airports has been below the recognized international standards. This failure to provide acceptable facilities and the resulting conditions have created an adverse initial impression of India on foreign visitors who get, at these airports, their first glimpse of the country."

The report recommends that detailed master plans be drawn up for the four international airports which will allow for integrated future expansion. It calls for the construction of a new domestic terminal at Calcutta, a new international terminal at Bombay, and completely new domestic and international terminal complexes at Delhi and Madras. It recommends that they should meet recognized international standards of comfort and convenience but should not have unnecessary luxuries. Full air-conditioning and mechanical baggage handling should be standard equipment. (Travellers who have had the experience of waiting half an hour in steaming monsoons or 110-degree summer heat while baggage is transferred by hand will agree that these amenities are not luxuries.) The Committee suggests as a guide that airports should be capable of clearing incoming international passengers with their baggage in 20 minutes at peak traffic periods. Domestic passengers should be through in 10 to 15 minutes.

The Committee also recommends constructing additional runways and enlarging present ones, and providing more taxiways, holding areas and aprons. All these improvements are designed to facilitate the safe and efficient movement of present and anticipated types of commercial aircraft. Finally, the report calls for more and better electronic communication and navigation aids, approach and runway lighting, firefighting and rescue equipment, and other ancillary equipment and bringing them up to full ICAO recommended standards.

What does this mean for the Canadian businessman? For one thing, the increasing number of Canadians travelling to India on business and for pleasure can look forward to faster, more efficient service. More important still, the Canadian businessmen who are helping Canada become recognized throughout the world as a supplier of airport equipment and services can expect some substantial sales. The Airport Committee's recommendations, if fully implemented, will require spending the equivalent of approximately Cdn. $150 million which would be spread over three phases, more than half the money being spent before 1974 and more than 70 per cent by 1979. The approximate breakdown of expenditures is runways, taxiways, aprons and allied services Cdn. $87 million; terminals and allied buildings Cdn. $42 million, and ATC communications, navigation, and en route facilities Cdn. $20 million. Much of this money will be spent within India, particularly for relatively straightforward things such as runways and basic building construction.

Indian industry, however, is not capable at present of supplying the more sophisticated goods and services required. The Government knows that foreign suppliers will be needed. It is here that there should be opportunities for Canadians. The types of equipment that will probably be purchased abroad are: electrical and electronic items such as center-line runway lighting, radar, communications radios, en route navigations aids, and instrument landing equipment; specialized mechanical equipment such as fire tenders, off-airport rescue vehicles, and runway sweepers, and terminal equipment such as baggage-handling systems, aerobridges and display boards.

The capabilities of the Canadian aviation and related industries are becoming known to senior Indian civil aviation officials. As a result of the Department of Industry, Trade and Commerce's Airports for Export program, the Office of the Commercial Counsellor in New Delhi has been in close contact with the Civil Aviation Ministry for more than a year. In June 1967, the Canadian Government sponsored a four-man Airports Mission to Canada. The Mission spent three weeks meeting with business and government officials and saw a wide range of Canadian airport equipment being manufactured and in operation at our major airports. The leader of the Mission was Captain G. C. Arya, Director General of Civil Aviation in India and also a member of the International Airports Committee. More recently, Captain Arya and Dr. Karan Singh, Minister of Tourism and Civil Aviation, toured the Canadian exhibit at the Paris Air Show at the invitation of Canadian industry and government officials. They saw a wide range of equipment displays there and films and other presentations of Canadian capabilities. The efforts to promote Canada as a potential supplier of sophisticated equipment to India have begun to pay off. The Canadian International Development Agency recently agreed in principle to finance the purchase of a Cdn $2.7 million Boeing 747 flight simulator for Air India. This equipment is manufactured and sold by CAE Industries Limited of Montreal.

How should Canadian businessmen interested in doing business in India set about it? The Department of Industry, Trade and Commerce is able and anxious to help. M. L. Nickerson, Head, Special Projects Section, Electrical and Electronics Branch, is the co-ordinating officer for the Airports for Export program. He is familiar with opportunities not only in India but throughout the world. Airport expansion in India and other developing countries is often at least partly financed under various aid programs; he will tell you about making contacts with the United Nations Development Program, the World Bank, the Canadian International Development Agency, or similar bodies.

To develop specific interests in India write to the office of the Commercial Counsellor for Canada in New Delhi. Send brochures, technical data and price lists if available. These will be discussed with the technical and purchasing authorities in the Civil Aviation Ministry or the aviation industry and a preliminary report sent to you. In most cases, you will find that you will need a good agent to develop potential business in India. Purchasing procedures often involve protracted negotiations with several Ministries and a personal representative on the spot can be most useful. The Office of the Commercial Counsellor can help you find a suitable agent and will be pleased to work with him in developing business for your company.

Pakistan

The economy continues to expand, despite the disturbances at the turn of the year. The West Wing is already self-sufficient in foodgrains and in five years the country will produce all its grains. Our exports are largely financed by various types of aid.

J. E. G. GIBSON
Commercial Secretary, Islamabad

Pakistan in the past few months has had more than its share of the headlines. The internal disturbances which erupted in November 1968 worsened as the weeks went by and finally in March 1969 the Army stepped in and began governing under martial law.

The causes of the internal disturbances were political in nature but the effects were widespread. The national economy received a number of setbacks; particularly affected were foreign exchange earnings. Happily, none of these setbacks was serious and their effects will probably only be felt in the short term. This in itself is a credit to Pakistan's economic planners.

The last fiscal year (July 1968 to June 1969) was the fourth in Pakistan's Third Five Year Plan. The gross national product is expected to have increased by 5.5 per cent during the year to reach U.S. $14,800 million. An economic growth rate of 6.5 per cent was the target but was not achieved because industrial production rose less than expected. The shortfall has been attributed to work stoppages and other effects of the recent disturbances combined with difficulties with raw material supplies.

The agricultural sector, by far the largest contributor to gross national product, remains buoyant. Last year's rice crop was down slightly because of floods in East Pakistan and the foodgrains gap in that area had to be plugged with supplies of wheat from the United States, Canada and Australia. The Canadian portion consisted of a gift of Ontario winter wheat valued at Cdn. $5 million. On the other hand, Pakistan's wheat crop last year rose to 6.2 million tons, an all-time record. The weather during the current season has been almost ideal for wheat and it is possible that the harvest will yield up to seven million tons.

The importance of Pakistan's spectacular wheat crops cannot be overemphasized. Although rice is still the leading foodgrain in terms of production (it is the staple diet of most East Pakistanis and also an earner of foreign exchange), wheat offers the best prospect for closing the food gap for this nation of 126 million. Almost all the wheat is grown in West Pakistan where in recent years substantial acreages have been sown to Mexi-Pak wheat, a version of the Mexican dwarf wheat which requires massive inputs of fertilizer and water but produces very high yields. Last year's record harvest brought self-sufficiency in foodgrains to West Pakistan and, given a satisfactory rate of increase in agricultural production and a slowing down in the birth rate, home-grown foodgrains could meet the nation's entire needs within five years.

The Government of Pakistan has been taking steps to increase the production of grains and other cash crops and the agricultural sector has in practice enjoyed top priority in the Third Plan. By and large, results have been good but the industrial sector has missed out on the considerable investment which was diverted to agriculture. Fortunately, some of these funds were spent on agricultural support industries. Perhaps the best example is fertilizer production; planning and construction are well advanced, with the aim of creating self-sufficiency in urea and triple superphosphate.

Exports have suffered from the recent disturbances and it seems unlikely that this year's total will exceed last year's Rs. 3,120 million (approximately Cdn $717 million). Had the internal problems not intervened, the target of Rs. 3,400 million (approximately Cdn. $782 million) would have been met because monthly averages up to the end of 1968 were running well ahead of predictions. However, from early 1969 internal transport was disrupted and liftings from ports, particularly in East Pakistan, fell off drastically. The principal exports are jute and jute products from East Pakistan, both of which command relatively high prices at the moment and so have contributed substantially to exchange earnings. Other important exports include raw cotton, cotton textiles, rice, surgical instruments and leather goods.

Imports into Pakistan are subject to severe restrictions. These are not aimed at the protection of domestic suppliers but rather at the conservation of scarce foreign exchange. At the moment, preference is given to industrial raw materials, fertilizers, and equipment for agriculture, as well as capital equipment. The import bill for 1968–69 will probably reach Rs. 4,200 million (approximately Cdn. $966 million), although imports fell in the first half of this year for the same reasons that affected exports.

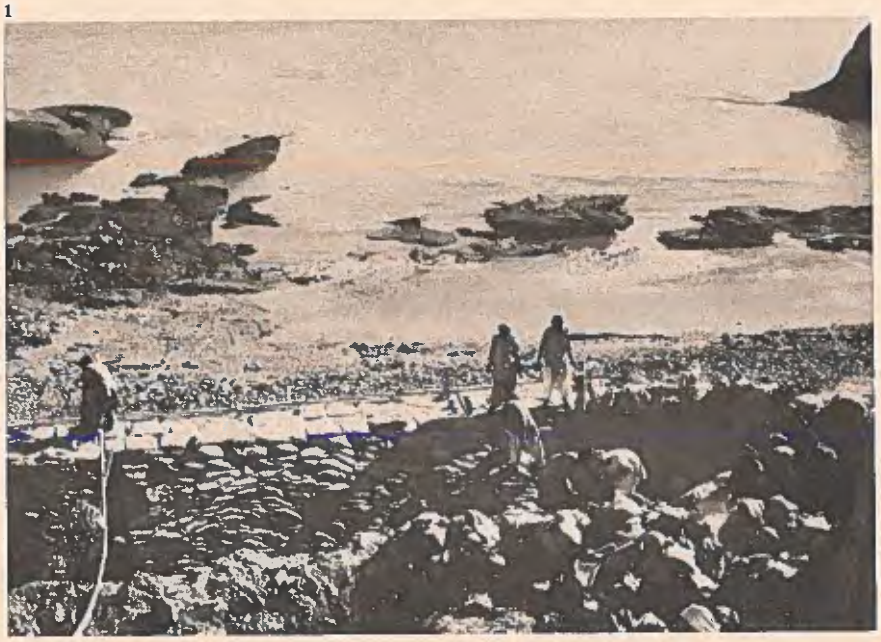
In spite of the adverse balance of trade, Pakistan's foreign exchange reserves have been improving and by March 1, 1969, amounted to U.S. $285 million. A standby credit of U.S. $75 million from the International Monetary Fund in 1968 helped considerably. The bulk of Pakistan's imports come in under long-term credits or barter arrangements; most cash disbursements are for military equipment (a large amount in recent years).

The Government controls foreign exchange and it is illegal for individuals or organizations in Pakistan to hold foreign currency. Control is principally enforced by a system of bonus vouchers. When a Pakistani exporter receives payment for goods he must turn it over to the Government which gives him Pakistani rupees at the official rate of exchange. He is also given bonus vouchers calculated according to the nature of the goods exported. These bonus vouchers entitle him to purchase foreign exchange at the offi-

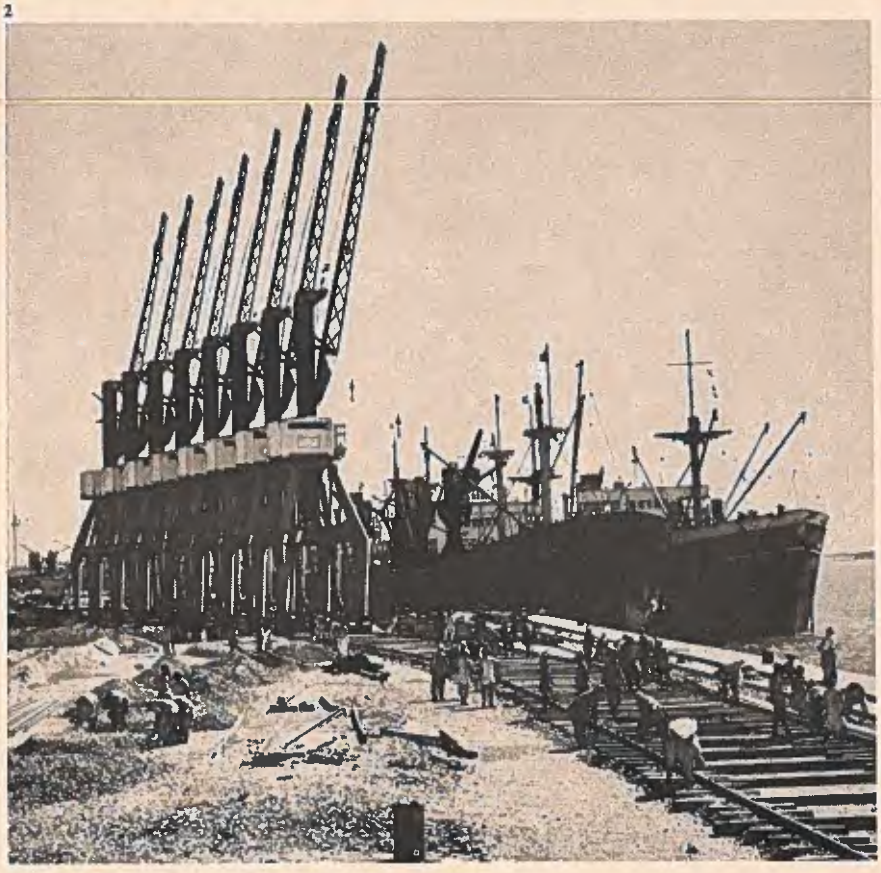
1. These sandbags were put in place to protect the foundations of the first nuclear power plant in Pakistan, on the edge of the Sindh desert near Karachi, from the sea while building was going on. Canadian loans and ECIC financing are providing $48.1 million of the cost. The station will be in operation by 1970. Canadian General Electric is the prime contractor.

