foreign trade

Department of Industry, Trade and Commerce, Ottawa

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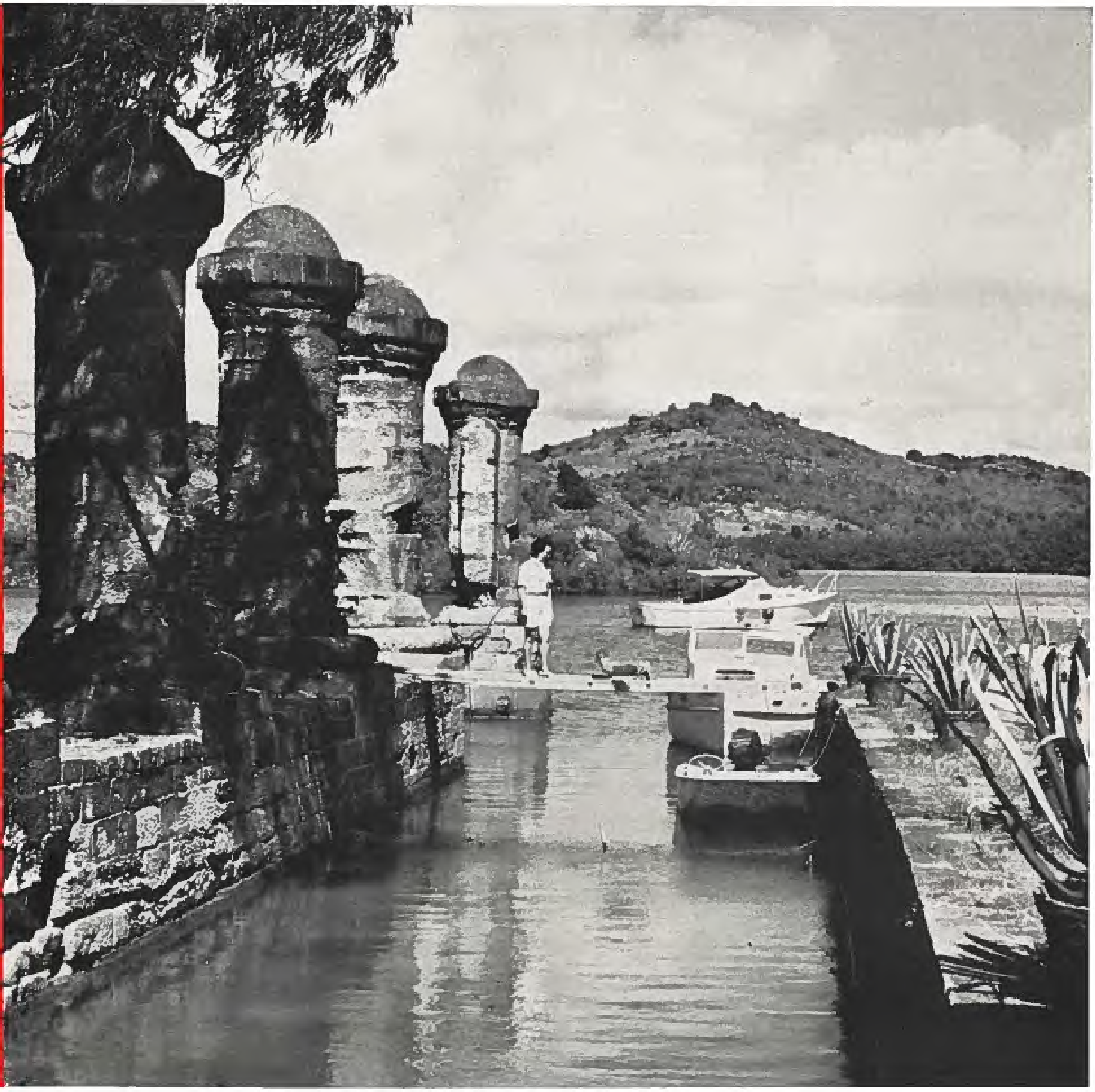

CARIFTA and the Businessman

South and East

It is only early September as we write and Canadians aren't thinking yet about winter holidays in the Caribbean. But the picture on our cover, supplied by Air Canada, may send some of them off to see a travel agent. It shows part of Nelson's Dockyard at English Harbor in Antigua, where the Leewards Islands Squadron of the Royal Navy was stationed under Nelson's command in the late 1780's. Today it is being restored and the superb anchorage attracts yachtsmen from all over the world. In its way, English Harbor is typical of the British Caribbean, tradition-conscious but adapting itself to twentieth century demands. Canadian traders were interested in the West Indies long before the sun-seekers began trekking south from the chill north. Recent developments, such as independence and the breakup of the West Indies Federation, have altered the trading milieu. Lately CARIFTA, the Caribbean Free Trade Association, has emerged. R.G. Woolham, the Commercial Secretary in Jamaica, has set down the essential facts about this Association and discusses its probable effects on our trade interests.

One of the major preoccupations in the Caribbean these days is how to provide hotels, airports, roads, and all the other services that the tourist expects. This activity suggests opportunities for Canadian companies and Kenneth Ramsay, our Commercial Counsellor in Port-of-Spain, points out that firms selling hotel furnishings or food for hungry guests ought to be moving into this market. He outlines a practical first step. Don Leavitt, of the Kingston office, has been visiting the Cayman Islands, northwest of Jamaica. Once the Caymans had only two assets—turtles and the natural seamanship of its men. Now it too is attracting tourists and coming into focus as a market for Canadian goods.

Most "Foreign Trade" issues these days include a section on the state of business and the outlook for trade in a single group of countries. This time we feature reports from four Southeast Asian countries; the other six we shall cover in our issue of September 27. Then we shall switch attention to the Far East, including Japan, the People's Republic of China, Hong Kong, and the Philippines.

In the heat of summer, Denis Bachand of the New York office has been dashing about interviewing dealers in and potential buyers of Christmas trees. His investigations turned up plenty of useful information and resulted in a miniature guide to the Christmas tree market in the New York area. As a Canadian conscious of our softwood forests, we're glad to report that the artificial tree hasn't taken over. After all, what foil or plastic tree has that wonderful nostalgic smell?

Watch for our next issue with its story of a special promotion for consumer goods in St. Louis.

foreign trade

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CARIFTA and the Exporter

Exporters to the Caribbean and companies looking for new markets have asked for more information on the Caribbean Free Trade Association. Here it is, in simplified form.

R. G. WOOLHAM
Commercial Secretary, Kingston

Briefly, what is the Caribbean Free Trade Association? CARIFTA is an undertaking by a number of Commonwealth countries in the Caribbean to dispense with customs duties and quantitative restrictions against imports from each other and encourage local manufacture. It is a free trade area, not a common market. Each member continues to maintain its own level of duties and quantitative restrictions against imports from non-members. CARIFTA came into effect on May 1, 1968, and the signatories were Trinidad, Guyana, Barbados, Antigua, Dominica, Grenada, St. Kitts, Nevis, Anguilla, St. Lucia, St. Vincent and Montserrat. Jamaica joined on August 1, 1968. Implementation is to be spread over a period of years. From Canada's point of view, CARIFTA is expected to mean much more local competition for our finished goods but our exports of certain materials and components to the area could well increase.

Are other countries expected to join? At the present time, the Commonwealth Caribbean territories of Bahamas, British Honduras, Cayman Islands, and the Turks and Caicos Islands are not members of CARIFTA. However, British Honduras has now notified its intention to join and it is expected that the Bahamas will seek membership at some future date. There has also been talk of possible future membership by the Dominican Republic, Haiti, and other non-Commonwealth countries in the Caribbean.

How is local manufacture defined? To qualify for area treatment, exporting members must demonstrate that the value of any materials imported from outside the area and used in the production of the exported product does not exceed 50 per cent of the export price. This is very hard to do, for instance, in the case of a local firm which extrudes aluminum or cans apple juice, so certain materials are regarded for the purpose of computing local content as originating wholly within the area when they are used in a production process. This helps member states to facilitate trade in locally processed products in which the content of Canadian or other imported materials is high. (These products are listed on page 4.) If your firm has an interest in any of them, your sales prospects may be increasing, thanks to CARIFTA.

Were tariffs between member states abolished immediately? No. Not all products traded within the area were accorded duty-free treatment when the agreement took effect. For some local industries the shock of sudden and open competition with each other in their respective domestic markets would have been disruptive. Thus, "more developed" member territories, namely Barbados, Guyana, Jamaica, and Trinidad and Tobago, are required to eliminate duties progressively over a period of five years on a relatively short list of specified products such as preserved fruit, radio and television sets, furniture, mattresses, some items of clothing and footwear, and rum. Other member territories, considered to be "less developed", are given five years' grace; after that they are expected to eliminate duties in two stages within a five-year period.

How does CARIFTA affect agricultural products? The CARIFTA agreement contains special provisions for trade in agricultural products. These are designed to ensure that requirements for specified agricultural produce in member territories are met from within the area whenever possible rather than imported from non-members. During the first three years of the agreement, member territories may import from outside sources any agricultural commodity on the specified list, provided that annual imports do not exceed 30 per cent of the quantities imported from outside the area in 1966. Some agricultural products of interest to Canadian exporters specified in the agricultural provisions are: carrots, peanuts, red kidney beans, onions, black pepper, cloves, potatoes, pork and pork products, and poultry meat. Exporters of these will find their sales dropping if Caribbean agricultural production increases rapidly.

After free trade, what's the next step? CARIFTA is administered by a council consisting of representatives from each member territory. Each territory has one vote. In addition to administering the articles of the Free Trade Association, the council is also investigating other kinds of economic co-operation between members. For instance, it is considering the possibility of introducing the metric system. Standards, industrial research, and animal and plant quarantine measures are also being studied. More important, the CARIFTA

Local industries like this shoemaking plant in Jamaica will have a larger market because of the Free Trade Association. Leather brought from Canada is often used; here it is being tested on a special die-cutting machine in the plant.

council last March decided to establish a working party to study the prospects of establishing a common external tariff. If it is eventually implemented, this would mean that duties on imports from third countries would be the same in each market area; this would help to eliminate the current disparities in price. At present, members with relatively high tariffs are at a disadvantage when these result in high local production costs. In Jamaica, duties on imported raw materials have usually been reduced or eliminated if they have been higher than other CARIFTA members' tariffs on similar materials and excise taxes have been imposed on local and imported finished products to compensate for lost revenue.

How do you assess CARIFTA's first year? Statistics for 1968 only cover the first few months of CARIFTA and are therefore inconclusive. Trinidadian and Jamaican exports to CARIFTA countries and to each other certainly increased, but how far this was due to the Free Trade Association is a moot point. If alumina, bauxite and sugar are subtracted from Jamaica's total exports, sales to CARIFTA countries came to approximately 9 per cent of Jamaican exports in 1968. The trade of the developed countries (Jamaica and Trinidad and, to a lesser extent, Guyana and Barbados) is expected to benefit more than the trade of the smaller, less developed members.

Are local industries responding to the new opportunities? Yes. Local firms with international associations or ownership in particular seem to have reacted quickly to the export potential of the enlarged market area. New industries are making products specially suited to the market's needs and they are able to expand more easily because they are on approximately the same economic footing as their local competitors. Consumers so far have not seen much reduction in prices. Another problem is inter-island shipping; the two ships, *Federal Maple* and *Federal Palm*, which Canada donated, are said to be no longer sufficient to handle the traffic.

Will the smaller territories eventually catch up? Although they have less to gain in trade initially, access to finance for development purposes through the new Caribbean Regional Development Bank may compensate them to some extent by building up their economies. Canada, Britain and the United States as well as other members of CARIFTA will be contributing to the Bank which is intended to stimulate industrial expansion in the less developed islands.