2. This is the port of Karachi, West Pakistan, through which much of the country's foreign trade moves. Two World Bank loans totalling nearly $32 million made possible the modernization of the port. These new dockside cranes were part of the project.
—Photos by CIDA and the World Bank.

1



2



cial exchange rate and they are transferable. Because the Pakistan rupee is being maintained at a substantially over-valued rate of exchange and may not legally be traded outside the country, the bonus voucher rate provides a means of determining the real value of the rupee. At present, bonus vouchers trade at a premium of 85 per cent which corresponds quite closely to unofficial rates of exchange for the rupee quoted in other countries.

All non-essential imports are either banned or require bonus vouchers. Therefore, apart from being an unofficial devaluation of the rupee, the system provides an excellent means of foreign currency control and a way to enforce import restrictions.

Pakistani officials have done a good job in controlling and developing the national economy. Growth in recent years has been satisfactory and quite consistent but it continues to be heavily dependent upon loans, grants and other forms of overseas assistance. Pakistan's debt burden is increasing rapidly and, more alarmingly, so is the cost of servicing that debt. Most recent estimates put debt servicing at 18 per cent of export income and on current projections this could reach 26 per cent by the mid-1970's. Pakistan's initial response has been to press creditors for softer aid terms and it will probably meet with some success. Action at home will also be necessary.

Canada's exports to Pakistan are largely determined by the amount of financial assistance the Canadian International Development Agency and Export Credits Insurance Corporation can provide. Exports in 1968 amounted to Cdn. $29.7 million and consisted primarily of industrial raw materials, wheat, fertilizers, power generation and transmission equipment and other equipment for projects. Out of the Cdn. $29.7 million, Cdn. $8 million was under ECIC long-term export

financing, Cdn. $16 million under Canada's bilateral aid program, and Cdn. $1.6 million under untied multilateral financing provided by the World Bank, of which Canada is a member and substantial supporter.

Towards the end of 1968, 40 diesel locomotives were sold to Pakistan Eastern Railways, a sale financed by ECIC. A Canadian engineering firm recently won a two-year contract as general consultant to the East Pakistan Water and Power Development Authority; the foreign exchange component of the contract was Cdn. $4 million and this was jointly financed by the World Bank and the United Nations Development Program.

Canada is a member of the Aid-to-Pakistan Consortium which is headed by the World Bank and includes the United States, Britain, West Germany, Italy, Belgium, the Netherlands, Sweden, France and Japan. Total annual commitments by consortium members are of the order of U.S. $400 million. In 1968–69 Canada's share of these commitments amounted to $34.5 million. This was made up of Cdn. $14.5 million in non-project aid (fertilizers Cdn. $5 million, aluminum Cdn. $2.5 million, copper Cdn. $3.5 million, asbestos Cdn. $1.5 million, wood pulp Cdn. $2.0 million), technical assistance worth Cdn. $800,000, project aid of Cdn. $4.7 million, non-project non-commodity aid of Cdn. $2 million, food aid (wheat) amounting to Cdn. $5 million, and ECIC financing Cdn. $7.5 million. Strictly speaking, the food aid grant does not form part of our consortium assistance but it must of course be considered as part of our total aid package to Pakistan. Aid commitments do not correspond very closely to DBS export figures mentioned earlier because of delays in procurement and shipping to the recipient's schedule.

In sharp contrast to Canadian export figures, Pakistan's exports to Canada last year amounted to Cdn. $4.76 million, made up mainly of jute and cotton textiles. Although Pakistan's global exports are rising steadily, most of the increase is going to socialist countries with which Pakistan has barter arrangements. Any spectacular future increases will probably depend on foodgrain surpluses. Pakistan already exports some high quality long-grain rice to the Middle East. Wheat surpluses in coming years are expected to find a market in the People's Republic of China.

Used Clothing

Afghanistan offers a million-dollar market in used clothing, with nearly all its population ready to buy. Agents or importer-wholesalers in Kabul or Kandahar handle this business.

B. NORTHGRAVE
Assistant Commercial Secretary, Islamabad

This spring in Afghanistan's capital of Kabul an Afghan was polishing a Mercedes Benz in the central Pushtoonistan square. Not an unusual sight, with one exception—the polisher was wearing a jacket with the words "Cheer Leader Humbolt High School" stitched on the back in big yellow letters. This incident may interest Canadian suppliers of used clothing because there is a million-dollar market for it in Afghanistan. Ninety per cent is supplied from the United States and the remainder mainly from Britain and the Netherlands.

This is one of the few million-dollar commercial opportunities in Afghanistan as the country has a number of major constraints. It is landlocked and broken up by the Hindu Kush Mountains. Its population of some 15 million is scattered over its 250,000 square miles. It is predominantly agricultural and pastoral and only 14 per cent of the land area is cultivated. The industrial sector plays only a minor role and manufacturing is estimated to contribute less than 5 per cent to the gross national product. Although there are a number of mineral resources, coal is the only significant one exploited on a commercial scale. Afghanistan's major natural resource is its natural gas field which has been tapped and the gas channelled, with the exception of a urea plant, almost entirely to the Soviet Union. Of the approximately $60 million of imports into Afghanistan, more than half are supplied under aid and a large percentage of the remainder is made up of basic foodstuffs such as tea and sugar.

Kabul is not a large-scale commercial center. Its residents give the impression of an easy-going good nature. For example, the doorman of Kabul's largest and most prestigious restaurant must be the only one in his profession who operates sitting down, from time to time reaching up to open the door from his relaxed position. All taxis in Kabul appear to have meters but none of them are used. It remains for the passenger and driver to haggle for a mutually satisfactory rate after each trip. In restaurants waiters are always anxious to please, sometimes eagerly taking notes of orders they cannot fill and which have nothing to do with the meals that are finally served.

But used clothing is a big business. The main used clothing market in

This is the main used clothing market in Kabul: over 100 dealers sell from stalls or charpoys in the center foreground. Above is the storage area for the bales of clothing that come in from a number of countries. These are later opened and sorted out.

The author asked three of the used clothing dealers of Sarai Faiz Mohd in Kabul to pose for this photograph. One of them has just opened a bale.

Kabul is almost the size of a football field. The upper storey has scores of small open-sided stalls for the larger importers and wholesalers and also a storage area for clothing bales. On the ground level there are over 100 dealers selling from stalls or from charpoys (the local wooden-legged rope-strung beds). A number of retailers pick up a few items and sell them throughout the city.

The used clothing market covers the bulk of Afghanistan's population, with its per capita GNP of some $85. Although much of the clothing bears labels from exclusive addresses in large U.S. cities, Afghanistan end users are more concerned with warmth and durability than with style. Warmth is of key importance as Afghanistan has long severe winters and wool, wool-worsted and heavier cotton materials are in prime demand. The range of used clothing wanted is, however, quite impressive and includes suits, overcoats, sweaters, socks, ties and even children's clothing. The two chief marketing centers are Kabul and Kandahar. Kabul services the central-northern and northwestern parts of Afghanistan up as high as Faryab, Kunduz and Badakshan, and Kandahar the south and southwestern parts of the country including Chakhansur, Herat and Ghazni.

Almost all of Afghanistan's used clothing imports are shipped in bond to the Pakistan port of Karachi and are then transported by truck to Kandahar via Chaman or to Kabul via Peshawar. The goods are imported by agents whose only job is importing or by larger importers and wholesalers. These importers work through a chain of wholesalers who in turn deal with retail markets in the larger towns and with smaller jobbers.

The market is supplied primarily by U.S. firms, some of which have sold clothing of Canadian origin in Kabul, and whose job is collection and sorting. In the United States, suppliers collect clothing from smaller dealers, charities and so on and sort it according to quality, size and type of material. It is then wrapped in burlap in standard weight bales of 50 pounds and tied with steel strapping.

There is considerable variation in grading and pricing from one foreign supplier to another but clothing is usually graded in three categories. The following will give you a rough idea of prices: overcoats from $1.50

to $2.50, suit jackets $0.85 to $1.00, sweaters $1.00 to $1.50, pants $0.80 to $1.00 (all prices in U.S. dollars c. and f. Karachi). Kabul importers, when considering a new firm, request a price list c. and f. Karachi. If prices and grades appear competitive, they will place a trial order of 50 bales (maximum) usually on cash terms. If on examination importers find grading and quality acceptable, business tends to be done on a more routine basis and the importer puts up 25 per cent payment with the order and the remainder on shipping advice. Dealers tend to stick to particular suppliers, some of whom visit the market from time to time.

The Afghanistan used clothing market is not an easy one to enter as there are problems with communication (mail service is poor) and with locating suitable Kabul agents. However, once a channel is opened, based to a large extent on dealer/supplier trust, the connection can be a durable one. The market will probably be long-term and stable, with Afghanistan's modest development record and gradual progress towards improved economic conditions. Although it is traditionally a preserve of U.S. suppliers, other countries have made headway in recent years.

Canadian suppliers should consider writing to used clothing dealers in Kabul, sending them c. and f. Karachi prices for their examination and possibly sending a trial order to them. The Commercial Division of the Office of the High Commissioner for Canada, Hotel Shahrazed, Islamabad, Pakistan, would be pleased to help Canadian suppliers set up contacts with Afghanistan importers.

Spain Sets Up Second Plan

Early this year the Spanish Cortes formally approved Spain's Second Economic and Social Development Plan for tbe period through 1971. Intended originally to begin in 1968, it had to be revised after the devaluation in November 1967. Among otber changes, the planners reduced the target for growtn in gross national product from the original 6 per cent a year (as in the First Plan) to a more modest 5.5 per cent.

Tbe principal objective of the Plan is to increase the share of available resources devoted to gross asset formation at the expense of expenditures on consumption. Greater investment by the public sector will account for most of the increase. Assuming that the Second Plan achieves its goals, the Spanish GNP by the end of 1971 should reach more than U.S. $31 billion and the per capita income well over U.S. $900 a year. Total investment for the public sector of the Plan is set at some U.S. $7.8 billion.

The need to modernize Spanish industry in preparation for the country's eventual entry into the European Economic Community is reflected in the Plan. The industrial sector should continue to expand, with an average annual increase in output of 6.7 per cent in real terms and an average rise of 3.9 per cent a year in productivity. The creation of a million new jobs is projected in industry and services, to be filled by newcomers to the labor force and by farm workers moving to urban areas. The contribution of the services sector to the GNP is also expected to rise by an average of 5 per cent a year. There should also be a gain of 5.9 per cent a year in farm productivity.

A rapid expansion of exports and imports of goods and services is forecast. Exports are expected to go up by nearly 70 per cent between 1968 and 1971 and imports by about 53 per cent. If these projections are met, exports of goods and services would cover 84 per cent of imports in 1971 (76 per cent in 1967). The surpluses expected during the period of the Second Plan depend on the relative rates of growth of exports and imports of goods and services at the planned levels and increasing income from emigrant remittances and long-term capital. A deterioration in any one of these could mean a deficit. There is some doubt whether earnings from tourism can be expected to continue rising as rapidly as they have recently and some experts foresee a decline in emigrant remittances.