What effect will CARIFTA have on Canadian export sales to the Caribbean? During recent years, Canadian exports of some agricultural products and certain manufactured or consumer items have been curtailed in CARIFTA countries where quantitative restrictions on imports have been imposed to protect new processing and manufacturing industries. This trend may be accelerated under CARIFTA for certain products for which local manufacture becomes attractive in the broader market. In time, the agricultural protocol may hamper expansion of exports of certain agricultural commodities that Canada now supplies. However, a more viable and dynamic Caribbean should lead to increased demand for capital equipment, industrial raw materials, semi-fabricated industrial products, and components which Canada can provide. In addition, substantial imports of technically more advanced goods will be required which are not made in CARIFTA countries. Finally, increased incomes in the Caribbean are resulting already in a substantially larger demand for manufactured products.

Is local manufacture now attractive? CARIFTA's enlarged market may make new industries viable which previously could not be justified. The individual CARIFTA countries will be vying for your branch plant operation and competing with each other in the attractiveness of the incentives they offer, at least until members have agreed upon a regional policy for incentives to industry. There are opportunities for Canadian manufacturers to participate in wholly-owned or joint-venture enterprises. A number of Canadian firms are already operating in the area, several are now negotiating over a local facility, and more will probably follow suit.

Are there opportunities for new exporters? Yes. In many fields the main competition still comes from other foreign suppliers. If you have a product which you would like to sell in the Caribbean, write to the Trade Commissioners in Kingston, Jamaica, and get them to check on the market.

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CARIFTA Basic Materials List

For the purposes of computing CARIFTA content, when the following materials are used in a production process they are treated as though they originated wholly within the area.

Wheat and spelt including meslin, unmilled
Barley, unmilled
Rye, unmilled
Oats, unmilled
Cereals except rice and corn, unmilled
Semolina
Malt
Apples
Grapes
Potatoes, excluding sweet
Hop cones, fresh or dried
Lactose, glucose, maltose, caramel
Cocoa beans, except flavored cocoa
Pepper except unground sweet pepper, and pimento, whether unground, ground or otherwise prepared
Spices other than ginger, cinnamon, nutmeg and mace
Linseed
Synthetic rubbers and rubber substitutes
Cork, raw and waste, including natural cork in blocks and sheets
Silk
Wool and other animal hair
Jute, including jute cuttings and waste
Vegetable fibers except cotton, jute and coir fiber
Sulphur
Natural graphite
Non-ferrous metal scrap
Sponges, fish eggs (not for food), bristles, hair and their waste
Natural gums, resins, balsam and lacs
Kapok
Crude petroleum
Animal oils, fats and greases, excluding lard
Linseed oil
Castor oil
Hydrogenated oils and fats
Waxes of animal or vegetable origin
Calcium carbide, sodium pyrophosphate and white lead
Coal tar, dyestuffs and natural indigo
Dyeing extracts
Tanning extracts
Synthetic tanning materials
Essential vegetable oils except lime, bay pimento, nutmeg and orange oils
Synthetic plastic materials in blocks, sheets, rods, tubes, powder and other primary forms
Casein, albumen, gelatine, glue
Leather with the exception of sole leather
Textile yarn and thread
Cotton fabrics, excluding terry towelling
Textile fabrics, other than cotton fabrics
Twine and cotton
Twine and hemp
Silver, unworked and partly worked
Platinum and other metal of platinum group, unworked and partly worked
Pearls unworked
Pig iron and sponge, including iron and steel powder
Ferro-alloys
Ingots, blooms, slabs, billets, sheet bars, and tin plate, bars of iron and steel and equivalent primary forms
Iron and steel bars
Universals, plates and sheets of iron and steel, uncoated
Hoop and strip of iron and steel, including tube strips and steel strip for springs, coated or not
Steel tubes and fittings, welded or drawn
Pipes and fittings, cast, whether gray iron or malleable iron
Copper and alloys not refined and refined unwrought
Copper and alloys of copper, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings)
Nickel alloys unwrought
Nickel and nickel alloys, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings)
Aluminum and aluminum alloys unwrought
Aluminum and aluminum alloys, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings)
Lead and lead alloys, unwrought
Lead and lead alloys, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings)
Non-ferrous base metals employed in metallurgy and their alloys n.e.s., unwrought
Non-ferrous base metals employed in metallurgy and their alloys n.e.s., worked (bars, rods, sheets, wire, pipes, tubes, castings and forgings)
Expanded metal of iron and steel
Expanded metal of aluminum, copper, and other non-ferrous base metals
Buttons and studs of all materials, except those of precious metals and precious stones
Paper and cardboard (until 1970)

International Loans Announced

Argentina will spend U.S. $50 million on improving its roads. A total of 500 miles of primary roads will be built to speed up travel between Buenos Aires, Mendoza and Chile and between Buenos Aires and the southern provinces. National road priorities will be identified and feasibility and engineering studies will follow. The Vialidad (National Highway Authority) will also set up a traffic-counting and cost accounting system with the help of consultants. The World Bank is making a loan to Argentina of U.S.$25 million to cover the foreign exchange costs.

Government farms will be used to increase Zambia's beef and dairy output. The first phase of the livestock development program will be assisted by a loan of U.S. $2.5 million from the World Bank which will be spent on livestock, tractors and vehicles, fencing, equipment for water supply, facilities for artificial insemination and animal health control, roads, firebreaks and ranch building. A total of five dairy farms and twelve beef ranches are planned; besides replacing imports they will provide foundation stock for upgrading the country's herds and an example of good farming practice.

Ceylon will increase its generating capacity by half to meet demand up to 1974. The World Bank will lend the new Ceylon Electricity Board U.S. $21 million to cover the foreign exchange cost of the second stage of the three-stage Maskeliya River project and to provide a 25 mw. gas turbine extension to the Grandpass thermal station in Colombo. The gas turbine will be commissioned first, at about the end of 1971, and will meet the energy deficit until the hydroelectric plant is ready late in 1972. Work at the Maskeliya River will include a diversion dam, pressure tunnel and penstocks, a 90 mw. hydroelectric station, a 132 kv. switchyard, and about five miles of transmission line to take the power into the existing network. The World Bank loan will also cover the services of consultants, both engineers and those who will help the Ceylon Electricity Board to set up its organization and accounting system.

Private enterprise in Ceylon got a $8 million boost from the World Bank recently. The loan was made to the Development Finance Corporation of Ceylon to provide foreign exchange for investment in private industrial, agricultural and commercial projects. The Corporation has made 172 loans amounting to some $14 million since it was set up in 1955, assisting a wide range of industries—from chemicals and textiles to large-scale agriculture.

Malaysia

Climate for investment and for doing business remains good, despite the recent disturbances. Canadian sales totalled $10 million last year, with new products added to traditional exports of raw and semi-processed materials.

DOUGLAS LINDORES
Acting Commercial Secretary, Kuala Lumpur

The Malaysian Government has in the eleven years since independence been able to maintain a good record for sound administration, reasonable economic growth, and harmony among the three racial groups. In May of this year, however, racial disturbances erupted, and at a time when the economy appeared to be gathering strength. After a modest performance in 1967, production in all major sectors of the economy rose in 1968. Output of primary commodities was particularly strong in response to overseas demand. The racial rioting three months ago should not constitute a major setback. It was largely confined to the capital city, Kuala Lumpur, and no factory suffered damage during the disturbances. In fact, few businessmen have cancelled their plans for investment in Malaysia and new undertakings have been announced.

The gross national product in 1968 totalled an estimated $10,190 million, exceeding $10 billion for the first time. The growth rate for the year was 5 per cent as against 3.9 per cent in 1967 and an average annual rate of 6.4 per cent in the period 1963-67. This was accomplished despite rubber prices ranging between 40 to 50 cents Malaysian, well below the minimum price of 55 cents used in economic planning. Early in 1969 they rose above 70 cents per pound, a level which is still being maintained.

Larger export shipments of all major commodities in 1968 more than offset falling prices in the key areas of rubber, tin and palm oil. Total exports were up about 10.5 per cent, one of the largest increases since 1960. Domestic demand rose by 5 per cent compared with 4 per cent in the previous year.

In consultation with the Central Bank of Malaysia, the Government reached an agreement with Britain which provided a guarantee in U.S. dollars for all eligible foreign sterling reserves held by Malaysia in excess of 10 per cent of the total external reserves. In return, the Malaysian Government agreed to maintain a minimum of 40 per cent of its total foreign external reserves in sterling. In addition, Malaysia in November 1968 accepted formally Article 8 of the IMF agreement, confirming its position of free convertibility of the Malaysian dollar for current transactions.

TABLE 1
CANADA'S IMPORTS FROM MALAYSIA

	1968 Cdn.$
Tin blocks, pigs and bars	10,368,130
Crude natural rubber except latex	5,045,546
Wood fabricated materials, n.e.s.	136,564
Coconut oil	4,066,424
Palm oil	1,478,004
Bauxite ore	264,461
Lumber, mahogany	1,281,312
Pepper, ground or unground	291,319
Rubber soling sheets	129,370
Rubber sheeting, n.e.s.	165,034
Tuna, fresh or frozen	423,711
Print cloth and sheeting, cotton unbleached	11,121
Shirts, synthetic fibers except knitted	1,086,184
Pants and breeches, men's and boys', cotton	340,998
Total imports, including all others	25,985,638

Source: DBS

Malaysia's exports to Canada have in the past consisted largely of traditional products—rubber, tin, palm oil, coconut oil, and pineapple. Now shipments of textiles are increasing and those of wood and wood products, particularly exotic hardwoods, are becoming more important. Last year Canadian imports from Malaysia (see Table 1) increased to Cdn.$26 million from $22.3 million in 1967.

For many years Canada's exports to Malaysia (Cdn.$10.7 million in 1968) have been made up mainly of flour, asbestos, newsprint, aluminum ingots, and some tobacco. A significant change occurred in 1966 when twenty Canadair CL-41 G Tebuan aircraft were sold to the Royal Malaysian Air Force. This was followed by the sale of nine Caribou STOL transports. As a result, new aircraft and aircraft spares have become the leading item in Canada's exports to this country.

Defence spending in Malaysia at the moment is directed primarily towards the strengthening of ground forces, and in particular to the formation of three or four new army battalions in view of the planned withdrawal of the British armed forces from Southeast Asia. Britain, Australia and India have already offered much of the equipment for these units. Most is being secured as aid, although some commercial purchases will be made. Canadian radio gear is currently being considered.

Important among Canada's continuing export sales to Malaysia are wheat, newsprint, asbestos and aluminum. (See Table 2.) The establishment of a local flour milling industry coupled with the complete ban on imports of flour (with certain special and minor exceptions) has completely eliminated Canadian flour sales. Less expensive Australian FAQ wheat accounts for almost 90 per cent of the wheat imported. Recent low prices have also enabled French suppliers to obtain a small share of the market. It is proving impossible for Canada to compete mainly because of high shipping costs

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1. There's a nice contrast between the rather ornate Eastern architecture of the railroad station in Kuala Lumpur, Malaysia, and the thoroughly modern trains and equipment it houses.

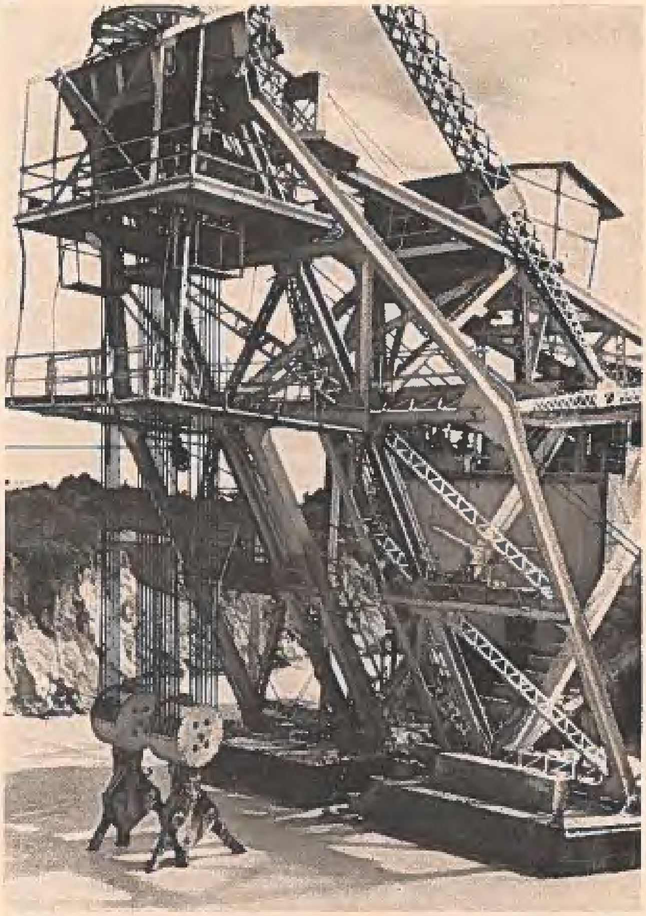
2. Tin remains one of Malaysia's major exports and some of it comes to Canada. Much of it is mined using big floating dredges like this one.

3. These coconuts have been husked and workers are busy extracting the kernel. The dried meat of the coconut, known as copra, is later pressed to extract the valuable oil, an important export.

4. On a Malaysian rubber plantation, a worker taps a rubber tree. Rubber prices have an important bearing on the country's prosperity; so far this year they have been rising.

1

2



3

4

TABLE 2
CANADA'S CHIEF EXPORTS TO MALAYSIA

	1968 Cdn.$
Wheat except seed n.e.s.	1,013,379
Newsprint paper	1,448,769
Marine engines and parts	963
Asbestos milled fibers, groups 4 and 5	749,430
Asbestos shorts, groups 6-9	226,170
Aluminum pigs, ingots, shot, slabs	667,744
Passenger automobiles and chassis	22,845
Aircraft, complete with engines	2,741,792
Aircraft engines, assemblies, equipment and parts, n.e.s.	1,321,753
Tobacco, bright Virginia flue-cured	197,755
Files and rasps	52,208
Chain saws and parts	20,395
Other exports	2,081,481
Total exports	10,726,041

Source: DBS

which make our wheat several dollars per ton more expensive than Australian. For the remaining 8 to 10 per cent of the market we have competed successfully with the United States. Canadian hard wheat is still used for blending and upgrading of softer varieties obtained from other countries. If and when the baking industry becomes more automated, the greater strength of Canadian wheat could mean expanding sales.

Canadian asbestos for making asbestos sheeting and asbestos cement pipes continues to find an attractive market in the expanding building trades industry. Newsprint and other paper stocks appear to be holding their ground at about the same dollar value as in previous years, a situation which reflects our slowly declining percentage of the Malaysian market. In addition to normal strong competition from European producers, East European and other newly established Asian producers are active in Malaysia.

A significant market for zinc is developing, with a major Canadian producer supplying a Malaysian zinc oxide plant. These sales indicate that Canadian suppliers are capable of meeting strong Australian competition for the market and shipments should increase significantly.

One of the Canadian lines that needs further promotion is forest industry equipment. Several aggressive companies have succeeded in introducing their products to Southeast Asia. Although this is a price-conscious market, the high quality of Canadian equipment is recognized and can command a small premium, provided it is sold actively and given after-sales support. The rapidly expanding forest industries of Sabah and Sarawak offer particularly good opportunities. With this in mind, the Canadian Department of Industry, Trade and Commerce is currently organizing a Forest Equipment Mission to visit Malaysia, among other countries, in the spring of 1970. The Commercial Secretary's office is anxious to pursue inquiries from forest equipment producers.

During 1966-67, Cdn.$3 million worth of equipment for technical and vocational schools was contributed by Canada under the Colombo Plan to 53 comprehensive technical schools in West Malaysia. **The Malaysian Ministry of Education has called for several tenders in recent months to procure additional equipment for new schools** and also to expand training in schools already established. Canadian performance on these tenders has been disappointing in the face of strong price competition from India, Taiwan, the People's Republic of China, Japan and some European countries. With purchasing done by tender and with the Malaysian officials often wishing to negotiate further after the opening of tenders, it is essential to have a strong and reliable agent to handle on-the-spot requirements. The willingness of other countries to subsidize exports of equipment of this type also makes it difficult for Canadian companies to secure contracts for routine items.

There are, however, continuing opportunities for products that are new, although it should be borne in mind that the Malaysian educational system is not as developed as the Canadian and does not usually buy the more advanced teaching aids. Nevertheless, Canadian producers should check out the market with the Commercial Secretary because sales of several products have been made although on the surface they did not seem to have a major market here.

Canadian consultants are now engaged on three major projects financed by the Canadian International Development Agency, which could have significant trade potential. One is the undertaking of a forest resources evaluation project in Sabah. From the East Malaysia State of Sabah alone, more than M$334.86 million worth of logs and sawn timber, primarily in whole log form, was exported last year. Both private and government organizations have shown interest in attracting Canadian investment in timber-processing industries in this region. Opportunities are promising but interested investors must be prepared to negotiate patiently amid a complex structure of forest leases.

The second major project under CIDA is the Pahang Tenggara Master Planning Study. The Government of Malaysia plans to develop 2.5 million acres in southeastern Pahang State for agricultural settlement, large-scale forest exploitation and processing, and mining and other economic activities where possible. To expedite this complex development, consultants will be carrying out studies to prepare a master plan. Development of this area over the next decade should be of particular interest to the Canadian forest industry.

A feasibility study on potential hydro power development of the Upper Perak River was completed in 1966 under the Colombo Plan by a Canadian engineering firm. Further follow-up is under way now and other hydro developments in this country, which currently depends largely on thermal power, could be going forward in the early 1970's.

A West Coast firm is still negotiating for a role in the construction and operation of an integrated forest industries complex in the 300,000-acre Jengka Triangle land development scheme. The complex is based on the use of the logs derived from the clearing of land for cultivation. This much delayed project has recently shown new signs of life and Canadians may have the opportunity to bid on approximately Cdn.$7 million of logging and processing equipment within the next year. These and the other projects were discussed during the visit of the Minister of Industry, Trade and Commerce, Mr. Pepin, to Malaysia last spring.

In March 1969 the sixth and final automobile assembly plant in Malaysia was officially opened. The six plants represent a total investment of approximately Cdn.$12 million, provide employment for just over 2,000 people, and compete for a market of approximately 25,000 vehicles per year with 35 different brand names of automobiles and commercial vehicles. The next phase of development of this industry and opportunities for Canadian automotive parts manufacturers are discussed in the article "Participating in Malaysia's Automotive Industry" in *Foreign Trade* of August 16, 1969.

Canadian producers of consumer goods will encounter strong competition in Malaysia. Heavy duties and a 20 per cent surtax protect local manufacturers of such products as air conditioners, household appliances, cosmetics and confectionery. Several Canadian manufacturers have developed small but steady markets for their food products. Canadian salmon, honey, frozen cakes and pastries, pickles and spices are all on sale. Recent visits by Canadian businessmen indicate that other food lines will be introduced in the near future. In general, however, success for consumer goods will depend chiefly on the unique nature of the products. For food products, attractive packaging is particularly important.

Malaysia has long been considered as offering an ideal climate for Canadian investment in Southeast Asia. At the time of the recent disturbances, several Canadian companies were investigating opportunities to invest in joint ventures with Malaysian firms. Developments since are bound to have made businessmen more cautious, but there are no indications that any Canadian companies have cancelled their plans to investigate opportunities in this country further.

The threat to business confidence is one of which the Government is well aware and its public statements have indicated that it is taking measures to restore confidence in the country and will continue its policy of encouraging foreign investment. Malaysia's past record of stability, compromise and racial harmony, and its reputation for sensible financial and commercial policies, indicate that its chances of maintaining a climate of confidence are good.

To sum up, Malaysia remains one of the most profitable and attractive economies of Southeast Asia and Canadian businessmen travelling to this region are strongly advised to include Kuala Lumpur on their itinerary. The Commercial Secretary's office in that city will offer them every possible assistance.

Brunei

The Sultanate has money to spend, thanks to the discovery of new oilfields offshore. Canadians don't get much of the business but it is a market worth watching.

DOUGLAS LINDORES
Acting Commercial Secretary, Kuala Lumpur

The tiny Muslim Sultanate of Brunei, once a backward outpost of Britain's far-flung empire and still under the protection of the British flag, has entered a period of unprecedented prosperity with the discovery of new offshore oil deposits.

Oil was first discovered in Brunei in 1929, but it was not exploited in a big way until after World War II. For many years, the oilfields at Seria were the major source of the nation's income. Then, after the depletion of Brunei's oil resources had caused considerable concern, came the new offshore discoveries. **The year 1968 saw oil production at the rate of 124,000 barrels a day,** beating the previous record of 117,000 barrels a day in 1957 and well above the 104,000 in 1967.

The country's gross national product is in the region of U.S. $1,500 million, providing its 110,000 people with one of the highest per capita incomes in Southeast Asia. Revenue from oil is expected to be in the region of M$60 million (U.S.$19.5 million) in 1969 so the country has few budgetary problems and is currently investing in several prestige projects.

Brunei did not follow the other North Borneo states of Sabah and Sarawak when they joined the Malaysian Federation which was formed in 1963. Since that time, however, Brunei has been responsible for its own internal government and has administered its affairs with the help of considerable numbers of foreign personnel. Britain still looks after its external affairs.

Brunei Town is dominated by the splendid gold domes of a mosque with the picturesque village of native homes on stilts below. **Its small population makes it a rather difficult market for Canadian consumer goods.** There is, in fact, apart from the major projects being undertaken by the Government and the Shell Oil Company, little to interest Canadian exporters. In recent years, Canadian companies have apparently not been in a good position to bid on the Government's development schemes and contracts have largely gone to firms with experience in the area, particularly those with equipment and personnel available at projects nearby.

Brunei has embarked upon a Five Year Plan and intends to spend between M$200 and M$300 million on four major development projects. The first is an ultramodern international airport capable of handling the largest commercial jets now in service; the second is a deepwater port at Muara, a few

1. Central feature of Brunei Town is the Omar Ali Saifuddin Mosque, rising in the center of the picture. In the background lie the huts of Kampong Ayer, the Water Village.

2. This is the Thaketa Bridge that links the industrial suburb of Thaketa with Rangoon. Completed early in 1967, it was financed by Canadian grant aid of $3.6 million.

3. These beautiful temples are very characteristic of Siamese architecture; their graceful spires are outlined against the Thai sky.

4. The Thais faithfully preserve their traditions but are moving rapidly into the industrial age. This worker is operating a drilling machine in the modern workshops that have been set up by the Thailand State Railway.

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miles from Brunei Town; the third is the development of an internal road system, and the fourth is a water and sewerage system for Brunei Town. Prime contracts for these projects have already been awarded to British, Australian, and Japanese companies. There may still be some opportunities for Canadians to sell their products if they approach the head offices of the contractors. **Several Canadian companies, for example, have bid on airport components and at least one of them has made a sale.**

Canadian involvement in the country is very minor but a few Canadians are employed in the oil industry. One all-Canadian crew has been at work on offshore drilling for some time. Many senior officials in the Government continue to be British and some of them were in the British Colonial Service before they came to Brunei. The strong official attachment to the mother country is apparent in the Government's day-to-day operations. Liaison on projects in the Sultanate can often be more effectively carried out in London, England, than in Brunei Town.

Visiting Brunei Town is an enjoyable and interesting experience for the tourist but there are few opportunities for significant Canadian business at the moment. On the other hand **the prosperity of the country and its potential make it worthwhile for Canadians to remain in touch with developments there.** Resources for the immediate future are committed but new opportunities may appear soon.

Burma

Exporters to this country have to adopt a special technique to meet local requirements. For those prepared to make the effort, there are some interesting opportunities.

DOUGLAS LINDORES
Acting Commercial Secretary, Kuala Lumpur

Burma is the largest country in Southeast Asia, with an area of 261,228 square miles. It has a coastline on the Bay of Bengal and the Andaman Sea, and shares long borders with the People's Republic of China, Thailand and India, and shorter stretches with Pakistan and Laos. In 1969 the population is an estimated 27 million, the great bulk of whom derive their living from agriculture. The average income per capita on a constant price basis was 309 kyats (Cdn.$71) in 1964 and is now 361 kyats ($83), an increase of some 17 per cent over the four years.