The public investment program of the Second Plan is seemingly more selective than that of the First and concentrates on a number of priority sectors. Out of total public sector investment of U.S. $7.8 billion, the following are the main allocations: transportation $1.6 billion, education $868 million, urban structures and services $856 million, housing $768 million, irrigation and other waterworks $755 million, and agriculture $492 million. Some 67 per cent of the funds for the consolidated 1968-1971 public investment program will come from the budget of the Spanish Government and the rest from autonomous government agencies, local governments, and the foreign sector. The Spanisb Government will increase its foreign debt substantially over the next three years, perhaps by more than U.S. $315 million, as the external contribution to the investment program.

Most observers believe that the Second Plan represents a significant improvement over the First. In addition to the targets already mentioned, the hope is to put on a drive to mechanize agriculture and to switch land over from wheat growing to intensive livestock raising. To avoid labor unrest, the intention is to revise wages annually to keep them in line with the cost of living.

Certain danger signals are incorporated in the Plan to alert the Government to possible failures. Among these are a 5 per cent decline in import coverage by exports, a fall in reserves by more than 10 per cent over a twelve-month period, a rise in industrial production of less than 4 per cent a year, and a growth in investment of less than 3 per cent.

L. A. CAMPEAU
Commercial Counsellor, Madrid

Scotland

Phasing out of traditional industries and rise of new ones is changing Scottish industrial picture. Canadian companies may need to adjust to changes in this market.

A. B. BRODIE
Trade Commissioner, Glasgow

Scotland's industries are giving every indication that they will enter the 1970's strong and vigorous. As the traditional ones—coal mines, shipyards, textile plants—are phased out or carried on at a slower rate than in the past, new ones are appearing that add diversification to the industrial picture. Costly capital projects are planned for the Clyde estuary; if these are fully realized, they will include an oil terminal, refinery, steel complex and an additional generating station. Scotland exports a large share of its industrial output but **opportunities for certain Canadian plants to supply a wide range of raw and semi-finished materials to feed these industries will continue to be good,** provided Canadian prices can meet the stiff competition from EFTA and other supplying countries.

It is anticipated that several thousand new jobs will be created in the 70's in the changeover from the declining industries to those with expanding employment like mechanical handling, machine tools, office machinery, computers, and electronics. Already some new plants have made their presence felt and others are adjusting themselves extremely well in their new surroundings.

The outstanding industry of the century to be attracted to Scotland is electronics and instrumentation. Over 48 new plants are producing a wide list of products, ranging from highly advanced electronic systems and specialized components to computers, radar equipment, micro switches and transistors. These firms, which produce in excess of $155 million worth of equipment, employ some 30,000 persons (including about 2,000 university graduates). It is likely that the industry will continue to expand at the same rate in the next few years. The U.S. financial investment in this field is substantial.

The automobile and truck plants are becoming increasingly important. The British Motor Corporation's plant at Bathgate (between Glasgow and Edinburgh)—a member of the British Leyland Motors Group—produces trucks and tractors and operates a machine tool plant for its own requirements. Albion Motors of Scotstoun—also a member of the British Leyland Motors Group—is building commercial vehicles and producing rear axles and gear boxes. Rootes Motors Limited of Britain produces car bodies at Linwood North for Rootes' Coventry assembly plant as well as the Hillman "Imp" at Linwood South (near Paisley).

The list of successful plants which are making a major contribution to Scotland's economy—and indeed to Britain's balance of payments—is lengthy. It includes firms like Massey Ferguson (in Kilmarnock), Hiram Walker & Sons Ltd. (in Dumbarton), Chivas Bros. Ltd. (in Paisley), Rolls-Royce Ltd.'s Aero Engine Division, Cleveland Twist Drill Ltd., General Time Ltd., Ranco Motors Ltd., Cincinatti Shaper Company, Caterpillar Tractor Company, Robson Lang Leathers, and a host of others.

The Clyde Estuary Development Group's optimistic list of proposed projects is currently being studied by the Metra Consulting Group in consultation with Professor Arnold Weddle of Sheffield University. The preliminary conclusions favor the Clyde estuary as a feasible location for deepwater berths (Wemyss Bay and Hunterston), steelworks (also at Hunterston), oil refinery and a power generating station. Plans submitted by Murco Petroleum for a $40 million refinery, with a capacity of two millions tons a year, have received the approval of the Clyde Estuary Development Group. The location will be on the south bank of the Clyde at Longhaugh Point and it is expected that the refinery will come on stream in 1971. Chevron Oil Europe Incorporated—a member of the Standard Oil of California family—has submitted a proposal for a five-million-ton refinery on the north bank of the Clyde. No decision has been reached. The exact location of the deepwater iron ore terminal has not been settled in view of the proposed position and its distance from Colville's Steelworks at Ravenscraig—some 40 miles away. (The 150-page Metra Report on *Possible Developments in the Clyde Estuary* can be purchased from the Clyde Port Authority for 21 shillings.)

Additional oil refinery capacity on the Clyde estuary will, when realized, support existing production at Grangemouth, where British Petroleum Company, with four chemical subsidiaries in the area, is stepping up its annual production to nine million tons.

Moving from the Clyde estuary, in the central part of Scotland, to Invergordon in the Highlands (some 37 miles north of Inverness) the British Aluminium Company has already broken ground for its new aluminum smelter which will have an initial capacity of 100,000 tons a year and will provide employment for more than 600. It is expected to be in production by 1971. British Aluminium Company also operates two other smelters in the Highlands, at Fort William and Kinlochleven. Invergordon, in the Cromarty Firth, commands an ideal and much envied site which lends itself to a deepwater sheltered harbor with ample space in this beautiful area for the development of heavy industries which favor water transport in the place of rail or mediocre roads. The British Aluminium Company's smelter has already attracted serious interest from other groups—particularly one large chemical company—and an announcement granting

formal approval for further development in the area is expected shortly.

Virtually the whole of Scotland, with the exception of the Edinburgh area, is now designated as a development area. Under the New Towns Act of 1946, four new industrial towns have been built—East Kilbride and Cumbernauld (respectively southeast and north of Glasgow), Glenrothes in Fife, and Livingston (south of the River Forth on the Midlothian–West Lothian border). A fifth new town now under construction at Irvine, over 12,000 acres in area, will incorporate the burghs of Irvine and Kilwinning (south of Glasgow near Kilmarnock and close to Prestwick Airport). Apart from the new industrial towns, industrial estates are also being developed by the Scottish Industrial Estates Corporation, the Highlands and Islands Development Board (in the northwest of the country), Regional Boards and municipal authorities. All these official bodies have plant space to lease at attractive figures; the annual rent in some instances is as low as 8 per cent of capital cost, excluding the land. Moreover, they are empowered to extend generous grants—and certain tax exemption incentives—to growth industries for building factories and purchasing capital equipment.

I recently visited a new town (near Glasgow) and a regional development board in the northeast of Scotland. I asked officers in both these development areas why firms want to settle in Scotland. The following paragraphs give a resumé of their replies.

One of the first reasons they gave was that a Scottish-based plant provides an opportunity for an outside firm to take advantage of industrial incentives as well as a lower-cost labor market. For foreign companies whose end products are now no longer competitive in Britain, a factory in Scotland is the answer, the authorities argue, because it provides an ideal springboard for exporting to EFTA countries and possibly the EEC countries later.

Exports to the continent of Europe from Scotland—which currently amount to about $425 million—are now even simpler to transport. The "Euro-Scot", the fast direct Scotland-to-Europe Freightliner link, started operations in October 1968. It leaves the Edinburgh Freightliner Terminal at Portobello and connects with the British Railways fast purpose-built cellular container ships at Harwich. This new service means that transit time between Scottish factories and Milan has been reduced to four days and to Brussels to a mere 48 hours. Similarly, container berthing at the ports of Greenock and Grangemouth has speeded up cargoes inward and outward bound from and to North American ports.

One further reason for settling in Scotland is that business executives find there a happy combination of pleasant countryside, cultural activities, inexpensive recreation (fishing, curling, golf) and amenities which are no longer available in many corners of the world today.

The Scottish Council (Development and Industry) reported that 14 per cent of all manufacturing employment in Scotland by 1966 was attributable to factories transferred there since the war from other regions or to newly established firms. This gave 102,000 new workers employment, attracted $750 million in investment, and represented about $1.3 billion in production, of which one third was exported. Despite this note of optimism, Scotland is still faced with substantial unemployment (some 81,000 persons or 4 per cent of the working force) as well as a dearth of skilled labor and of university graduates. The current high rate of unemployment is primarily because the growth industries have not been growing fast enough to offset the slack in the labor market caused by the contraction of certain older industries. Moreover, Scotland has been a traditional exporter of skilled and professional men to many corners of the world because of lack of opportunity in their own country—and this has stripped the country of generation after generation of graduates.

With the pattern of industrial development changing and growth industries picking up momentum in Scotland, how will Canada's present pattern of trade—some $120 million—to the area be affected? Canadian exports of certain raw and semi-finished materials will continue to feed a number of Scottish industries. There is reason to believe that this business will increase, provided Canadian products can remain competitive. Moreover, Scotland's growth industries are not all self-sufficient at the moment, and some must rely on outside suppliers for a wide range of products. A major share of component parts for the electronic industry, for example, comes from England, the United States, Canada and elsewhere.

On the other hand, certain Canadian end products are now no longer competitive in Scotland, principally because of devaluation. This has meant reassessing the market and making new policy decisions. During the past few years, certain Canadian manufacturers in an effort to retain their position in Scotland (and indeed in Britain) have decided to arrange to have their products manufactured in Scotland under a licensing agreement. Or they have built plants in one of the industrial estates to enable them to package their products in the country and to ship their semi-finished materials and have them processed and marketed in Britain and exported to EFTA and other markets. Some have made the decision to set up a joint venture with a Scottish manufacturing firm, and a few have established a self-integrated plant. All these are possible answers for a Canadian company which wishes to adjust to Scotland's changing industrial pattern.

Export Drawbacks

Foreign Trade has on hand a number of reprints of the article that appeared in the June 7, 1969, issue entitled "Export Drawbacks: What They Are, How They Can Help You Compete". Readers who wish to have copies should write directly to The Editor, *Foreign Trade*, Department of Industry, Trade and Commerce.

Your Business Visit to Yugoslavia

Z. W. BURIANYK
Commercial Secretary, Belgrade

"Yes, it is my first visit to Yugoslavia, and while I did read a bit about the country before coming, I certainly did not expect to find what I did." This statement by a typical Canadian businessman I have heard frequently. More and more Canadians are arriving here to investigate the market for their particular products and they are often surprised to find it so varied, vigorous, competitive and sophisticated. If you are not one of the initiated, read on and see how easy and how profitable a trip to Yugoslavia can be.

Politically and economically Yugoslavia is a socialist state but unlike its Eastern European neighbors, it does not conduct its trade through state agencies, but rather through enterprises similar to those found in Western Europe. Although it is both possible and desirable to sell most major commodities directly to the end user, all foreign trade eventually passes through the hands of one or other of the more than 300 export-import and representative enterprises—including purchases made by the State itself. These socially-owned organizations are competent in their own selected fields and compete vigorously with each other for their share of the rapidly expanding market. As an indication of their growth, imports rose from U.S. $1,287 million in 1965 to U.S. $1,741 million in 1968, an increase of more than 35 per cent. A further increase of 6 per cent is forecast for 1969.

Expansion is based on two main factors—the country's ambition to develop and modernize its primary and secondary manufacturing sectors, and the ever-increasing demand from the general public for consumer goods now that there is money to spend.

Yugoslavia is a relatlvely new and untouched market for Canadians. It awaits your interest. Begin by making a personal visit. The Commercial Secretary, Canadian Embassy, Proleterskih Brigada 69, Belgrade, will gladly answer your inquiries and advise you.

It is a good idea to prepare yourself by reading about the country before you set off. This need not be a big undertaking but obviously the more you know, the easier you will find it when you are here. Begin with *Foreign Trade* ("Market Report" September 16, 1967, "Foreign Capital Welcomed" November 11, 1967, "Nuclear Power Planned" November 25, 1967, "Marketing Data Sheet" May 25, 1968, "Yugoslavia: Has the Corner Been Turned?" and "Role of Yugoslav Banks" April 12, 1969). You will find these three books helpful too: *Yugoslavia—Theory and Practice of Development Planning* by George Macesich, *Tito's Yugoslavia* by Bernard Newman, and *Yugoslavia*, the Nagel Guide.

Yugoslavia is a potpourri of languages, customs, nationalities and religions. A brief but apt description is the one given by the people themselves, using the numbers one through seven:

One country—Yugoslavia

Two alphabets—Cyrillic and Latin

Three religions—Orthodox, Catholic, Moslem

Four languages—Serbian, Croatian, Slovenian and Macedonian

Five nationalities—Serbian, Croatian, Slovenian, Macedonian and Montenegrin

Six republics—Serbia, Croatia, Slovenia, Macedonia, Montenegro and Bosnia-Herzegovina

Seven border countries—Albania, Austria, Bulgaria, Greece, Hungary, Italy and Romania.

The cost of the trip will depend on your program and the amount of entertaining that you do. **As a rough guide, allow about $10 a night for accommodation and about $10 a day for meals.** The cuisine is excellent and meals are taken at a leisurely pace, often lasting two-and-a-half to three hours. Yugoslav wines are very good.

If you are booking accommodation in advance (a wise thing to do) here are some hotels in the main cities and resorts: Ljubljana, Hotel Lev, and Hotel Slon; Zagreb, Hotel Esplanade Intercontinental; Belgrade, Hotel Metropol, Hotel Majestic; Dubrovnik, Argentine, Excelsior; Split, Marijan.

A 90-day visa is readily obtained through the Yugoslav Embassy, 17 Blackburn Avenue, Ottawa, or the Yugoslav Consulate, 377 Spadina Road, Toronto. Businessmen planning a quick trip can obtain a visa on entry if they have a valid passport.

Once he knows your specific interests, the Commercial Secretary will assist you in making initial contacts and arranging an itinerary. You can travel to Yugoslavia conveniently from most major European cities. Plan a minimum of two days at each commercial center. Belgrade alone receives 17 international airlines on regular schedules. Air Canada flies to London, Paris, Frankfurt, Zurich, Vienna, Brussels and Moscow and you can make connections for Belgrade in any of these cities, or from Amsterdam, Rome and Athens if you fly Canadian Pacific Airlines. Should you wish to travel by rail, you will find the Orient Express through France and Italy or the Austria-Yugoslav Express through Germany and Austria the most convenient. One advantage of rail travel is that it gives you an opportunity to visit Ljubljana and Zagreb, two important commercial centers, en route.

Apart from national and republic holidays, there are two periods when you should avoid travelling to Yugosla-

via—one is the week immediately before and the week after New Year, and the other is the hot summer months of July and August. Summer is most enjoyable (as evidenced by the thousands of foreign tourists) but the Yugoslavs also take their holidays then, which makes it difficult to do business. Make a note of these federal holidays: January 1 and 2, New Year; May 1 and 2, People's Holiday; July 4, Fighters' Day, and November 29 and 30, Republic Day. When the Commercial Secretary is helping you plan your itinerary, he will try to avoid the holidays in the various republics which you are visiting.

Yugoslavia has a number of important trade fairs and more than a dozen are annual international events. **If possible, arrange your visit to coincide with a fair featuring your commodity.** You will then have an opportunity to see what your competitors are doing and you can make a quick appraisal of the market that will be helpful later.

Winter in Yugoslavia is milder than in most of Canada, with temperatures dropping occasionally to 10°F. Summers are generally hotter. Autumn and spring are the most comfortable seasons. Dress as you would in Canada for the same season but remember that going from one part of Yugoslavia to another may mean as much difference in temperature as a change of season—dress for the cooler place. This is a safe rule.

Toilet articles are readily available locally. If you use an electric shaver, the voltage is 220 in Yugoslavia and you will not always find a transformer in smaller hotels. Experienced travellers say that a convertible-voltage shaver is a good investment.

Yugoslavia covers almost 100,000 square miles and has a population of 20 million. There are many places of commercial interest. Depending on your product, you should plan your itinerary to include specialized centers as well as the major cities. (The Commercial Office in Belgrade will help with suggestions.) Intercity travel is normally quite good; there are frequent air services and excellent rail transportation. Rented cars can also be obtained; motoring gives the visitor an opportunity of making brief side trips (a valid Canadian driver's licence is honored). Here are some of the major cities with principal industries:

Belgrade: machinery, printing, chemicals (including plastics), textiles, foodstuffs, electrical equipment, building materials, wood and furniture, rubber products, films, electric power generation, paper and cellulose.

Zagreb: machinery, electrical equipment, chemicals (including plastics), textiles, foodstuffs, printing, tobacco, paper and cellulose, building materials, rubber products, petroleum, wood and furniture, films, processing of non-metallic minerals.

Ljubljana: machinery, chemicals (including plastics), textiles, paper and cellulose, electrical equipment, tobacco, printing, foodstuffs, building materials, wood and furniture, films, non-ferrous metallurgy, leather and footwear, processing of non-metallic minerals.

Maribor: machinery, textiles, electrical equipment, wood and furniture, foodstuffs, processing of non-metallic minerals, printing, chemicals (including plastics), paper and cellulose, leather and footwear, building materials.

Sarajevo: machinery, tobacco, textiles, wood and furniture, electrical equipment, foodstuffs, printing, iron and steel, chemicals (including plastics), building materials, films, leather and footwear.

Skopje: tobacco, chemicals (including plastics and synthetic fibers), machinery, processing of non-metallic minerals, textiles, printing, iron and steel, building materials, wood and furniture, films, leather and footwear, paper and cellulose.

Nis: tobacco, machinery, electrical equipment, textiles, rubber products, iron and steel, leather and footwear, chemicals, building materials, foodstuffs, wood and furniture, printing.

Novi Sad: machinery, textiles, printing, electrical equipment, foodstuffs, wood and furniture, building materials, boatbuilding (e.g. Danube barges), processing of non-metallic minerals, tobacco. It is also the center of the richest agricultural region.

Rijeka: petroleum refining, shipbuilding, machinery, paper and cellulose, electrical equipment, wood and furniture, textiles, foodstuffs, printing, building materials. It is the main seaport.

Split: shipbuilding, building materials, chemicals, non-ferrous metallurgy, foodstuffs, textiles, wood and furniture, printing.

Business practices vary from republic to republic within Yugoslavia and although the approach is familiarly Western, the pace reflects past cultural influences. In Ljubljana and Zagreb, for instance, business discussions are apt to resemble those in Central Europe. In Belgrade, the six hundred years of Turkish rule explain

(left) This attractive young lady is one of many who add life and colour to the bustling city of Belgrade. (Below, left) A Yugoslav worker inspects high-voltage testing equipment monufoctured in o local factory. There are plants turning out this type of equipment in Belgrade, Zogreb, Ljubljono, Moribor ond Sorojevo and it is exported to many countries. (Top, right) Some ports af the country still reflect the long years of Turkish occupotion ond cling to the Moslem religion. This is the fomous bridge ot Mostor, built centuries oga. Note the minoret visible on the left of the picture. Ljubljana, the capitol of Slovenio, exhibits a mixture of the old and the new in its orchitecture. Slovenio is one of the six republics that moke up present-day Yugoslavio.

the more leisurely approach; in Skopje this becomes even more pronounced.

The Yugoslavs, like any other businessmen, appreciate a prepared presentation and the ability to answer questions on the spot. Canada is relatively little known to most commercial organizations and the lack of familiarity with our products leads to an understandable caution. If your product is small, bring samples. Provided that they are not too costly, leave a few samples behind—they are always appreciated. Well documented brochures and catalogues are essential (these may be forwarded to the Commercial Secretary in advance of your visit—one way to avoid having to pay for excess baggage on your air fare.) Sending literature ahead also gives the Commercial Division an opportunity to do some reconnaissance for you.

An effective way of presenting your product is through slides or movies which, if possible, should be sent in advance to the Commercial Office of the Canadian Embassy in Belgrade. Tapes, slide projectors, 8 mm. and 16 mm. movie equipment are available locally.

Prices should be quoted in U.S. dollars and though quotations c.i.f. Rijeka are useful, you will probably be asked for f.o.b. Montreal or Toronto. Yugoslavia has a shipping line which sails up the St. Lawrence and can often quote attractive rates.

If your product is one which might be produced in the country, be prepared to answer serious questions about licensing or even joint investment for local manufacture. The latter has considerable merit because Yugoslavia's geographical position is well suited to servicing European countries and there is the added inducement of benefitting from preferential tariffs on exports to the socialist states.

Four national languages are spoken in Yugoslavia but other languages are widely understood. In order of use, these are German, Italian, French and English. But do not be discouraged by the ranking of French and English—almost all firms have capable English and French translators.

The pace of business is less brisk than in North America and this is more pronounced in some parts of the country than in others. However, things get going early in the morning. Most business enterprises start at 7.30 a.m. so if you are slow out of bed, you lose half the day. Lunch at 2 p.m., a

leisurely affair, often marks the end of formal business. Yugoslav businessmen entertain and enjoy being entertained; meals are large and washed down with quantities of local wine.

The Canadian Embassy keeps more familiar hours, 8.15 a.m. to 5.00 p.m. Monday to Friday, except in July and August when the hours are 8.00 a.m. to 4.00 p.m. There is, however, someone on duty round the clock to deal with emergencies.

Yugoslavia's Adriatic coast is fascinating and the facilities for tourists are good. You'll enjoy it any time but we recommend that you also consider starting your European trip with a short holiday there. It is an excellent way to adjust yourself to the time change which upsets most people who cross the Atlantic by air. You could arrange to arrive in Split or Dubrovnik for the weekend. There are good air connections between these two resorts and the large commercial centers.

The cuisine in Yugoslavia is varied and interesting. As you go from one part of the country to another you can sample the regional specialties. The wines are excellent too.

In the large cities, you will find two or more night clubs with floor shows. If you have gambling in your blood, you will find casinos where you can play baccarat, chemin de fer, and roulette.

Landing your first order in Yugoslavia is extremely important—and it takes time. Although interest in your product is sincere, you may still have to make a second or third visit before you obtain an initial order. Even then, penetration may be small but if your product performs well you can normally expect repeat orders.

Take, for example, the experience of one export-oriented Canadian firm whose representative responsible for Yugoslavia visited the country for the first time early in 1968. With the assistance of the Commercial Secretary, he met numerous potential customers in different parts of the country, showed films at a trade fair in the spring, displayed equipment in the Canadian pavilion at the Zagreb Autumn Fair, and made half a dozen visits during the year. The result—almost $750,000 worth of orders by the end of 1968 and probably repeat orders for the same amount each year. Worthwhile? It certainly is!

Note: Photographs used with this article were supplied by Yugoslav Public.

Annual International Fairs in Yugoslavia

Spring International Fair
Zagreb, April

International Motor Vehicle Fair
Belgrade, April

International Agricultural Fair
Novi Sad, May

International Technical Fair
Belgrade, May

International Textile and Textile Machinery Fair
Leskovac, June

International Book Fair
Belgrade, June

International Wine Fair
Ljubljana, September

International Autumn Fair
Zagreb, September

International Hunting and Fishing Fair
Novi Sad, September

International Tobacco and Tobacco Industry Fair
Skopje, October

International Electronics and Nuclear Technology Fair
Ljubljana, October

International Fashion Fair
Belgrade, October

International Furniture and Furniture Machinery Fair
Ljubljana, November

Disneyland for Florida

Recently 200 pressmen converged on a spot 16 miles south of Orlando for a preview of "Disney World" billed as "the greatest dream of Walt Disney's life", the cost of which will exceed $300 million. This promises to be the best fillip to Florida's economy since the discovery of gold on Miami Beach. It is expected to employ 5,500 people with an annual payroll of $20 million and the Disney organization is counting on eight million visitors, who will spend an estimated $56 million in the first year.

The first phase of the gigantic project is scheduled to open in October 1971 and will be known as "Vacation Kingdom". It is planned as a combined entertainment, recreation and resort area and according to President Donn B. Tatum will cost about $165 million. On opening day two of the five resort hotels planned are expected to be ready.

Like Montreal's Expo 67, it will have a transportation network of monorail trains, watercraft and land conveyances. An existing 450-acre lake is being enlarged with the excavation of an additional 200 acres to form a manmade lagoon. Pleasure waterways three miles long and spotted with islands will be open for activities.

Clearing of the 27,000-acre site consisting of scrubland, swamp and pinewoods started over a year ago and actual construction will begin shortly. Four of America's industrial giants will participate in the building—U.S. Steel, RCA, the Monsanto Company and Aerojet General Corporation. Much of the design work and fabrication of the sets will be done in the workshops at Disneyland, California, and the Florida enterprise will look to its counterpart for substantial help.