The return of General Ne Win to power in 1962 was accompanied by a program to develop the social and economic life of the people "through the Burmese way to socialism". Complete government control was to be achieved through central economic planning and the nationalization of industry, transport and land. The expulsion of foreign businessmen and merchants and the almost complete nationalization of industry caused widespread economic dislocation.

Burma depends largely on exports of rice and teak for its foreign exchange earnings. Both are now showing increasing strength following major drops in recent years. It is government policy to equate the dollar volume of exports and imports. This means that approximately U.S. $200 million worth of goods and services will be purchased abroad in 1969.

The last year for which detailed Burmese figures were available when this article was written was 1966. In millions of U.S. dollars, the main Burmese exports were rice 120.9, teak 35, groundnut cake 7.2, rubber 3.0, cotton 2.5, and metals 8.3. For the same year, imports consisted of manufacturing machinery and equipment 55.9, machinery and transport equipment 46.5, chemicals 12.4, foodstuffs 10.2, and finished goods 8.3.

Canadian businessmen wishing to sell to Burma must be prepared to take a completely different approach from the one they use in most other countries. Our relatively weak export performance in Burma has been occasioned by many factors. First, the Government insists on international tendering for all its requirements and the 22 state trading corporations make almost all purchases. Foreign businessmen often deal through the agency department of the Myanma Export-Import Corporation. Second, it is difficult for businessmen to visit Burma because normal visas only permit a stay of 24 hours. Businessmen promoting a product or providing backup service or training in which the Burmese are particularly interested are sometimes able to get extensions to these 24-hour visas. Third, the high shipping costs from Canada frequently make our goods non-competitive, particularly against Asian suppliers. Fourth, the mechanics of dispatching tenders to suitable Canadian companies, negotiating, completing them and returning them in time to meet the deadline are very complicated indeed. The problem is heightened by the lack of a permanent Canadian Government trade representative in Burma and relatively little assistance can be offered Canadian businessmen selling in Burma by the Trade Commissioner in Kuala Lumpur.

Despite these negative factors, aggressive Canadian businessmen managed to achieve some success in Burma in 1968. Most notable was the sale of 44 log-skidders for use in the Burmese teak forests—a sale of major importance to Canadian interests because it opens the door to an industry which is one of Burma's major foreign exchange earners and one to which Canada can offer both expertise and equipment. As in Malaysia, some of the best opportunities for expanding sales lie in forest services and equipment.

Canadian interest in the forest industry of Burma will be strengthened if the project for a maintenance center for the Burmese State Timber Board's forestry equipment is undertaken by the Canadian International Development Agency. This would involve the construction and outfitting of a maintenance center at a convenient location between Mandalay and Rangoon adjacent to major logging areas. It would develop strong awareness of our forestry capability and build up considerable goodwill for Canada.

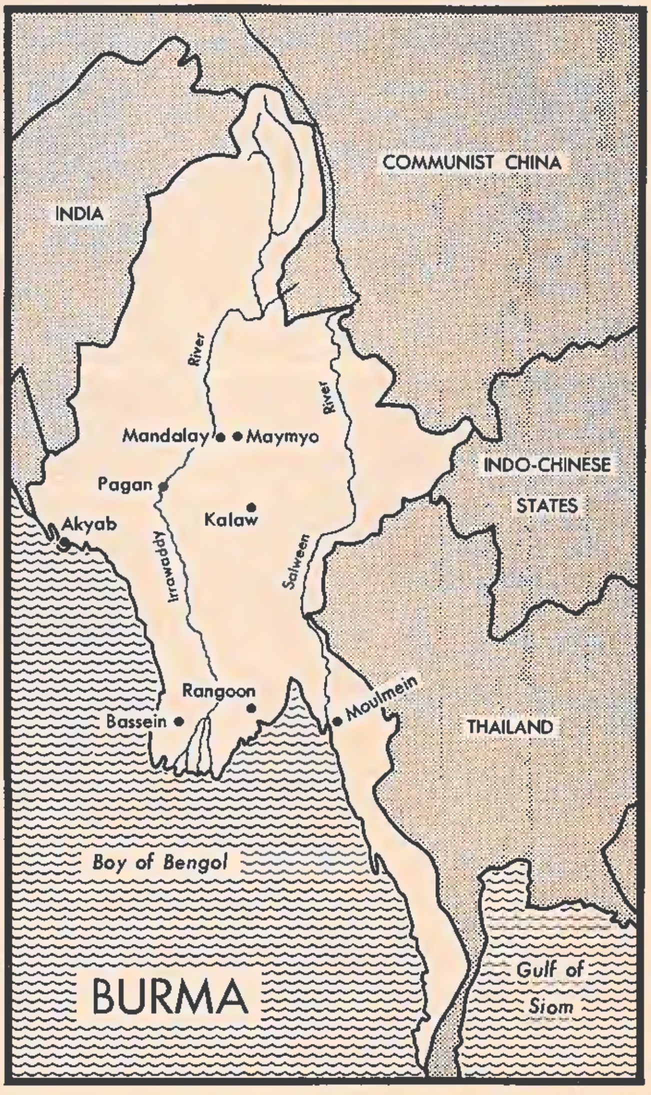
Other sales to Burma have been somewhat limited. Canadians have succeeded in filling some of Burma's newsprint requirements. This business has been somewhat hampered by the relatively small amounts called for on individual tenders issued by the state corporations and by difficulties in securing efficient freight service at reasonable cost. Shipments from Canada to Burma normally go via Japan where they are transferred to the Burmese national shipping corporation, the Five-Star Line.

A Canadian office supply company won the tender for a Burmese requirement for pens (see *Foreign Trade* May 10, 1969, issue, page 37). Its experience illustrates the manner in which to approach selling to Burma. The company received a tender through the Department of Industry, Trade and Commerce in Ottawa. It acted quickly, completing the tender as required and forwarding samples and earnest money to the Burmese authorities before the closing date. Because tenders often arrive in Canada less than one month before the closing date, interested companies must react rapidly to have their bids considered. Patience is also necessary. It is very difficult for the Trade Commissioner to provide follow-up on a company's behalf after the submission of tenders. The Burmese are reluctant to interfere with the tender process once it is under way and do not normally make public the names of those to whom particular tenders have been awarded. There also tends to be some delay in the refund of tender deposits, often running into several months. Nevertheless, given sufficient patience worthwhile business can be done.

Arrangements for visas are still best made through the Burmese Embassy in Ottawa, allowing six to eight weeks. Visas cannot be obtained in Kuala Lumpur or in Burma more easily or more quickly; travellers should make their arrangements before leaving Canada. There is good hotel accommodation at the Inya Lake Hotel, a few miles outside Rangoon, or at the Strand, which is downtown and close to government offices. Travel outside Rangoon is seldom essential—in fact, it is hardly possible for a businessman travelling on a 24-hour visa. Even if a longer visa is granted, two to four days in Rangoon are adequate to transact most business. Businessmen should have comprehensive catalogues, brochures and technical information with enough copies to pass to various members of government corporations.

In conclusion, the most attractive fields for Canadians are lumbering and logging equipment, with special emphasis on heavy equipment. There is a potential for newsprint and other paper stock but much depends on whether the Burmese Government is prepared to consolidate its requirements. There is also potential for drugs, hospital and medical equipment, aircraft, airport equipment, and communications equipment; with these, requirements often arise suddenly because orders depend on when central purchasing bureaus allot funds.

Canadian companies wishing to do business in Burma should write to the Commercial Counsellor in Kuala Lumpur, providing brochures describing their products. A Trade Commissioner normally visits Rangoon every six months but the interval between visits sometimes varies.



Thailand

Exports declined last year, as agriculture hit by drought; imports remained high. Engineering services, capital goods for development needs offer best opportunities.

C. E. RUFELDS
Commercial Secretary, Bangkok

Final figures on Thailand's 1968 economic performance have not yet appeared but economic activity for the greater part of last year was rather uneven. The Thai economy is based primarily on agriculture, including forestry and fisheries, and despite diversification, unsatisfactory weather and market conditions invariably have drastic effects on the economy. This was true both in 1967 and 1968.

Rice and rubber, the most important crops, as well as maize, jute, kenaf and cassava, faced serious and continuing drought and sluggish world commodity markets. According to the National Economic Development Board (NEDB), the value added (at constant prices) of crop production in the GNP in 1967 declined by a record 12.6 per cent. With nearly 80 per cent of the population engaged in agricultural production—almost 90 per cent of the work force, if the number of people employed in agriculture-based industries is taken into account—the poor agricultural performance naturally affected other related activities.

Export trade in particular suffered a severe setback in 1968. Preliminary data released by the Customs Department show a decline of about 11 per cent in export earnings, which totalled Cdn.$625 million as against Cdn.$705 million in the previous year. The setback largely resulted from low production of rice and kenaf for export and from the lower quota set by the International Tin Council, which had the effect of cutting down Thailand's exports of tin metal. Earnings from the sale abroad of these three commodities together dropped by about Cdn.$73 million. Although some commodities, such as rubber and maize, showed improvement and exports increased, this was not enough to offset the decline in others.

Imports remained at a high level. The provisional figures put total 1968 imports at Cdn.$1,105 million, about the same as in 1967, but it is estimated that the final figure will be approximately 5 per cent higher. A trade deficit of over Cdn.$500 million is therefore expected. More than 50 per cent of total imports, which were up 9.3 per cent over 1967, consisted of manufactured goods, half of which were machinery and equipment and other capital goods.

With a decline in visible exports and an apparent slowdown in U.S. expenditures in Thailand, the increase in foreign exchange reserves was checked. Gold and foreign exchange reserves at the end of 1968 totalled just over Cdn.$900 million, equal to approximately 10 months' imports. This represented an increase of about 2.5 per cent over the year-end figure in 1967, which was 6.1 per cent over 1966. As in the past, invisible receipts, foreign grants and loans more than compensated for the trade deficit and Thailand continues to have one of the strongest currencies and the fifth largest foreign exchange reserves of any country.

In contrast to 1968, the outlook for 1969 is brighter and there may be a 7 to 8 per cent increase in the GNP this year. A rise in rice production is expected to raise agricultural output by 4 to 5 per cent and industrial production is expected to rise by 12 per cent—appreciably above the 9.3 per cent increase in 1968 and the 11.5 per cent in 1967. The most favored industrial sectors are agriculture-based industries and those accorded special privileges, such as paper, steel, fuel, oil, motor tires, cement, and textiles. Less promising results are expected from the construction industry, which will have to bear the brunt of reductions in U.S. military spending.

Public development spending from all sources in the coming year will amount to Cdn.$760 million—roughly $100 million more than in 1968. Education will receive the greatest increase (23.3 per cent up on 1968), with additional funds being used to finance expansion of primary and vocational education. The largest single share of the budget will again go to transportation and communications, which will receive Cdn.$215 million (an increase of 18 per cent on 1968 allocations), largely because of the Bangkok telephone scheme and highway and airport development plans.

Turning to sectoral planning, the Government realizes the need for irrigation to overcome drought and expects an improved rice crop from double-cropping and higher-yielding varieties. The rubber replanting program will be accelerated. In forestry, the accent will be on conservation of existing timber resources and conifer planting to provide eventually raw material for the paper industry. Livestock marketing and fish resources conservation will receive attention.

Highlights of the 1969 development program for industry will be the opening of the industrial estate at Ban Chan and improvements in the administration of the industrial promotion legislation which provides a wide range of incentives to encourage investment, both Thai and foreign, in selected industrial enterprises. In communications, 13,540 additional telephones will be installed in the metropolitan area and a start will be made on plans for the second international airport. In the energy and power sectors, generators will be installed at hydroelectric schemes throughout the country to keep pace with the 25 percent increase in demand.