The first phase of Disney World will actually use no more than a tenth of the 27,000 acres. The remainder of the development is expected to be devoted to completing Walt Disney's great dream with the construction of "The Experimental Prototype Community of Tomorrow"—a dream city of the future. No timetable has yet been announced for this.

Many Canadian firms that participated in construction, designing and fabricating of buildings, etc., at Expo 67 acquired an expertise that might be of interest to the Disney Organization. They should write to Donn B. Tatum, President, Disney World, Metcalf Building, Orlando, Florida, 32801.

WILEY J. MILLYARD
Consul and Trade Commissioner
New Orleans

Puerto Rico Office Opens

These photographs were taken in July, at the time of the official opening of a Canadian trade office in Hato Rey, Puerto Rico. (Top) The receptionist welcomes a visitor to the office, situated in the Pan Am Building in the heart of Hato Rey. (Center) In charge of this office, which will also cover Haiti and the Dominican Republic, is Douglas Campbell, Commercial Secretary, (right), seen conferring with his Marketing Officer, Carlos Colon. (Below, left) A $38 million market for Canadian goods, Puerto Rico attracts many business visitors. Here Mr. Campbell meets one of them, Bruce Bostwick, executive assistant to the president, Crawley & McCracken Company Limited of Montreal, at the airport. (Below, right) Mr. Campbell and his Canadian secretary, Nora Leonard, discuss the day's appointments as the office opens.

Automotive Parts

Malaysia will begin local manufacture of automotive component parts in the near future; Government is offering incentives to firms establishing plants in this field. Canadian automotive parts companies should be considering this opportunity now.

DOUGLAS LINDORES
Assistant Commercial Secretary, Kuala Lumpur

The Malaysian automobile industry is about to enter a period of rapid change which could provide new and interesting opportunities for Canadian auto parts manufacturers.

Originally an auto assembly industry was recommended as a means of creating jobs at a time when Malaysia and Singapore were one country and offered a combined market of approximately 35,000 new vehicles per year. A rough breakdown of sales indicated that approximately one third were made in Singapore and two thirds in Malaysia. Following the separation of the two countries in 1965, they became involved in a race to establish new assembly plants in order to corner the greatest possible share of the new vehicle market.

From the initial planning stages, several critics argued against the establishment of an automobile assembly industry in this country. Their first argument was that as a result, cars and other vehicles would obviously cost more. This has proved true because 1968 brought the imposition of a 35 per cent duty on imported cars in addition to the normal 2 per cent surtax and 10 per cent ad valorem registration fee. In addition, a quota has been established which limits the number of cars which may be imported from abroad, even if the purchaser is willing to bear the extra cost involved.

The critics' second point was that the range of cars available to the Malaysian market would be greatly reduced. Wealthier Malaysians have long enjoyed the benefits of purchasing the finest offered in automobiles throughout the world. Mercedes Benz, Alfa Romeo, Lancia, Jaguar and Citroen are only a few of the exotic names that appear regularly on the streets and highways of Malaysia. It is obviously uneconomic to have assembly plants for cars which do not sell in large quantities here and thus there has been a considerable outcry against the high duty and quota restrictions that limit the range of cars offered for sale.

Despite these arguments, **the Gnvernment proceeded with its policy nf encouraging investment in automobile assembly plants in Malaysia. In March 1969 the slxth and final autnmnbile assembly plant was officially npened.** The six (see box feature) represent a total investment of approximately Cdn. $12 million and provide employment for just over 2,000 people. The argument against limitation of choice for customers has been largely negated by the fact that these plants are now manufacturing 35 different brands of automobiles and commercial vehicles, with several models available under most names. The effects on efficiency of the very large number of models assembled are obvious.

The companies concerned are aware of the problems facing them in establishing and maintaining an efficient industry based on a market of only slightly over 20,000 new vehicles per year. The six companies have banded together to form the Motor Vehicle Assemblers Association. This body requested some time ago that the Minister of Commerce and Industry set a limitation on the number of plants that could be established in the country and / or the number of models permitted to be assembled. As a result, the Minister announced in May 1968 that no assembler would be allowed to assemble any make or model of car, truck or motorcycle after June 1969 if he had not physically done so before that deadline, even if approval to assemble the model had been given at an earlier date.

The market for Canadian parts suppliers has been extremely limited because of the nature of the assembly operation. Plants have been importing completely knocked-down vehicles from the parent factories, with only a very small number of items such as batteries, tires, and certain pieces of

Six Major Assembiy Plants in Malaysia

Motor Investments Berhad
Batu Tiga
Selangor
Malaysia
Volkswagen, Vauxhall, Toyota, Triumph, Chevrolet, Land Rover, Bedford Trucks, Mercedes-Benz

Associated Motor Industries Malaysia
Batu Tiga
Selangor
Malaysia
BMC, Ford, Holden, Renault, Hillman, Albion Leyland

Swedish Motor Assemblies Sdn. Bhd.
Batu Tiga
Selangor
Malaysia
Volvo

Asia Automobile Industries Sdn. Bhd.
Petaling Jaya
Selangor
Malaysia
Peugeot and Mazda

Fiat Distributors (Malaysia) Ltd.
Tampoi Industrial Area
Johore
Malaysia
Fiat, Mitsubishi, Alfa Romeo

Capital Motors (Malaysia) Ltd.
Tampoi Industrial Area
Johore
Malaysia
Opel and Datsun.

rubber molding provided locally. Thus for companies not supplying the parent plants in Europe or Japan there was little hope of selling parts here.

The Government has now indicated that, with the completion of the first phase of the motor industries development program, it is ready to develop the second phase—the manufacture of component parts. This second phase is likely to pose some major problems for Malaysian assemblers and parts manufacturers and could also lead to an increased outcry from the consuming public should prices for standard models continue to soar.

The Minister of Commerce and Industry has indicated that new legislation will be introduced in mid-1969 to enforce assembly taxes which will stimulate assemblers to increase their local manufacturing content. Companies were advised when establishing their plants here that such legislation would be forthcoming and several have already attempted to secure local suppliers for the simpler components.

One of the great causes of concern is how to manufacture efficiently component parts for such a wide variety of models and at the same time keep automobile costs within reason. Short production runs obviously entail high setup and tooling costs which could significantly increase the prices of domestically produced vehicles.

The Government is offering pioneer status with its corresponding incentives for new firms manufacturing components. The granting of pioneer status would in effect require that all assemblers use the products of the local manufacturing firm because the import of similar items from abroad would become prohibitive because of the customs duties.

Although the market is relatively small, this next phase of development will be Canada's last chance to secure a portion of the automobile market in Malaysia. Component manufacturers interested in pursuing the opportunities should write to: Dr. Heinz Rudolph, Director, Federal Industrial Development Authority, P.O. Box 953, Kuala Lumpur, Malaysia, or Commercial Secretary, Office of the High Commissioner for Canada, P.O. Box 990, Kuala Lumpur, Malaysia.

Forest Equipment

The southern United States is considered to have the best forest potential in the country. The third growth will produce stands that are particularly suitable for mechanized harvesting, a field in which Canadian equipment has much to offer.

JAMES B. WHITNELL
Commercial Officer, New Orleans

At the Southern Pine Association's Forest Products Machinery and Equipment Exposition in New Orleans last April, 150 manufacturers put on show a wide range of logging and sawmill equipment. There were 10,000 visitors this year, many of them people from sawmills, pulp and paper mills, veneer plants, pole-treating plants and plywood factories, but also logging contractors and pulpwood operators. Distributors and dealers came from all over the United States and Canada, Mexico, Chile, Sweden, Norway, Denmark, Britain, Germany, Australia and New Zealand.

The Department of Industry, Trade and Commerce took space at the Exposition for the first time, in cooperation with eight Canadian manufacturers of logging and sawmill equipment. The Canadians were particularly impressed with the interest shown in new methods and machinery and they expect to make substantial sales in the coming months as a result of their participation.

Since 1965, 21 new pulp and paper mills have been built and 15 existing plants expanded in the southern United States. There are eight more pulp mills under construction. To provide raw materials for them, more sawmills are chipping residues and 16 roundwood chipping plants have been set up since 1966 in Mississippi alone. Besides these, a large number of plywood plants using southern pine have been established in the last few years.

The southern United States has 201 million acres of timber on commercially owned land, more than in any other area of North America. The Southern Forest, as defined by the U.S. Forestry Service, consists of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Arkansas, eastern Texas, eastern Oklahoma and Virginia.

A study by the Food and Agriculture Organization of the United Nations (FAO) concluded that the southern United States was the best area in North America to supply the ever-increasing demand for lumber. At present, the 12 Southern States have 39 per cent of the commercial forest in the United States and produce 4.2 billion out of 10.15 billion cubic feet cut. The four southern pine varieties are the most common softwoods; the loblolly and short-leaf pines are generally found in the low hills and the long-leaf and slash pines in the coastal plains and throughout Florida except the Everglades. Upland hardwoods are most prevalent in Tennessee and northwestern Arkansas. In the lower Mississippi Valley and along the countless secondary waterways there are another 38 million acres of hardwoods.

Until ten years ago few sawmills in the southern United States had chipping facilities. Now most large saw-

mills chip edgings and slabs. Many have "chip-n-Saws", including the quad band chipping headrigs. More are selling shavings and sawdust to the pulp mills. A surprising number of sawmills do not have chipping screens; this means they can only sell chips to certain pulp mills. The larger sawmills use front-end loaders and forklifts in their woodyards. Many of the sawmills and older paper mills have extensive lands and some of them have their own logging crews equipped with wheeled skidders, loaders and forwarders. All mills, however, depend on logging contractors for a large proportion of their pulpwood and saw timber.

The use of rubber-wheeled skidders and various types of loaders has increased dramatically during the past few years. Productivity has not always kept pace. Many small contractors pay a five-man crew with a wheeled skidder and a truck with an A frame $10.00 a day each to bring in six cords of roundwood daily, no more and no less. Whether the crew takes five or ten hours to do it doesn't interest the contractor.

In some places, chips from sawmills and roundwood chipping installations provide up to 70 per cent of the pulp mills' intake. Paper mills still take large quantities of both shortwood and longwood and debark and chip them at the plant. More are using slashers in their mill woodyards and at roadside and riverside concentration yards. Mechanized felling is still rare but pulp mills are running experiments on pine plantations.

The timber reserves are not unlimited and the cut in the southern United States will exceed the growth by 1990. Long before that, however, there will be local and temporary shortages. Competition between sawmills, pulp and paper mills, veneer and plywood plants and pole and piling producers for this increasingly limited supply will certainly intensify. Unfortunately, most of the forest lands are owned by small landowners who are indifferent or strongly opposed to modern forest management practices. Commercially-owned forest lands are also being withdrawn by the federal and local governments for recreation purposes, water storage and highway construction. The industry, especially the pulp and paper sector, is acutely aware of the situation and is experimenting on its own lands with methods aimed at securing maximum utilization of timber resources.

The pulp and paper industry has 15 million of its 21 million acres of forest land in third forest pine plantations (so called because they are planned third-growth forests on cutover, second-growth forest sites). The most advanced silvicultural practices are being used to produce fast-growing timber, especially pulpwood, which is all the same age and uniformly spaced so that mechanical harvesting and processing would be highly efficient and economical. When these methods have been proved, it is hoped that small private landowners will either adopt them or lease stumpage to the industry on a long-term basis.

Some people expect that high-volume mechanical harvesters will be developed for the third forest and eventually fully mechanized stump harvesters-processors will bring about a return to the shortwood system for the pulp and paper mills. Others believe that the trend will be to chipping at the stump. Much of the highly mechanized equipment being developed for the third forest will certainly not be suitable for the current or second-growth forest with its hodge-podge of ages, species, sizes and qualities of stands and types of ownership. Equipment now on the market was often developed for the larger trees and the greater range of sizes of the second-growth forest and will not be very economical for the high volume of small standard-size trees in the third forest.

The role of the pulp mills in popularizing innovations and new methods cannot be emphasized too strongly. To ensure adequate supplies for themselves, they act as technical advisers to the logging contractors, sawmills and pulpwood dealers who supply them with chips, shortwood and longwood. Many pulp mills have their own logging crews whose experience is fed back to the research department. The machine shops at the paper mills have made a number of modifications and innovations to existing equipment and have even developed new equipment. In many cases, the mills initiate contacts with the equipment manufacturers; members of their staff have visited plants in Canada and have had Canadian personnel come to see their facilities. Mill woodlands department people do not hesitate to make recommendations to chip and wood suppliers and will even suggest brand names if they are convinced that a particular one is what is needed. It is therefore extremely important to make contact with people in the woodlands departments, not only to sell to them but also because they exert a strong influence on the way others will buy.

High-ticket equipment is sold direct. Dealers prefer not to provide credit for equipment such as forwarders, skidders, and feller-skidders, but they will vouch for the customer to a credit corporation or local bank specializing in loans of this type. The market is developing very rapidly and it is difficult to say what is the best method of distribution, whether direct sales, going through a distributor-dealer network, or selling to local dealers. On mobile equipment, the determining factor is usually obtaining service and parts. Price is always important but the equipment's performance under local conditions and how well it fits the particular needs of the potential user are, of course, big considerations too.

We advise Canadian manufacturers who are interested in this market to lose no time in making a trip to the southern United States. The need for better utilization of forest resources is on everybody's mind and Canadian equipment often has the edge over local competition.

Although this article is mainly concerned with the New Orleans Trade Commissioner Service territory, many of the conclusions apply equally to areas covered by the Trade Commissioners in Dallas (the eastern part of Texas, Oklahoma and Arkansas) and Philadelphia (Virginia). All three offices will be glad to provide you with lists of potential end users and dealers and will help you to arrange itineraries.

Golf Clubs

Britain can't turn out enough golf clubs to satisfy both domestic and foreign customers. This gives Canadian makers a chance if they can offer good credit terms to importers.

J. C. MERCER
Commercial Officer, London

Three of the great names in golf—Jack Nicklaus (left), Dave Rodgers (center) and Bruce Devlin (right) photographed between the 18th green and the first tee on the St. Andrew's, Scotland, course during a British Open golf championship match.

Sales of consumer goods in Britain seem to be holding up well, despite devaluation and the imposition of import deposits. One of the sectors least affected is sports equipment, and especially clubs, balls and other essentials for the royal and ancient game of golf.

In itself, this fact is rather startling. With more knowhow about manufacturing golf clubs than any other country, Britain is short of clubs for the home market. Export orders have gone up so fast that the domestic manufacturers just cannot turn out enough clubs to meet both domestic and foreign demands. There are slightly over a million and a quarter golfers in Britain and this figure is rising by some 7 per cent a year. Then there are the 25,000 youngsters who are receiving coaching in golf through Golf Foundations.

It has been said that golf is a "fashionable" game. This is not entirely true but all golfers know what a temptation it is to try out the latest fashion in golf clubs in the hope of breaking through a score barrier. The phlegmatic Englishman is no exception but he does not yet rival many North Americans who change their clubs every three to four years compared with Britishers' eight to ten years. **Yet there is every indication that annual sales of clubs alone total $8 million to $10 million and that about $300,000 of this market is open to exploitation by foreign suppliers.**

Because of the 50 per cent import deposit, British importers are not taking as much advantage of this situation as they could. The shortage of liquid capital is one of the big obstacles to be overcome and the importer has to lean more and more on his suppliers for extended credit.

The major manufacturers like Dunlop, Spalding, John Letters, Slazenger, Ben Sayers, Wilson and Nicholls sell

through their own sales force and distribute direct to clients from their factories. The only exception that these manufacturers make is supplying the Professional Golfers' Co-operative Association, which distributes to golf professionals only. PGCA is a co-operative and the wholesale selling organization of the PGA. All professionals belonging to the association (about 1,700) benefit from year-end dividends and each tends to favor one particular manufacturer and display his product more prominently than those of other makers. The smaller and lesser known manufacturers sell through wholesalers, as do the majority of importers of golf clubs.

The markup that wholesalers require is generally between 20 and 25 per cent and this variation is to some extent governed by the size of an order—for bulk orders the wholesaler may cut his profit—and by whether or not the item for sale is exclusive to one particular wholesaler. Exclusive lines have a 20 per cent markup and others 25 per cent.

The wholesaler normally aims to keep his price at a level that will ensure the retailer a gross markup before tax of between 50 and 60 per cent. The tax mentioned here is purchase tax (similar to the sales tax in Canada) and is currently levied at the rate of 36 2/3 per cent on sports equipment at the wholesale level. This tax applies to all merchandise, both domestic and imported.

On the retail side, there are three main outlets for golf equipment: department stores, chain stores and specialty sporting goods retailers. The latter are beginning to increase in numbers after a period of almost complete standstill.

In the long term, there is considerable evidence to show that self-service stores of the Woolco type (there are three only in Britain at this time) will provide a high-turnover outlet for all types of merchandise, including golf clubs and accessories. Statistics show that a little over 50 per cent of self-service and supermarket customers are in the age group 20–45 years and this is the group with new leisure time on its hands.

In the main, supplies of golf accessories are purchased by professionals through the PGCA, not only because this is a co-operative association, but also because it can provide extended credit and is prepared to maintain a "sale or return" stock flow. This facility is very important to professionals because they have little time to devote to their business activities, and generally have a hard time competing with the retail stores because they haven't the financial resources nor are they able to offer instalment buying plans.

The role of the mail order house is becoming more important as successive government restrictions are imposed to curtail consumer spending. Not only does the mail order house provide easy credit, but it also is expanding the range of merchandise it offers. Until recently, the better known golf club and sporting goods manufacturers had resisted being included in the catalogue. But today, as mail order gains the confidence of both manufacturers and consumers, a whole new range of sporting goods and equipment is available on instalment terms.

Golf balls are currently an interesting issue. There are two controversial questions: the size that should be used, either 1.62″ or 1.68″ diameter, and the use of golf balls as a promotion, the effect of which might be to affect adversely sales by PGA members. The possible changeover to a larger ball may open the door temporarily to Canadian suppliers.

In general terms, the distribution arrangements for golf balls are similar to those for clubs. The major manufacturers—Golf Ball Developments Ltd., Dunlop, Slazenger, North British and Uniroyal (the largest manufacturer in the world)—all distribute direct. Imports from the United States and Japan are distributed through wholesalers.

Golf clubs appear to be the only field in which a Canadian company could compete with any reasonable chance of success, though there are some Canadian golf bags on the market. The present time, when British manufacturers are unable to satisfy the increased demand of the home market, is the right time for Canadians to begin.

International Loans Announced

Oil palm and rubber estates in North Sumatra which are owned by the Indonesian Government will receive a $16 million credit from the International Development Association (IDA). This will make possible the planting of sub stantial acreages of rubber trees and oil palms; the rehabilitation of processing equipment; the provision of estate vehicles, maintenance machinery for roads, workshop equipment and farm buildings, and setting up marketing and plant breeding programs. The total cost of the 1969-73 project is $32 million; the other half will come from the Government and the estates.

Traffic congestion in Caracas will be eased by an express highway on the northern outskirts of the city which will be built with the help of a $20 million loan from the World Bank. It will have four lanes of divided highway, extend for 13.3 miles, and be provided with 14 interchanges and 3.8 miles of access roads to city streets. The World Bank loan will finance the foreign exchange costs of about 11 miles of the highway and consultants' services for supervising construction and studying road-user charges in Caracas. The total cost of the project is $119.8 million with completion in 1973.

Mauritania wants to upgrade its roads. Apart from the two asphalt roads under construction from Nouakchott to the copper mine at Akjoujt and to Rosso on the Senegal border and a few laterite roads, the highway system consists of earth roads which are not passable at all seasons. The International Development Association (IDA) will provide a credit of U.S.$3 million so that Mauritania can buy maintenance and workshop equipment and hire consultants to assist with road improvements and train local staff. Some 300 miles of earth roads will be surfaced with laterite for all year use.

Show of the Month

Eleven Canadian companies met with outstanding success at the first joint convention and show of the American Institute of Architects and the Royal Architectural Institute of Canada held in Chicago, June 22 to 26. Under the auspices of the Department of Industry, Trade and Commerce, the Canadian firms exhibited construction materials and fixtures which are sold on the basis of architectural specification. Cominco Ltd. of Montreal introduced a new product known as "Sheald"—a cast thin lead sheet for sound insulating applications. (Above) A representative of Cominco explains a sound box lined with the lead sheet. (Center) Two interested visitors examine a one-piece molded vanity top made of processed marble by Cultique Marble Products Ltd. of Rexdale, Ontario. (Below) R. D. Sirrs, Consul and Senior Trade Commissioner in Chicago, accepts the award given to the Canadian exhibit for excellence of design. With him are (left to right) Donald LaPlante of the Materials Branch, Department of Industry, Trade and Commerce; William Buchman, AIA Convention Committee Chairman; John Carlson, Convention Manager, and Marcel Biolley, of the Canadian Government Exhibition Commission.

Trade Lines

Tenders for the extension to Parkland Memorial Hospital, Dallas, will be requested about October first, according to the Administrator. The number of beds is to be increased from 625 to 1,000 and construction will begin late this year—Dallas.

A hospital without a kitchen is planned for Wyandotte, near Detroit. Food will be prepared outside by a caterer and brought in. Savings of about $600,000 in capital and interest should result from the elimination of food production, food assembly, and the sterilization of trays and dishes, officials believe—Detroit.

Jamaican and U.S. interests are setting up a feed processing plant in St. Catherine, Jamaica. It will cost U.S. $2.4 million, to be furnished by Jamaica Broilers Limited, the largest poultry-meat producer in the island, and the Central Soya Corporation, a large U.S. manufacturer of animal feed—Kingston.

The deepwater wharves at Port Swettenham, Malaysia, will he extended by 1,800 feet, 20 acres of swamp will be drained, roads built, and other services installed, at a cost of M. $25.2 million. A West German firm has won the contract—Kuala Lumpur.

West Germany now has 22 per cent of the atomic power produced within the EEC. This is the 1968 figure; in 1967 it was 16 per cent—Duesseldorf.

New Zealand is to ship 100,000 tons of wood chips a year to Japan in the first year of operation of a chip mill and 200,000 tons a year thereafter. The mill and port installations cost $2 million and should be in operation this month. The project was undertaken by two New Zealand forest products companies and a Japanese pulp firm, the principal purchaser of the output—Wellington.

German farmers on small holdings who give up their farms between August 1, 1969, and December 31, 1973, will be eligible for "Payments to Outgoers" in the form of a pension. To qualify, farmers must normally be at least 60, have farms generally not more than 20 to 25 acres, and must sell or lease their land to farmers or structural improvement societies—Bonn.

Almost 60 per cent of Pennsylvania's land area now consists of forest, according to a report by a forest experiment station there. Crop land and pasture land have reverted to forest at the rate of 150,000 acres in the decade 1955-1965 as the flow of population from the country to the cities has continued. Hardwoods make up 90 per cent of the forests in the state and oak alone accounts for 40 per cent. Lumber production totalled 495 million board feet in 1955 and rose to 545 million in 1965.

Australia's exports of wheat and flour fell from A$366 million in 1967/68 to A$289 million in 1968/69. Exports of dairy products (mainly butter) also continued to decline, according to the Bureau of Agricultural Economics. Overseas sales of barley, oats, sugar and rice improved as a result of recovery from the drought or greater world demand—Canberra.

Dallas plans a $15.4 million expansion of its Convention Center. It will include a new exposition hall (330 by 607 feet), a ballroom that can be used as an auditorium seating 4,000, and a cafeteria to serve 1,000. The general construction contract will be let in September, it is expected—Dallas.

The New Zealand Forest Service will send logs and sawn timber worth $21 million to Japan in the next three years. These will be radiata pine from the Mount Maunganui, Nelson and Napier districts—Wellington.

The British are using less tobacco hut buying more cigarettes. Total consumption last year was 253.4 million pounds, two million less than in 1967 and close to the 249 million of 1956. These figures seem to reflect the swing to smaller-size cigarettes and to filter-tip brands that use less tobacco. Imports of tobacco rose in value in 1968 to £334 million from £283 million in the previous year—London.

Exploitation of hauxite deposits in French Guiana may be studied by a French-U.S. joint venture. Alcoa would hold 75 per cent of the capital stock in this company and Péchiney 25 per cent. Discussions will be held with the French and Surinam authorities, who must approve the project. If it goes forward, production of bauxite should reach a million tons a year. It would be shipped to Surinam to be turned into alumina in the Suralco plant, an Alcoa subsidiary—Paris.