The greatest single impediment to balanced growth is a shortage of qualified manpower and the problem has been increasing in severity in recent years. In 1967 there were 4,500 unfilled vacancies for persons with specialized skills, especially engineers, teachers, agriculturalists, scientists and doctors. In 1968 the figure rose to 7,000 and it is expected to rise still further as those in government service with sought-after skills are enticed away by private industry. Better salaries and increment regulations, plus inducements to those willing to work "up country", are among the solutions the Government proposes.

In 1968 Canada sold Thailand approximately Cdn.$7 million worth of goods and purchased from that country some Cdn.$2 million. With Canadian exports at about 0.6 per cent of total Thai non-military imports and equal to less than 4 per cent of Thai imports from the United States, the Canadian performance leaves much room for improvement. The majority of Canada's current exports to this country are primary or semi-finished products and future demand for these is expected to remain buoyant. However, the greatest potential market is for Canadian engineering services and capital and consumer goods to meet the demands of Thailand's development plan and the improving standard of living. Prospects are particularly bright for the promotion of engineering, consulting and design services for such projects as the new second airport, traffic control, power generation, highway and sewerage-irrigation projects. Manufactured goods, such as technical and vocational training equipment, hotel and catering equipment, hardware and construction materials, railway locomotives, chemicals, fertilizers, and frozen and packaged foodstuffs also could be promoted. During the visit of the Minister of Industry, Trade and Commerce, Mr. Pepin, last spring, a trade agreement between Canada and Thailand, exchanging most-favored-nation treatment, was signed.

Thailand is actively encouraging and promoting foreign investment as a means of broadening its industrial base. So far Canada's participation through joint ventures or direct investment has been negligible. Thailand encourages this investment by offering incentives to newly-established companies, such as duty-free entry of original plant equipment.

The Department of Industry, Trade and Commerce recently opened a Trade Commissioner Service office in Bangkok to assist Canadian manufacturers, suppliers and engineering firms in increasing their business in this country. This office is aware of many opportunities for Canadian goods and services and can now help Canadian companies to exploit the possibilities.

Boats for the South

Early in April, 137,000 people flocked to New Orleans' impressive new Rivergate Auditorium to see the first International Boat Show in the city's history. They didn't have to wait to get inside for a peek at the 350 sleek new models, power and sail. The last-minute demand for exhibitor space was so great that several dealers had to settle for outside exposure. Sixty-nine individual exhibitors participated but the show was not confined to boats; there were also displays of motors, marine hardware and electronics.

From the outset the show was a smash hit and in the first four days sales exceeded a million dollars. By the time it closed, contracts for boats to be purchased had passed the $3 million mark, including the Queen of the Show, a 47-foot *Concorde* cruiser which sold for $115,000 to a man from California. Small wonder that over 90 per cent of the exhibitors have asked to be included in next year's show, when there will be additional space in the building.

The enthusiasm for boating is not confined to Louisiana, but seems to be sweeping the country. In 1964 *Sports Illustrated* forecast that "the greatest growth in sport in the next ten years will come in water-based sports. The economic kingpin is boating." Five years later, this prediction appears to be coming true. According to *The Wall Street Journal*, industry estimates for the six months from September 30, 1968, through March 30, 1969, put revenues from all makes of boats and marine engines about 9 per cent ahead of the year-earlier period, with the biggest spurt coming from houseboat sales, which are expected to rise by 30 per cent over the entire year.

There is no doubt that boating of all kinds—sailing, fishing, racing, cruising—is on the upswing in the eight states covered by the New Orleans office. To get some idea of the number of motor boats registered we recently canvassed the appropriate authorities in these states. Six were able to come up with concrete information on boats powered by motors over 10 h.p. Louisiana had 78,255 as of March 31, 1968, Georgia 84,786 (December 1967), Florida 179,308 (June 1967), Alabama 102,954 (September 1967), South Carolina 67,793 (August 31, 1968), and Tennessee 98,842 (July 31, 1968). Several of the states gave figures by lengths and, on the average, boats under 16 feet comprised 60 per cent of the total, 16 to 25 feet about 25 per cent, and over 25 feet 15 per cent. There were no figures on the numbers of sailboats, though they are popular and numerous.

Although a number of leading boat builders in the U.S. are located in the South, they cannot meet the demand and consequently dealers represent builders from every part of the country as well as from Europe. In a seller's market like this, the freight and duties on Canadian boats do not present an insurmountable obstacle. Yet only a few Canadian boat-builders have seriously tried to sell here. Those who did have met with some success—a success that others could share. To our way of thinking, the best way to attract both widespread dealer and consumer attention is through participation in either or both of the big shows in Miami (February 21-25) and New Orleans (February 14-22) in 1970. For particulars, write the New Orleans International Boat Show, 124 Camp Street, New Orleans, Louisiana 70130, or the Miami International Boat Show, 1333 South Miami Ave., Miami, Florida 33130.

WILEY J. MILLYARD
Consul and Trade Commissioner
New Orleans

Cayman Islands

Canadian banks and trust companies are already established here and more Canadians are coming for holidays. Exporters, particularly of food products, hardware, appliances, etc., should follow in their steps; so should companies interested in capital projects.

DONALD H. LEAVITT
Assistant Trade Commissioner, Kingston

The Cayman Islands, often described as the most isolated part of the Caribbean, are situated about midway between Jamaica and Cuba. They are made up of three separate islands—Grand Cayman (20 miles long, six miles wide), Cayman Brac (12 miles long, one mile wide) and Little Cayman (10 miles long, two miles wide). The population was an estimated 11,000 in 1967. The Caymans already have Canadian-owned hotels and banks and more Canadian tourists are finding them a quiet haven. Canadian exporters in diverse fields could find a profitable market there too.

Virtually unknown five years ago, Grand Cayman's capital, George Town, today can be classed as an international financial center. With no income, capital gains or property taxes, and no succession duties, it has always been a tax haven. With the enactment of a modern Companies Act in 1963 and an extremely modern Trust Law in 1967, it began to attract foreign firms. Up to mid-1968, 900 international companies had been incorporated there and about 400 trusts formed; four major trust companies have been established. Actively engaged in banking business are the Royal Bank of Canada, the Bank of Nova Scotia, the Canadian Imperial Bank of Commerce, Barclay's Bank and the Union Savings and Loan Association; the Royal Bank, the Bank of Nova Scotia and the Canadian Imperial Bank of Commerce also operate trust companies there. Other trust companies operate through representatives. Several well known chartered accountant firms have offices in Grand Cayman, including Pannel, Fitzpatrick and Company; Peat, Marwick, Mitchell and Company; Price, Waterhouse and Company, and Coopers and Lybrand. About 15 lawyers, many of them with correspondents all over the world, provide legal services.

Until quite recently, Caymanians won their livelihood from the sea, and especially from the turtle industry. In 1967, for example, exports of turtle meat, skins and shells earned almost £20,000 and accounted for four fifths of total exports (£26,000 in 1967). The descendants of buccaneers and sailors, most of the men over 16 have gone to sea and their earnings became the economic mainstay of the islands. Hundreds still do and their earnings are estimated at about £500,000 a year. **The coming source of new wealth for the islands is, however, the tourist industry. Some 14,460 visitors came in 1968, 10 per cent of them from Canada,** and they spent an estimated £1.3 million. This year 20,000 tourists are expected.

What the islands have to offer the visitor is a quiet place to relax. The sun shines, the temperature averages 70 to 85 degrees from May to October and 10 degrees less for the rest of the year, and there are 15 miles of white sand beaches, including seven-mile West Bay beach on Grand Cayman. Scuba and skin divers delight in the beautiful coral formations and in the 325 wrecked ships that lie off the coast. Duty-free shopping is another attraction. The islanders are courteous and helpful but not high-pressure.

Currently there are 17 hotels in the Caymans with a total of 500 beds; all but two are on Grand Cayman. Cottages provide another 300 beds. Two airlines, British West Indian Airways and Lineas Areas Costarricenses (LACSA), offer service to Grand Cayman from Miami. Cayman Airways, a 51/49 per cent partnership with LACSA, connects Grand Cayman, Little Cayman and Cayman Brac with Jamaica. LACSA also provides two flights a week between San Jose and Grand Cayman. At the moment there are about 33 incoming and outgoing flights a week. To promote this lucrative tourist trade the Tourist Board has opened an office in Miami and plans soon to set up offices in New York and Toronto. With the coming of the tourists, land values have shot up. Acreage considered worthless a few years ago is now changing hands for several thousand dollars. Beach property three years ago fetched about $150 a waterfront foot; now the price is $500.

The Caymans have always imported nearly all the products that they need and these imports have risen with the influx of visitors. In 1967 they totalled £1.7 million and about 60 per cent originated in the United States. British exporters are at a disadvantage because the Caymans have no deep-water harbor and all imports must be transshipped in either Florida or Jamaica. Canada's sales are rather small but there are opportunities that could well be followed up. Among the best are construction materials, food products (including meat), small household appliances, hardware, tools, electrical equipment, wire rope, garden supplies, office furniture, and other consumer products of various types.

The opportunities for selling food products are particularly good because all food has to be imported, with the exception of that supplied by the local poultry, beef and dairy producers. The table on page 16 should suggest suitable lines to offer. The United States and Britain now cater to most of the Caymans' needs but the few Canadian food products already sold there have earned a reputation for quality and good value. About half a dozen new agencies and distributing firms are being established with the upsurge in the tourist trade, and they are looking for new products to handle. Some of them plan to provide cold storage space. In general, the food trade is oriented to North American products and merchandising tech-

1. This is Grand Cayman Island, largest of the Cayman group, which lies about halfway between Jamaica and Cuba. Grand Cayman itself is 20 miles long and up to seven miles wide. It is gradually developing its tourist trade and building more hotels. Capital of the Caymans is George Town and the population of the three islands is close to 10,000, with the majority living on Grand Cayman.

2. This is only one of many white, clean, uncluttered beaches that the Caymans have to offer. The islands, once known largely for the trade in turtles, provides excellent sport for the fisherman who wants to go after the big ones like marlin, tuna and tarpon. The needed equipment can be hired. West Beach on Grand Cayman extends for seven miles and swimming, sailing and snorkeling are almost as popular as fishing. The best time to visit is mid-November to March.

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niques, with food stores that resemble Canadian supermarkets, eye-catching displays, point-of-sale promotions and appeals to the impulse buyer. Most of the stores use posters and special flyers and advertise in the weekly newspaper, *The Caymanian.* There are no radio or television stations in the Cayman group.

The Cayman Islanders are very nationalistic and Canadian importers should not try to engage agents elsewhere to service this market. Experience has proved that such an agent seldom if ever visits the islands himself. Canadians, on the other hand, are welcomed and are well liked because of the number of tourists from Canada and because of the Canadian-owned banks, trust companies, and hotels.

Prices should be quoted f.a.s. Miami in either pounds sterling or U.S. dollars. The Jamaican pound is the currency used and the islands will change to the decimal system when Jamaica does. On the average, Canadians benefit from a 5 per cent Commonwealth preference, except on items normally bought by tourists, which come in duty-free from all sources. Growing imports of foodstuffs have prompted the building up of more dairy and beef herds and of poultry flocks, and Canadian cattle breeders and suppliers of day-old chicks should try out this market.

The expansion in the last few years has made great demands on the islands' infrastructure and **if the growing influx of tourists is to be accommodated and served, heavy investment in capital projects will be needed.** Last year, for example, the runway at the George Town airport was lengthened and the lighting improved but much remains to be done; airport facilities in the two other islands need a good deal of attention. A water system has a high priority; at present water comes from shallow wells and catchments and pollution is a constant worry. Apparently there are deep wells on the eastern end of Grand Cayman that could be tapped to provide further supplies. The islanders also want a deepwater pier with modern cargo-handling facilities and several schemes have been put forward. Some residents speak of the necessity for a large hotel of 200 to 400 rooms but the developer would have to spend money as well on laying out a golf course and providing water supplies and a sewage disposal system.