Brazil has produced two million automohiles in slightly over ten years, thus saving the equivalent of about Cdn. $1.35 billion in foreign exchange. It has paid out Cdn. $116 million in wages to 61,000 workers. The industry estimates 1969 production at 370,000 units,

90,000 above last year. A special ceremony marked the production of the two millionth vehicle—Sao Paulo.

Mexico has increased dramatically its output of wheat, grown almost entirely under irrigation. In 1950 one hectare sown to wheat yielded on the average 910 kilograms. In 1968, the yield reached 2,641 kilograms per hectare. The rise resulted from better seed, more fertilizer, and more intensive cultivation—Mexico City.

Antwerp reports that container traffic through the port reached 605,000 tons in 1968, or 57,500 containers. This traffic consists mainly of shipments to and from North America; during 1968, total container traffic with that continent rose 38 per cent; it has almost quadrupled since 1966. In the last two years, loadings have increased more than unloadings and a balance of traffic should soon be achieved—Brussels.

A container can now move between Vancouver and Sweden in a month or less, thanks to the new "Rio" vessels used by a Swedish shipping line. The first of these ships, of 14,700 dwt. and costing $10 million, made her maiden voyage in June—Stockholm.

Two thousand hybrid pigs worth $910,000 were shipped to France recently by a British company. The Cotswold Pig Development Company produced the hybrid from four pedigree breeds: Large White, Wessex Saddleback, Welsh and Landrace. It is said to produce piglets with faster growth, greater resistance to disease, superior food conversion, and more lean meat—London.

Foreign Tariffs and Trade Regulations

Denmark will not require import licences for the following products after July 1, 1969, the Licensing Office of the Danish Ministry of Commerce has announced: meat and edible offals of sheep and goats, salted, dried, smoked or otherwise preserved; frozen or otherwise preserved apples or plums (including mixtures of these fruits), in packages weighing more than two kilos gross; macaroni, spaghetti and similar products.

Iraq has implemented customs tariff amendments, which were published in the *Iraq Government Gazette* No. 1733 of May 20, 1969. The following items are of interest to Canadian exporters.

Decision No. 180

In accordance with Article 44 (Para 8) of the Interim Constitution, the Revolutionary Council decided on May 18, 1969, to amend Customs Tariff Law No. 77 of 1955 as follows:

Item No.	Designation of Goods	Unit	Rate of Duty %
73.36	Heating and cooking stoves		
	a. Kerosene heating and cooking stoves	ad val.	40
	b. Other	ad val.	40
84.12	Air conditioning units		
	a. Air conditioners	ad val.	100
	b. Others	ad val.	50
84.15	Refrigerators and refrigeration equipment		
	(b) Others		
	1. Refrigerators	ad val.	80
	2. Other	ad val.	50
84.40	Washing machinery		
	a. Domestic and laundry type	ad val.	80
	b. Other	ad val.	40
85.04	Electric accumulators		
	a. For motor vehicles	ad val.	40
85.06	Electrical household appliances		
	a. Room, garden fans and the like	ad val.	30
85.12	Electric water heaters, heating stoves, heating apparatus, including electric irons, hair dryers and the like	ad val.	50
85.15	Radio and TV receiving sets		
	a. TV sets		
	1. Incorporating a gramophone, radio or sound recorder	ad val.	80
	2. Other	ad val.	70
	b. Radio receiving sets		
	1. Incorporating a gramophone or sound recorder	ad val.	80
	2. Other	ad val.	70

Trade Commissioners on Tour

In Canada

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

In Ottawa—
Department of Industry, Trade and Commerce

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

In Toronto—
Canadian Manufacturers Association

In Windsor, Ontario—
Greater Windsor Industrial Commission

In Fredericton, New Brunswick—
Department of Industry

In all other centers—
Board of Trade or Chamber of Commerce

Hong Kong
F. M. Loh, Commercial Officer in Hong Kong:
Winnipeg: August 21-22
Kelowna: August 25
Vancouver: August 26-29

Peru
Dr. L. G. Poma, Commercial Officer in Lima:
Montreal: September 2-10
Toronto: September 11-23
Winnipeg: September 25-26
Calgary: September 29-30
Vancouver: October 2-3

Trinidad
K. G. Ramsay, Commercial Counsellor in Port-of-Spain:
Toronto: September 9-17
Montreal: September 18-26
Maritimes: September 29-October 3

Temporary Duty in Ottawa

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

S. V. Allen
Consul General
Chicago
September 8-12

P. W. Aubin
Assistant Commercial Secretary
Beirut, Lebanon
August 18-29

G. E. Blackstock
Commercial Secretary
Berne, Switzerland
August 25–September 5

L. A. Campeau
Commercial Counsellor
Madrid, Spain
September 8-19

C. R. Donley
Assistant Commercial Secretary
Singapore
August 18-22

P. J. Gosselin
Assistant Commercial Secretary
Nairobi, Kenya
August 25-29

R. E. Gravel
Commercial Counsellor
Santiago, Chile
August 18-24

D. M. Holton
Commercial Counsellor
Dublin, Ireland
September 2-5

A. D. Howell-Jones
Commercial Officer
London, England
September 9-11

M. Karkegi
Commercial Officer
Cairo, U.A.R.
September 8-19

H. E. Lemieux
to be Commercial Counsellor
Madrid, Spain
August 21-29

C. D. Miller
Assistant Commercial Secretary
Rome, Italy
August 25-28

L. G. Poma
Commercial Officer
Lima, Peru
August 21-September 1

E. P. Rigby
Assistant Commercial Secretary
Athens, Greece
August 18-22

D. J. Winfield
Commercial Secretary
Ankara, Turkey
August 18-22

In Territory

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

Barbados, Leeward Islands
J. A. Ahow, Commercial Officer in Port-of-Spain, Trinidad, will visit Barbados, Dominica, St. Kitts, Montserrat and Antigua August 21-29.

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.

Burma
D. P. Lindores, Assistant Commercial Secretary in Kuala Lumpur, Malaysia, will visit Burma September 1-12.

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.

Netherlands Antilles
J. H. Bailey, Commercial Counsellor in Caracas, Venezuela, will visit Curacao and Aruba August 20-22.

Puerto Rico
Carlos Colon, Marketing Officer in Hato Rey will visit Ponce and Mayaguez August 18-22.

Tobago
J. M. C. Lavoie, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Tobago September 2.

Trinidad
J. A. Ahow, Commercial Officer in Port-of-Spain, will visit South Trinidad September 9.

Markets in Brief

Guyana

Area
83,000 square miles.

Population
696,000 (estimated 1968).

Climate
Humid; temperatures range from 70 to 90 degrees. Rainy seasons April to August and November to January.

Topography
Sub-tropical, on the northeast coast between latitudes 1 and 9 degrees north and longitudes 57 and 62 degrees west. The land is broken by countless rivers and rises from the sea to a region of plains and mountainous country in the south.

Language
English.

Currency
Guyana dollar; G$1.00 equals Cdn.$0.5405 (July 1969).

Weights and measures
Imperial standard.

Capital and chief port
Georgetown (population) 150,000.

Other main centers
New Amsterdam 30,000, Mackenzie 29,000.

Political status
Member of the British Commonwealth. Independent country as of May 26, 1966. Guyana will become a Republic within the Commonwealth on February 23, 1970.

Economy
Primarily agriculture, with sugar and rice as the main crops. Bauxite, gold and diamonds are important mineral products.

Total Guyana imports
1968 (11 months)—Cdn.$107.6 million (c.i.f.).

Chief imports
(Cdn.$ million, c.i.f.) 1967 (9 months)—machinery and transport equipment 31.9; miscellaneous manufactured goods 19.0; foodstuffs 13.8; miscellaneous manufactured articles 8.4; mineral fuels, lubricants, related materials 7.6; chemicals 7.3.

Chief suppliers
(Cdn.$ million, c.i.f.) 1967 (9 months)—United States 25.2, Britain 23.8, Trinidad and Tobago 9.1, Canada 8.9, West Germany 6.2.

Value of imports from Canada
1968—Cdn.$9.3 million; 1967—Cdn.$12.1 million (f.o.b.).

Chief imports from Canada
(Cdn.$'000, f.o.b.) 1968—fish, fresh, frozen, salted and canned 948; industrial machinery and parts 565; aircraft, complete with engines 546; miscellaneous contractors' equipment and tools 531; textile fabrics 432; meat and meat products, cured and canned 394.

Total Guyana exports
1967 (9 months)—Cdn.$65.7 million (f.o.b.).

Chief exports
(Cdn.$ million, f.o.b.) 1967 (9 months)—sugar 16.6, bauxite 16.6, alumina 10.5, rice 10.2.

Chief markets
(Cdn.$ million, f.o.b.) 1967 (9 months)—Britain 28.1, Canada 13.8, United States 13.7, Trinidad and Tobago 6.3.

Value of Canadian purchases
1968—Cdn.$29.4 million; 1967—Cdn. $29.6 million.

Chief Canadian purchases
(Cdn.$ million) 1968—bauxite ore 15.9, alumina 8.0, sugar and molasses 4.5.

Import controls
Import licensing controls are in effect on a wide variety of commodities, mainly on items which are locally produced.

Dollar exchange
Freely available for imported goods and services.

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

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

Samples
Those of no commercial value may be imported free of duty. If dutiable they can be brought in without payment of duty under a bond, or by making a deposit to cover the duty, refundable on re-export.

Visas
Visa is not required.

Inoculations
Smallpox.

Trade agreements
Canadian trade with Guyana governed by Canada-British West Indies Trade Agreement of 1926, as revised by 1966 Trade Protocol which provides for the exchange of preferences on a wide scale. Guyana is also a signatory of the GATT and CARIFTA.

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

Correspondence
Airmail; letters 15 cents per half ounce. Seamail takes four to seven weeks.

For detailed information on this market write to
Commonwealth Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, or Commercial Counsellor, P.O. Box 1246, Port-of-Spain, Trinidad, W.I.

The Ocean Freight Market

Industrial Traffic Services Division

Dry-cargo charter freight rates in some Canadian trades, particularly the transpacific coal, scrap iron and steel, sulphur, and ammonium sulphate trades, showed a marked tendency to rise in the second quarter of 1969. Rates in certain other trades, notably the St. Lawrence grain trade, tended to ease. Average charter rates in most dry-cargo trades were higher than those recorded in the first quarter, but were lower than those in the same quarter a year ago.

Charter rates reported for consecutive voyages in the coal trade from Hampton Roads to Japan varied from $5.75 to $6.25 per ton, with the size of cargo tonnage for each voyage ranging from 45,000 to 57,000 tons. A number of consecutive voyages were arranged for the movement of heavy grain from Churchill to Britain at a steady rate of 45s. per ton. Rates for grain shipments from the Pacific Coast to the People's Republic of China remained relatively stable at approximately 58s. per ton during the quarter.

On the basis of fixtures reported for Northern Range discharge, chartering activity in both the Caribbean and Persian Gulf sectors of the tanker market was fairly moderate throughout the quarter. The tanker rate for black oil from the Caribbean to United States North Atlantic ports fluctuated between Intascale minus 32 per cent and Intascale minus 37 per cent for most of the quarter.

Charter Rates—First Quarter 1969

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £=$2.57 and U.S.$=$1.08. For comparison the rates a year ago are shown in column C with the Canadian dollar equivalent in column D calculated at £=$2.58 and U.S.$=$1.08. The rate schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

Time Charters

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

	Second Quarter 1969		Second Quarter 1968	
	A	B	C	D
	£ or U.S.$	Cdn.$	£ or U.S.$	Cdn.$
General Trading (approximately 4 to 12 months)				
11,000-15,000 dwt. 13-16 knots	3.89	4.20	3.90	4.21
15,000-20,000 dwt. 13-16 knots	3.72	4.02	4.13	4.46
20,000-30,000 dwt. 13-16 knots	2.94	3.18	2.87	3.10
30,000-40,000 dwt. 13-16 knots	2.33	2.52	2.51	2.71

Trip Charters

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

	Second Quarter 1969		Second Quarter 1968	
	A	B	C	D
	£ or U.S.$	Cdn.$	£ or U.S.$	Cdn.$
Heavy Grain (per long ton)				
St. Lawrence to Britain	36s.6d.	4.74	44s.2d.	5.74
St. Lawrence to Belgium/Holland	2.80	3.01	3.17	3.42
St. Lawrence to Venezuela	6.25	6.73	6.50*	7.02
St. Lawrence to Spain	3.35*	3.61	3.75*	4.05
St. Lawrence to West Germany	2.90	3.12	3.30*	3.56
St. Lawrence to Italy	6.64	7.15	6.83	7.38
St. Lawrence to France	4.75*	5.13	.....	.....
St. Lawrence to Japan	8.50*	9.15	.....	.....
St. Lawrence to Norway	4.00*	4.31	4.46	4.82
St. Lawrence to east coast of India	67s.6d.*	8.77	.....	.....

*One fixture only reported.

	Second Quarter 1969		Second Quarter 1968	
	A £ or U.S.$	B Cdn.$	C £ or U.S.$	D Cdn.$
Churchill to Belgium/Holland	4.00*	4.31	4.50	4.86
Churchill to Britain	45s.0d.	5.85	50s.0d.	6.50
Great Lakes to Italy	11.63	12.52	.....	.....
Completing St. Lawrence	6.90*	7.43	.....	.....
Great Lakes to Britain	65s.3d.	8.48	63s.1d.	8.20
Completing St. Lawrence	35s.4d.	4.59	31s.6d.	4.09
Great Lakes to Belgium/Holland	6.31	6.79	6.38	6.89
Completing St. Lawrence	3.43	3.69	2.90	3.13
Great Lakes to Colombia	10.50*	11.30	.....	.....
Great Lakes to Japan	12.25*	13.18	.....	.....
Completing St. Lawrence	9.25*	9.96	.....	.....
Great Lakes to Venezuela	9.70	10.44	10.00*	10.80
Great Lakes to German North Sea	6.05*	6.51	6.13	6.62
Completing St. Lawrence	3.00*	3.23	2.75	2.97
Great Lakes to Algeria	9.50*	10.22	9.43	10.18
Completing St. Lawrence	6.50*	7.00	5.43	5.86
Great Lakes to Morocco	9.25*	9.96	.....	.....
Completing St. Lawrence	5.25*	5.65	.....	.....
British Columbia/North Pacific to Japan	7.88	8.48	8.13	8.78
British Columbia/North Pacific to Philippines	8.48	9.12	9.31	10.05
British Columbia/North Pacific to South Korea	7.07	7.61	8.17	8.82
British Columbia/North Pacific to Venezuela	7.50*	8.07	7.34	7.93
British Columbia/North Pacific to Brazil	7.00*	7.53	.....	.....
British Columbia to People's Republic of China	58s.5d.	7.59	68s.6d.	8.90
British Columbia to Britain	5.83	6.27	.....	.....
Coal (per long ton)				
Hampton Roads to Japan	6.18	6.65	6.97	7.53
British Columbia to Japan	3.70	3.98	.....	.....
Oilseeds (per long ton)				
British Columbia to Japan	6.61	7.14	7.52	8.12
Scrap Iron and Steel (per long ton)				
U.S. North Atlantic to Japan	11.77	12.67	10.50	11.34
St. Lawrence to Japan	11.25*	12.11	.....	.....
California to Japan	6.93	7.45	4.45*	4.81
Great Lakes to Japan	11.66	12.55	.....	.....
Sulphur (per long ton)				
British Columbia to India	14.50*	15.61	.....	.....
Ammonium Sulphate (per long ton)				
U.S. North Atlantic to India	13.29	14.30	.....	.....
British Columbia to India	11.75*	12.65	12.75*	13.77
Potash (per long ton)				
British Columbia to Belgium/Holland	4.50*	4.84	5.50*	5.94
Petroleum Coke (per long ton)				
U.S. North Atlantic to Romania	9.00*	9.69	.....	.....
Great Lakes to Belgium/Holland	6.19	6.66	.....	.....
Great Lakes to France	8.75*	9.42	9.13	9.86
Oil Black (per long ton)				
Venezuela to Portland, Maine	1.51	1.63	2.48	2.68
Persian Gulf to Portland, Maine	5.17	5.56	9.91	10.70
Venezuela to east coast of Canada	2.03	2.18	3.84	4.15

*One fixture only reported.

Foreign Exchange Rates

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

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

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

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

Country and Currency	Value of foreign currency unit in Canadian dollars at July 31	Canadian dollar in foreign currency units
Algeria		
Dinar	.2169	4.62
Argentina		
Peso (free)	.0031	322.58
Australia		
Dollar	1.203	.8340
Austria		
Schilling	.0417	24.03
Bahamas		
Dollar	1.056	.94
Belgium and Luxembourg		
Franc	.0215	46.72
Bermuda		
Pound	2.567	.38
Bolivia		
Peso	.0906	11.06
Brazil		
Cruzeiro (official free)	.2638	3.77
Britain		
Pound	2.578	.39
British Honduras		
Dollar	.6445	1.56
Burma		
Kyat	.2264	4.42
Ceylon		
Rupee	.1811	5.53
Chile		
Escudo (bank rate)	.1166	8.57
(free)	.1043	9.54
China, Republic of		
New Taiwan Dollar (official)	.027	37.04
Colombia		
Peso (fixed)	.062	15.87
Congo (Kinshasa)		
Zaire	2.154	.4651
Costa Rica		
Colon	.1627	6.15
Cuba[1]		
Peso	.....	.....
Czechoslovakia		
Koruna	.1497	6.68
Denmark		
Krone	.1432	6.98
Dominican Republic		
Peso	1.078	.93
Ecuador		
Sucre (official)	.0599	16.72
(free)	.0536	18.65
El Salvador		
Colon	.4313	2.32
Fiji		
Pound	1.237	.80
Finland		
Markka	.2567	3.90
France, Monaco, etc.[2]		
Franc	.2169	4.62
Franco-African Republics[3]		
Franc	.0043	232.5
French Pacific[4]		
Franc	.0119	84.03
Germany		
D Mark	.2693	3.72
Ghana		
New Cedi	1.056	.94
Greece		
Drachma	.0359	27.93
Guatemala		
Quetzal	1.078	.93
Guyana		
Dollar	.5391	1.85
Haiti		
Gourde	.2156	4.64
Honduras		
Lempira	.5391	1.85
Hong Kong		
Dollar	.1779	5.62
Hungary		
Forint (official)	.0921	10.85
Iceland		
Krona (official)	.0122	81.96
India		
Rupee	.1429	7.00
Indonesia[5]		
Rupiah	.....	.....

Country and Currency	Value of foreign currency unit in Canadian dollars at July 31	Canadian dollar in foreign currency units
Iran Rial	.0142	70.42
Iraq Dinar	3.018	.33
Ireland Pound	2.577	.38
Israel Pound	.3080	3.25
Italy Lira	.0017	588.23
Jamaica Pound	2.578	.38
Japan Yen	.0030	333.33
Kenya Shilling	.1526	6.55
Lebanon Pound (free)	.3342	2.99
Malaysia Dollar	.3522	2.85
Mexico Peso	.0864	11.60
Morocco Dirham	.2164	4.69
Netherlands Florin	.2970	3.37
Netherlands Antilles Florin	.5717	1.75
New Zealand Dollar	1.206	.82
Nicaragua Cordoba	.1540	6.50
Nigeria Pound	2.998	.33
Norway Krone	.1510	6.63
Pakistan Rupee	.2264	4.42
Panama Balboa	1.078	.92
Paraguay Guarani (free)	.0086	116.28
Peru Sol (free)	.0248	40.65
Philippines Peso (free)	.2754	3.63
Poland Zloty (fixed basic rate)	.2700	3.71
Portugal & Colonies[6] Escudo	.0376	26.66
Saudi Arabia Riyal	.2066	4.84
Sierra Leone Leone	1.506	.66
Singapore Dollar	.3522	2.85
South Africa Rand	1.506	.66
Spain & Dependencies Peseta	.0154	64.93
Sweden Krona	.2090	4.79
Switzerland Franc	.2503	4.01
Syria Pound (free)	.2819	3.55
Thailand Baht (free)	.0524	19.15
Trinidad & Tobago[7] Dollar	.5392	1.85
Tunisia Dinar	2.054	.48
Turkey Lira	.1198	8.35
United Arab Republic Pound (official)	2.480	.40
United States Dollar	1.078	.92
Uruguay Peso (free)	.0043	232.56
Venezuela Bolivar (official free)	.2402	4.17
Yugoslavia Dinar (official)	.0863	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 Mauretania, Niger, Senegal, Upper Volta, Cameroons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.

4. New Caledonia, New Hebrides, French Polynesia.

5. Because of the complexity of the Indonesian exchange rate system, it is impractical to quote a single representative rate for the rupiah.

6. Approximately same rate for Portuguese territories in Africa.

7. Also used in Barbados, Leeward and Windward Islands.

Maddick Becomes General Director

Businessmen throughout Canada will be interested in the appointment of Harold Morton Maddick as General Director of the Trade Commissioner Service. He succeeds Robert K. Thomson, who is on loan to the Department of External Affairs. Since September 1968, Mr. Maddick has been Director (Personnel and Finance) of the Service.

Born and educated in Newfoundland, "Mort" Maddick is one of the two Trade Commissioners in the Newfoundland Service who joined the Canadian Trade Commissioner Service when Newfoundland entered Confederation. He first served in New York, but six months later was transferred to Washington. Since that time, Mr. Maddick has served in six foreign posts: Lisbon, Madrid, Rio de Janeiro, Santiago, London, and Cleveland.

From 1960 to mid-1963 he served as Executive Director of the Trade Commissioner Service in Ottawa. In that position, he was responsible for recruiting university graduates for Canada's Foreign Service. He found interviewing them about their goals and ambitions and following the subsequent careers of those who entered the Service a stimulating experience.

During this Ottawa assignment, he was given the responsibility of organizing the Export Trade Promotion Conference held in Ottawa in April 1963. During the three weeks that the Conference lasted, 102 Trade Commissioners brought in from the field held interviews with 1,478 businessmen seeking their assistance in obtaining or expanding their export markets. Organizing the time-table for the Conference and ensuring that the visitors moved rapidly and efficiently from one appointment to another gave him another opportunity to demonstrate some of his varied administrative talents.

He has found many other outlets for his organizing ability during his twenty-year career with the Service. In his four years as Commercial Counsellor in London, where he headed the Consumer Goods Division, he also served as chairman of the Interdepartmental Committee on Administration there, as chairman of the Overseas Treasury Board Advisory Committee (a direct Treasury Board appointment), and as vice-chairman of the Interdepartmental Committee on Information and Publicity. That posting also provided one of the highlights of his career—attendance as a Canadian delegate at one of the GATT Trade Development Conferences organized by the International Trade Centre at GATT. During his time in Chile (his first appointment as head of a post) he attended several meetings of the Economic Commission for Latin America as a Canadian observer.

With experience that ranges from operating a one-man post to service at large and complex offices like those in New York, Washington and London, Mr. Maddick is eminently qualified to run a Service that today has a total staff of 850, including 250 Foreign Service Officers, scattered in 75 posts across the world. He comes to his new position shortly after the integration of the Departments of Industry and of Trade and Commerce. He points out that this integration means, among other things, that the Trade Commissioners will become more involved in industrial development work—for example, seeking out high-technology industries to come to Canada to fill in technological gaps. With the increasing demands being placed upon it, the Service is also studying critically the deployment of its manpower and other resources so as to reap the greatest return in Canadian trade and industrial development.

It seems appropriate that a good Newfoundlander should be a dedicated fisherman; once a year at least Mort makes for Algonquin Park and there he handles a fishing rod with skill and concentration. He's an equally keen golfer and likes to recall golfing holidays spent in Scotland playing all the famous courses.

To Torontonians, the name Inn on the Park is a pleasant reminder of home. The Inn which you see in the architect's drawing above is planned for London, England, and will be the Four Seasons Group's first hotel venture in Europe. It is splendidly situated in the West End between Old Park Lane and Hamilton Place. When it is completed next January, it will be air-conditioned throughout and have 230 bedrooms (400 beds) each with a private bathroom, television and telephone, and 20 private luxury suites looking out over Hyde Park. There will be private dining rooms and rooms for meetings and conventions, all with individual servicing arrangements. At the recent topping-out ceremony to celebrate the pouring of the last bucket of cement, the Rt. Hon. Viscount Amory, former British High Commissioner to Canada and present Governor of the Hudson's Bay Company, and Isadore Sharp, President of the Four Seasons Hotels Limited of Toronto, did the honors. A green bough was tacked onto a pillar and the traditional pint of ale was downed.

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