The Budget Speech read at the opening of the Legislative Assembly in George Town last February touched on the development needs of the islands. It said in part: "There is a need to provide more public utilities, water, of course, being the most important . . . I would not, at this stage, attempt to state any priorities as it is preferable that this be done with expert advice. I would therefore recommend that an economic survey with a fair projection be undertaken very early by experts and that this be done by proper development plans whereby we will know what is to be done next . . . Telephones, roads and electricity are being continuously extended but we have yet to make a start with water supply and sewage disposal. We will have to seek loans for such purposes or look to private enterprise . . .

"We are awaiting a British Government report on extensions to the Owen Roberts airfield and on the possibility of a better airfield on Cayman Brac. Again, money will be required and the possibilities of a loan may have to be examined, but without an airfield on Grand Cayman capable of taking four-engined jets, we cannot hope to compete successfully with other islands, attract large-scale hotel development, or create tourist facilities such as golf courses . . . It may be possible to provide a radio broadcasting station within the next twelve months if it is agreed to do so through the issue of a licence to a private concern."

As the excerpts from the Budget Speech show, financing is the key to participation in capital projects. Until last year, there was always a surplus on current account but because of the increased cost of running the Government and the growing need for improved infrastructure, the accumulated surplus is being drawn on. Revenue will of course increase as the economy expands, but the general feeling is that the Government will also need foreign capital. About 65 per cent of its revenue comes from import duties and another 20 per cent from the sale of revenue and postage stamps. Although it is a colony, the Cayman Islands receive no grants-in-aid from Britain. One official statement indicated, however, that "development plans may not be difficult as the local financial institutions are anxious to make attractive offers to Government and this may well be the most convenient method for raising money for capital works, as no technical machinery is involved." There is already a Hotel Aid Law which provides for partial exemption from duty for building materials imported into the island for the building of approved hotels. In addition, there is a Pioneer Industries Law under which exemption from duties is granted to certain businesses, plus other concessions.

Shipping to the Cayman Islands from Canada does involve transshipment at some point, but two lines provide regular service. The longer established is Kirk Traders Limited, which operates the M. V. *Kirk Pride* approximately every three weeks between Miami and Tampa, Florida, Kingston, Jamaica, and George Town in the Caymans. It has 16 tons of reefer space and the U.S. agents for the line are Matusek Inc., 101 Port Blvd. Dodge Island, Miami, Florida. The other scheduled service is provided by (Cayman) Island Shipping Company Limited, which operates a fortnightly service from Miami to George Town, Montego Bay and Kingston, with a new vessel, the *Island Prince III*, which can carry over 20 tons of reefer cargo. The agents are W. A. Thompson, George Town, and Harrington and Company, Dodge Island, Miami, Florida. Non-scheduled service on inducement to George Town is available through the West India Shipping Company, P.O. Box 10355, West Palm Beach, Florida. This line uses a vessel with a stern that drops and can thus unload heavy cargo at the limited facilities of the George Town harbor. Importers emphasize that Canadian exporters should transship at Miami rather than at Jamaica.

Any Canadian company interested in exploring business possibilities in this interesting corner of the world should write to the Commercial Division of the Office of the High Commissioner for Canada, P.O. Box 1500, Kingston 10, Jamaica. Give us full information on your interests and products and we will put you in touch with the Caymanians. If plans call for a company representative to be in Jamaica, a short flight to the Cayman Islands,* easily arranged, may prove pleasant and perhaps profitable.

CAYMAN ISLANDS' FOOD IMPORTS 1967

	(£'000)
Aerated waters	25.7
Ale, beer, stout	32.2
Baby food	1.24
Baking powder	1.5
Beans, peas (canned)	2.9
Biscuits and bread	14.4
Butter	5.4
Cake mixes	4.5
Oats	1.1
Cereals	4.6
Cocoa	.25
Coffee	12.57
Condiments and spices	308.4
Cheese	6.6
Confectionery	11.98
Fish, pickled	.94
Fish, frozen	1.46
Fish, canned	3.8
Fruit, vegetables (canned)	13.5
Fruit and nuts (dried)	2.7
Flour	11.4
Food drinks	11.4
Groceries	9.95
Juices, nectars	13.45
Jams, jellies	2.9
Meats (canned)	16.67
Meats, frozen	42.5
Meats, pickled	1.3
Bacon, ham and sausage	7.8
Poultry	12.4
Macaroni	4.1
Milk	40.62
Oils, edible	3.97
Peanut butter	1.6
Potatoes	5.5
Rice	5.8
Salt	1.47
Soup	4.9
Sugar	5.5
Tea	1.4
Total food imports	**673.51**
Total imports	**1,712.0**

Hotels

Want to catch the eye of Caribbean hotel owners, present and potential? Get working on a presentation of your products at the Caribbean Hotel Association convention. It will take place in Curacao, Netherlands West Indies, in June 1970.

KENNETH G. RAMSAY, Commercial Counsellor, Port-of-Spain

White sand, waving palms and clear warm water reflecting a cloudless Caribbean blue sky—the image conjured up by these words is of only academic interest to a Canadian in July or August. In January, however, with slush underfoot and a cutting wind blowing off the lake in Toronto, this image becomes more and more irresistible. In Peoria and Peterborough, Bonn and Biloxi, Copenhagen and Keokuk, Iowa, more and more people are becoming able to satisfy this craving for sunshine and warmth during the winter months.

Jumbo jets and supersonic movement are making every corner of the world more accessible. In many of those corners, **facilities are needed to service the growing demand for "a place in the sun"**. The financing for tourist facilities in developing countries is most likely to come from European or North American sources, either as private investment for profit or as a soft loan for aid purposes. The soft loan is more or less concerned with the infrastructure for tourism—airports, roads, port developments, water improvement, training of hotel staff, etc., whereas the private investment is direct and goes into hotels, restaurants, night clubs, gambling casinos, limousines, tour boats, aqualungs and bikini-clad beach hostesses.

Canadian manufacturers need not and cannot do much about providing the local hostesses to fill the bikinis but **they can and must pay urgent, undivided and imaginative attention to the market opportunities that this fast growing industry makes possible,** particularly hotel furnishings and food for hotel catering.

Traditionally, the West Indies has been a special area of Canadian interest. It would be a pity, now that it is coming of age and stepping out on its own, if the most ardent suitors turned out to be non-Canadian. Understanding, tolerance, co-operation, patience and an appreciation of the other's needs are most likely to win the day. Before going any farther, to those who say: "But we are too late, the tourist field in the Eastern Caribbean is already fully developed," I reply: "Nonsense, the surface has not even been scratched."

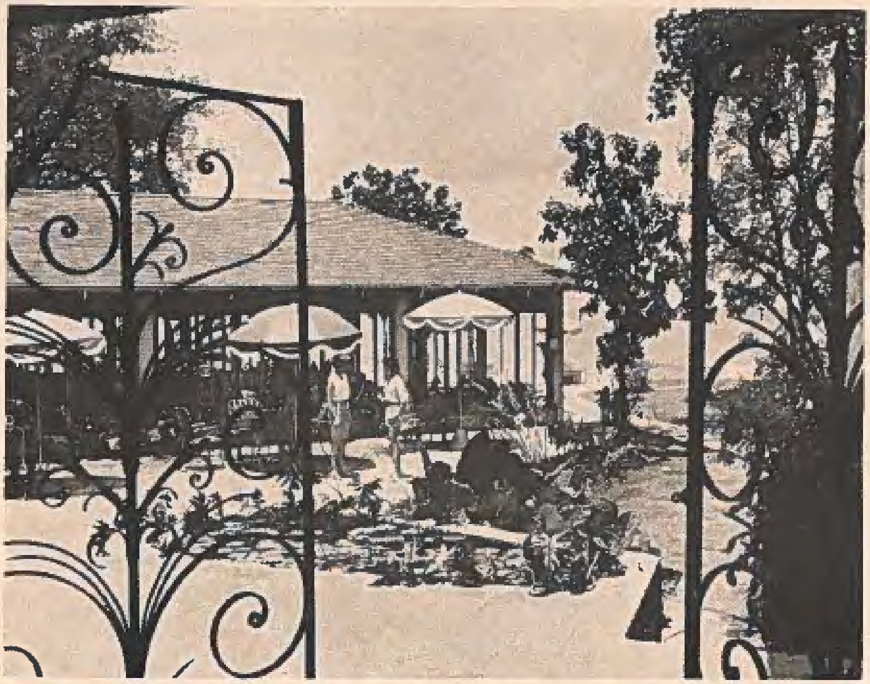
If we, as Canadians, are really serious about participation in this hotel industry burgeoning in our own backyard, we had better explore every avenue and do so quickly. One of these avenues is the growing Caribbean Hotel Association, which holds an annual meeting that moves from place to place. In 1970 it will be held in Curacao. At this meeting the members discuss common problems and possible solutions to these problems, and exchange mutually profitable information. With a membership of nearly 300, this organization's importance to Canadians interested in the tourist industry cannot be overlooked. Any exhibiting is strictly a side activity. The delegates to the convention cannot be counted upon to visit the exhibits automatically. Imagination, energy, drive and initiative are required to lure, cajole, threaten or seduce the convention delegate to get to the exhibit where the exhibitor can then talk business with him. As at all conventions, the initiative lies with the exhibitor himself. He cannot rely on the executive of the convention to persuade people to visit his exhibit. The question to consider at this juncture is: "Do we in Canada have products and/or services which are potentially saleable to hotel owners, hotel managers and travel agents, and which could be imaginatively displayed and well staffed to ensure attention from convention delegates?"

There are two fields to consider: furnishings and fixtures and food and beverages. The first category seems to lend itself to the inclusion of a services side which has to do with the planning of hotels, feasibility studies, marinas, harbors, housing developments, etc., as well as with the provision of furniture, fixtures, piping, tubes, elevator shafts, etc. There are possibly new and inexpensive techniques that Canadian manufacturers could use to present themselves as reliable purveyors of up-to-date equipment which takes advantage of the latest technological achievements in Canada to produce a commodity which is new and inexpensive. Floor coverings, floor maintenance machinery, cleaning materials, waxes and polishes, new methods of packaging hotel furniture to get it to site with a minimum of breakage and pilferage, simplified design which permits on-site assembly of furniture and fixtures by unskilled labor are all of interest. All exhibits like these need to be staffed by people who have observed the West Indian hotel scene (a good introduction would be to read Wouk's *Don't Stop the Carnival*) and can discuss with hotel owners and managers their problems in the light of local conditions and not of theoretical hotel management concepts which apply to the handling of a 500-room hotel in Toronto or New York.

In foods and beverages there is also room for an imaginative presentation to hotel people. Canadian cheeses, wines, salmon, specialty meats and frozen food packs all might be presented attractively. It seems far less expensive to arrange an imaginative exhibit at one location which would attract most of the Caribbean hotel owners than to try and take that same exhibit through the Caribbean region and show it to individual hotel owners. The problem is to conceive the exhibit in such a way as to back up the efforts of an imaginative exhibit staff. An attractive package consisting of a bottle of wine, a few slices of pliofilm-packed smoked salmon, some cubes of attractively packed Canadian cheeses, a rosy Canadian apple, a tin of cocktail nuts, a leaflet describing Canadian portion-controlled meats, frozen foods and vegetables, and a book of Canadian recipes might be placed in each delegate's room. The entire package could be attractively wrapped in cellophane and mounted on one of those round hors d'œuvre trays made of western Canadian cedar. This would make an impact, particularly if it is followed up by a telephone call to the individual asking him to visit the Canadian display. Similarly, it would be wise for any group exhibiting Canadian furniture and services to seek out the delegates aggressively, making specific appointments for them to visit the display.

What is a "tourist"? Is he the noisy, big-spending individual who, with his ever-present camera, has been the butt of satire in many a motion picture or or is he the quiet traveller sitting at the table next to yours, peacefully enjoying the scenery? Statistically, the chances are that he is the latter. It is that quiet man at the next table who is the source of big money in the tourist industry. He is the buyer of package tours. He is the target of the direct mail campaign, the 21-day return fare excursion rate, the three-day special from Toronto to Miami, the "visit 10 European capitals in 14 days" plan. Without him the tourist industry in the Caribbean, as elsewhere, is a dead duck. His importance and how he reacts to a long wait for Customs and Immigration clearance, unavailable or over-priced taxis, fouled-up room reservations, rudeness (even though he himself, through inexperience or tiredness, may be rude) and telephone and air-conditioning equipment which does not work were all topics of concern at the last CHA Convention. He is multiplying in this area (traditionally one of prime Canadian interest and influence) rapidly. **He and some 300,000 of his fellows went to the Eastern Commonwealth Caribbean in 1967, and reliable projections suggest 800,000 tourists in the same area in 1972 and 1.6 million in 1977.**

All these tourists require a place to lay their weary heads after they have spent the day frolicking on the beach and probably absorbing too much sun, not to mention rum. In the entire Eastern Commonwealth Caribbean (excluding Trinidad and Guyana) there were 3,335 suitable hotel rooms in 1967/68. It is estimated that to handle the expected influx of tourists in 1972, a total of 7,420 rooms will be required and by 1977 some 11,200. Remember that many of these rooms need air-conditioning, they all need beds, wastebaskets, lamps, writing desks, rugs, mattresses, plate glass windows, chairs, etc. Where does the enterprising Canadian manufacturer fit into this upcoming, worthwhile market? The best place for concentrated, effective promotion could well be the CHA Convention in Curacao early in June 1970. The tourist tree in the Caribbean is very seasonal and many of its fruits are still in the flower-bud stage. But the tree is growing and growing fast. Only those who get their stepladders in place now will be in a position to pluck the fruit when it ripens.



This is the Oceanus Hotel at Freeport in the Bahamas, one of the Canadian-owned tourist developments. Below is the Coral Reef Club on Barbados' west coast.

Christmas Trees

Start making contacts now if you want to supply U.S. households with Christmas trees. This article will brief you on varieties in demand, prices, grades, shipping.

DENIS J. BACHAND
Vice Consul and Assistant Trade Commissioner, New York

Natural Christmas trees still find their way to the U.S. consumer in increasing numbers each year, despite the growing demand for artificial types in metropolitan areas. In New York last year the supply of trees exceeded the demand but prices were generally higher than in 1967. During the first active week of the season starting on December 9th, prices asked of retailers by jobbers and wholesalers were as high as $5.50 to $6.00 per bundles of two's and six's. The price for extra fancy graded trees was as high as $7.50 per bundle and specimen singles were usually quoted at $1.00 per foot. These prices held steadily until about December 19th, when they declined to $4.50 to $5.00 per bundle because many railroad cars due the previous week arrived on the market and depressed quotations. Some bulk sales were reported as low as $3.00 per bundle toward the end of the season.

The demand for Scotch pine exceeded the supply in many areas despite the fact that the quality was only fair. There is no doubt that Scotch pine is steadily increasing in popularity and has definitely cut into balsam sales. Many dealers in fact claimed that they could have sold one or two extra cars of Scotch pine if they had been able to get them. But because of the increasing cost of bringing them to maturity, producers have curtailed plantings of this variety and the supply has decreased somewhat in recent years. A **good balsam is still very popular and still gets premium prices in the market** and will probably do so in the future if this trend prevails.

The bulk of the supply of balsam came from Nova Scotia, but several cars also arrived from New Brunswick and Quebec. The greater portion of Scotch pine came from Ontario. Unfortunately, many railroad cars were delayed and supplies were lacking at critical periods. Some cars that left Nova Scotia on December 2nd arrived on or after December 24th, missing the marketing season entirely. Other cars were reported as arriving from two to ten days late. This threw the supply situation completely out of balance because a disproportionate percentage arrived during the last few days of the season. Those dealers who received their trees by trailer had a better and more even supply. However, the disadvantage of trailer shipment is that the trees have to be unloaded immediately and many dealers do not have facilities to handle and store trailer loads in a short period of time. They prefer to pay more and unload cars as they need them. **Again last year, most trees were ungraded. The graded trees sold at premium prices and were therefore more profitable.**

Inclement weather at the peak of the season caused a setback to trading which the local dealers did not overcome. Retail demand during this period was very slow as few people cared to face cold temperatures to buy Christmas trees. The flu epidemic was also a factor at all levels of trading and left many dealers short of help. The smaller trees, bundles of four's, five's and six's, did much better than the bundles of two's and three's. There was a much better demand for table trees (usually four feet high) in bundles of six to twelve. Sales of wreaths from Canada also increased by more than 50 per cent.

The number of carloads of Christmas trees shipped to the U.S. by rail in 1968 totalled 1,473, compared with 1,429 in 1967 and 1,962 in 1966. Last year 111 railroad cars were unloaded in New York City compared with 121 in 1967. Truck shipments through the Kittery, Maine, checkpoint totalled 1,077,832 in 1968, compared with 997,484 in 1967 and 960,514 in 1966. It is not possible to record arrivals by trailer but it is estimated that they increased sharply over 1967.

Most wholesalers require that the trees be properly graded. The most popular grades are the following (U.S. grade standards for Christmas trees, as set by the U.S. Department of Agriculture).

U.S. Premium—U.S. Premium consists of trees possessing the characteristics typical of the species, fresh, clean, healthy, well-trimmed, of not less than medium density, with normal taper, and with each of the four faces free from damage from any cause.

U.S. No. 1 or U.S. Choice—U.S. No. 1 or U.S. Choice consists of trees possessing the characteristics typical of the species, which are fresh, clean, healthy, well-trimmed, of not less than medium density, with normal taper, and with three faces which are free from damage from any cause.

U.S. No. 2 or U.S. Standard—U.S. No. 2 or U.S. Standard consists of trees possessing the characteristics typical of the species, which are fresh, fairly clean, healthy, well-trimmed, of light or better density, candlestick, normal or flaring taper, and with two adjacent faces which are free from damage from any cause.

Culls—Culls consist of individual Christmas trees which fail to meet the requirements of the U.S. No. 2 or U.S. Standard grades.

The number of trees in a bundle depends on the density and size of the trees (always stated in height by feet) and there is thus no set rule. However, the following serves as a guideline in handling trees of average density of the most common grade—U.S. No. 1 or U.S. Choice. (Trees are classified by height as follows: four feet or less, four to six feet, six to seven or six to eight feet, seven to eight feet, eight to ten feet, ten feet and up.) Bundles work out as follows: four feet or less, 6 to 12 in bundle; four to six feet, 5 to 8; five and six feet, 4 to 6; six to seven feet, 4 to 5; seven to eight feet, 3 to 4; eight to ten feet, 3 to 4; nine to ten feet, 2 to 3; ten to eleven feet, 2; eleven feet and over, 1. **Prices paid to producers were:**

Scotch Pine—as reported were 95 per cent cut and 15 per cent on stump; 20 per cent of the cut trees were bundled. Lots of Premium and No. 1 trees six to eight feet sold mostly in the $2.00 to $3.00 range. The higher the percentage of Premium grade, the higher the price range. Trees in this grade seven feet and over were also in top of range. Lots of No. 1 grade, five to seven feet, ranged from $1.50 to $2.00 and there were some Premium and No. 1 grade three to four foot table trees in this range, as well as some No. 1 and No. 2 grade lots, color sprayed. No. 2 grade lots sold mostly in the $1.30 to $1.50 range. Scotch pine on the stump ranged from 90 cents for large lot of No. 1 and No. 2 trees to $1.75 for six to nine foot No. 1 and better grades. Average stump price was $1.40 for good trees six feet and over, No. 2 and better.

White Spruce—on the stump mostly $1.25 to $1.35 for six to eight foot trees. Cut, they ranged from $1.00 for four foot No. 1, bundled, to $2.60, six to eight feet cut and bundled. No. 1 and better six feet and over sold mostly in the $1.50 to $2.25 range with several large lots going over $2.00; some Premium grade seven to eight feet were as high as $3.50.

Norway Spruce—sold on the stump fair quality $1.00; No. 1 and better cut from $1.75 to $2.40, with some large lots in the upper part of the range.

Austrian Pine—mostly cut and No. 1, $1.50 to $2.00. Bundled stock was in the $2.00 end of the range.

Douglas Fir—a few sold on stump at $3.50, some small and No. 2 grades, cut, at $3.00 to $4.50. No. 1 and better trees, six to eight feet, cut, brought $5.00 to $6.00.

White Pine—a few sales of No. 1 grade, cut, at $1.50.

Balsam—some natural growth fair quality, cut, brought $1.50 to $2.00. Some cut and bundled six to ten foot trees sold for $2.50 and a few fair quality on the stump brought $1.00.

This Scotch pine, raised in Ontario's Bruce County, is being expertly pruned to improve its shape and density. Christmas trees well trimmed, with all four faces free from damage, are classified by the U.S. as Premium grade and attract higher prices. Ontario supplies most of the Scotch pine sent to dealers in the U.S. and most of the balsam comes from Nova Scotia, with some from New Brunswick and Quebec.

Wholesalers and jobbers usually estimate their requirements for the next season in June or July. They purchase as early as possible from the producers and require that shipments be made periodically from early November until the peak of the selling period, around December 15th. The wholesaler is responsible for the distribution of his trees thereafter. **The Canadian producer's responsibility is limited in most cases to cutting, grading and shipping the trees according to the prescribed schedule.** When the wholesaler is assured beforehand of high quality and timely shipment, he is in a position to offer premium prices to the producers.

Given a good quality tree, available here at the right time (before December 24) there is very little chance that it will not find a comfortable home by Christmas Day. Each jobber has a perfect knowledge of his potential retail outlets and his last-minute flexibility allows him to reach the consumer where he may be at any given time, whether at a large shopping center or at a crowded suburban railway station on December 23rd or 24th. In fact, this aspect of marketing offers no real problem, given normal conditions. What is really important for the Canadian producer is to supply at the right time the kind of tree he would like to have in his own living room for the Christmas season.

Although most wholesalers in the New York area are already in close contact with Canadian producers, **we receive inquiries each week from new entrepreneurs looking for sources of** supply. These inquiries are channelled to the Department in Ottawa or in other instances, a list of all the Canadian exporters of trees is handed out to the interested person. For that reason, it is very important that each new supplier register with the Department of Industry, Trade and Commerce or directly with this office to benefit from this service.

A list of wholesalers and jobbers in the New York area will be supplied on request to the Canadian Consulate General, 680 Fifth Avenue, New York, N.Y. 10019.

Lumber Mission

Once a year New England lumber wholesalers and Canadian lumber producers get together in Boston to renew acquaintance, make new contacts and obtain orders.

J. N. ROGER FERLAND
Vice Consul and Assistant Trade Commissioner, Boston

"In the critical time that we are now experiencing throughout the lumber business, due to the money managers, we feel that it is more important than ever to keep in close contact with our Canadian friends." This statement was made by Paul Krihak, president of the New England Wholesale Lumber Association, in Boston on July 25th. It emphasizes the importance of continued good relations between Canadian lumber producers and wholesalers in the United States.

One means of maintaining this relationship is the Informal Lumber Mission held in Boston every year and organized by the New England Wholesale Lumber Association and the Canadian Consulate General in Boston. To indicate how this mission works to help our lumber sales, here is part of an actual conversation that took place last year between one of the Trade Commissioners in Boston and a Canadian lumber producer who attended the session.

Canadian lumberman: "Two months ago I started production of glued-up panels for maple furniture. I have not exported yet but our production is now fully operative and I would like to meet with some wholesalers selling this type of product. Could you introduce me to two or three of them?"

Canadian Trade Commissioner: "Certainly. In fact, some of the largest wholesalers have 'direct mill' sales divisions and they are all represented here tonight. Let me introduce you to one of them now and once you have finished talking with him, come and see me again and I will introduce you to others."

Just to round out the incident, this lumber producer is today selling 60 per cent of his production in the United States through two wholesalers. **We invite other Canadians in the lumber business to participate in the next Informal Lumber Mission that will take place on Tuesday, October 7, in the Somerset Hotel, Boston.** Any Canadian firm with lumber to sell can participate; all you need to do is write to the Canadian Consul and Trade Commissioner, Canadian Consulate General, 500 Boylston Street, Boston, Massachusetts 02116.
All the necessary information will be sent to you promptly.

By coming to Boston, you will meet the members of the New England Wholesale Lumber Association, first organized 75 years ago. Its present members and the products in which they are interested are listed in the accompanying box feature. As a group they cover 90 per cent of the states in the U.S., with special concentration on the eastern half of the country.

This is not just another reception—merely a social occasion. **It is organized with the sole purpose of helping Canadian producers meet American wholesalers interested in buying their products**. Things get started with a reception at five o'clock followed by a dinner at seven on October 7th, with a worthwhile Canadian speaker. On the same day, at twelve noon, the members of the New England Wholesale Lumber Association meet with representatives of the National American Wholesale Lumber Association. Representatives of the latter group usually attend the reception and thus the range of contacts is widened.

October 7 is a Tuesday. If you are interested in completing a deal or negotiating for business you can spend the rest of the week in Boston. You can make appointments yourself with the people whom you will meet at the reception and the Trade Commissioner will be pleased to make additional ones for you with people whom you may have missed.

If you wish to participate in this Informal Lumber Mission you will pay all the costs—hotel, transportation, and meals. The Boston office will look after reservations. And don't forget that you will meet a group of wholesalers who sell over $70 million worth of lumber. It would be difficult to meet as many at any other function. The president of the Association, whom we have quoted before, says "The mission enables the American wholesalers to meet with suppliers of long standing whom they might or might not see otherwise. It also enables both groups to make new connections." J. Furman, one of the 1968/69 directors of the National American Wholesale Lumber Association, sees this meeting as opening up "areas of communication and understanding that have resulted in some excellent new relationships being developed and some older relationships renewed. It seems to me that this is a positive and constructive step between two neighbors who can both profit by knowing each other better."

Perhaps you hesitate about making the trip to Boston because you do not sell in New England and have no immediate plans to sell there. You should remember that lumber markets fluctuate and although you should naturally supply a particular market consistently, the situation may change and allow you to sell in new ones. So **take a look at future potential markets and meet people who may influence your decisions when you are planning expansion and new production.**

During the mission, the Trade Commissioners in Boston will introduce you to the wholesalers you wish to meet. They will also help you make appointments that you could not fit in during the mission. The staff at the Boston office will be at your service during your brief stay and can let you have office space on request.

Perhaps you will be coming chiefly to renew acquaintances, like so many lumber producers from British Columbia, the Prairie Provinces, Ontario, Quebec, and the Atlantic Provinces who participated last year. If so, you will be made to feel welcome by the American wholesalers and will be able to consolidate your relationships. Perhaps you want to participate to settle some problems. Here too the mission offers you a setting for working these out in a friendly atmosphere.

The first Informal Lumber Mission took place in October 1965, with 105 participants. It has been held every year since; in 1968, 125 people participated and the address of the evening was given by D. D. Lockhart, Secretary-Manager of the Canadian Lumbermen's Association.

Lou Davis, manager of the New England Wholesale Lumber Association, sums up the objective of the mission when he says: "It is through such friendly meetings as these that we as wholesalers and you folks as manufacturers can continue the fine rapport that exists now—a further cementing, if you will, of our excellent mutual trade relations. It cannot help but be profitable to all facets of the lumber industry on both sides of the border."

If you would like to register for the mission or obtain further information on it, write to the Consul and Trade Commissioner, Canadian Consulate General, 500 Boylston Street, Boston, Massachusetts 02116.

Who They Are, What They Buy

These are the members of the New England Wholesale Lumber Association:

Anderson & Herrmann, Inc.
Melrose, Mass.

Blanchard Lumber Co.
Walpole, Mass.

P. H. Chadbourne & Co.
Bethel, Maine

Churchill Lumber Company
Stoughton, Mass.

R. E. Cleaves & Son Company
Portland, Maine

Davenport, Peters Company
Boston, Mass.

Dennison-Cannon Company
Lexington, Mass.

Diamond National Corporation
Chelsea, Mass.

A. C. Dutton Lumber Corporation
Poughkeepsie, N.Y.

Furman Lumber Inc.
Boston, Mass.

Godfrey Lumber Company
Boston, Mass.

Green Valley Lumber Company
Bangor, Maine

Guernsey-Westbrook Company
West Hartford, Conn.

Holbrook Lumber Company
Albany, N.Y.

Holt & Bugbee Company
Tewksbury, Mass.

Lantz Lumber Company Inc.
Indian Orchard, Mass.

Lawrence & Klein Lumber Co.
Fitchburg, Mass.

Maine Lumber Company
Portland, Maine

Lawrence R. McCoy & Company Inc.
Worcester, Mass.

Geo. McQuesten Company Inc.
North Billerica, Mass.

Plunkett-Webster Lumber Company Inc.
New Rochelle, N.Y.

Rex Lumber Company
Cambridge, Mass.

Saxonville Wholesale Lumber Warehouse Company
Saxonville, Mass.

Shepard & Morse Lumber Company
Brookline, Mass.

Standard Lumber Company Inc.
Somerville, Mass.

U.S. Plywood,
Medford, Mass.

Warren Trask Company
Boston, Mass.

Wholesale Distributors Inc.
Ellsworth, Maine

Winde-McCormick Lumber Company
Charleston, Mass.

York Wholesale Company Inc.
Winchester, Mass.

They are interested in the following species: cedar, cypress, fir, hemlock, larch, mahogany, northern white pine, redwood, spruce, southern pine, and western pine, and in the products listed below.

Box and shook material
Edge-glued products
Finger-jointed material
Flooring
Gutter
Hardboard
Ladder stock
Laminated beams
Lath
Mouldings and trim
Doors
Sash
Pallet stock
Particleboard
Plywood
Poles and piling
Pre-cut dimension
Pressure-treated stock
Railroad and car material
Shingles and shakes
Timber
Toy stock

Prefab Housing

To sell timber-frame prefabricated houses in Switzerland means overcoming many obstacles. Joint ventures or other methods of co-operation with Swiss firms may prove best approach to the marketing problem.

M. MEISTER
Commercial Officer, Berne

The construction boom in Switzerland did not really start until 1960, after a wartime and postwar slump. That year saw 38,991 new units built compared with only 19,374 in 1950. The peak was reached five years later with 46,121 units. The construction industry had expanded rapidly and building costs and land prices had skyrocketed. The Government, moreover, took measures about that time to dampen down the overheated economy and placed restrictions on capital. This reversed the housing trend and the number of dwellings built dropped to 43,796 in 1966, to 41,232 in 1967, and to 39,534 in 1968. These figures cover only dwellings built in localities with more than 2,000 people. In 1967 the Swiss Government made public for the first time the number built in the whole country—55,637. Figures for 1968 have not yet appeared.

In 1968, the number of one-family houses built in communities of over 2,000 inhabitants (1967 figures in brackets) was 4,165 (3,715); dwellings in houses with more than one flat 29,158 (32,924); dwellings in office buildings 5,907 (4,295), and dwellings in other types of buildings such as farms 304 (298), for a total of 39,534 (41,232).

It is interesting to note that the Swiss Government, on all levels, is not greatly concerned with the construction of new flats. This is the domain of the private sector. In 1968, for example, 38,012 units were built privately, 882 were built by local governments, and 640 by the Confederation, cantons and semi-public organizations.

Because houses are mainly built privately, with private capital, the Swiss Government does not set a target but hopes that between 50,000 and 55,000 new dwelling units will be made available in all of Switzerland per year over the next ten years. Government assistance is limited. In some instances the Government acts as guarantor for a second mortgage and subsidies are provided in special cases, mainly for apartments built for low-income families.

Although it is the dream of nearly every Swiss to live in a detached one-family house, fewer and fewer realize this dream. Land is scarce and land prices are probably the highest in Europe. Not only in the cities but also in the smaller towns it is nearly impossible to find a piece of land for a one-family house. Even in smaller communities the trend is towards buildings with several flats and high-rise apartment buildings. **One-family houses account for only about 12 per cent of total construction and they are mainly in the countryside and in the mountains.** In Austria the percentage is 30 per cent and in West Germany 40 per cent. Large projects of one-storey houses, detached or in rows, are no longer possible because of lack of land. Moreover, communities are not interested in large numbers of new residents because this means that they have to build new roads, schools, sewerage systems and other facilities which tax their budgets.

In 1965 Switzerland had 23,129 construction firms at various levels. About 6,000 were home builders, of which 2,000 specialized in wooden construction (chalets). Because of a slight recession in this field, the numbers are probably smaller today. The market has found its equilibrium and competition is again keen. Building costs have decreased from Cdn. $45 a few years ago to Cdn.$37.50 per cubic meter of built-up space. This price includes heating and electrical and sanitary installations, but not the cost of land. Land prices continue to advance, which accounts for the fact that the final cost of a building is still going up.

Canadians interested in opportunities for selling prefabricated housing must realize that conventional building methods are still the rule in Switzerland. The main building materials are concrete and brick and wood may not be used for houses with more than two stories. It is estimated that only about 650 houses a year are prefabricated, of which 30 per cent are in concrete and 70 per cent in wood. Of the 2,000 builders specializing in wood construction, only 14 use prefabrication methods. Four Swiss firms offer prefabricated houses in concrete.

The Swiss still build their homes to last for generations and they have to be convinced that timber-frame prefabricated houses are durable. They are also individualists and each wants a house that differs from that of his neighbor and reflects his own wishes and ideas. In addition, prefabricated houses are only slightly, if at all, cheaper than conventional types. The reasons are the high price of land, the cost of the foundation, the cellar (with a compulsory air-raid shelter), electrical and sanitary installations, and all the other items which are not included in the manufacturing process at the factory. Transportation costs are high. If a prefabricated house is not built within 30 kilometers of the factory, it is actually cheaper to have it built by a local carpenter, who may have timber from local forests on his doorstep. A factory cannot build large series to cut costs.

There is no uniform building code in Switzerland. Every canton has its basic code which is supplemented and amended by every town and village. A house which is accepted in one locality may not conform to the code of a village only a few miles away. The topography also creates problems for builders. Developers who might be interested in building up large areas with the same type of house would

A Swiss family lives in this house of Canadian timber-frame construction. It was built in Britain by a Canadian company and later shipped to Switzerland.

find it impossible to obtain land for such a project. Building zones are restricted in order to maintain sufficient land for farming.

The banks too, the most important suppliers of mortgages, have to be convinced of the good quality of prefabs. Capital is made available only if the bank is satisfied, on the advice of a trusted engineer or architect, that the building meets the high Swiss standards. The construction firm must be well known and have a good reputation. If the bank's conditions are met, a first mortgage of 50 per cent of the construction cost is granted, at 5 per cent interest per year. If the owner needs a second mortgage, he may also obtain it from the bank, at 5½ per cent per year. The total loan will not exceed 90 per cent of the cost. For the second mortgage a guarantor is required. The banks do not finance the construction of holiday bungalows and the market for that type of house is declining because the cost is too high.

Prefabricated houses erected in Switzerland are always detached one-family dwellings. In addition to the Swiss manufacturers, about ten foreign firms are active in this market, but only three or four have achieved real success. The most important suppliers are Austria and West Germany. Sweden, Norway, Finland, Italy and Britain have not yet developed worthwhile business.

Imported houses are mainly of wood. They are not listed separately in the Swiss import statistics, but come in under different headings as wood in various stages of finishing. In most cases tariff item 4423.10 (builders' carpentry, plain, not veneered) applies, at Swiss francs 23.60 per 100 kilos gross weight. Assembled panels for parquet flooring pay Swiss francs 26.– per 100 kilos gross weight under tariff item 4423.30. There is also a turnover tax of 5.4 per cent of the duty-paid value and a statistical fee of 3 per cent of the amount of duty only. Imports under the above headings from EFTA countries are duty-free, but subject to the turnover tax.

Various efforts have been made to promote the sale of prefabricated houses from Canada, but results have been slow in coming and have not equalled those in other West European countries. The floor plans of the standard houses may not suit the Swiss. Transportation costs are high and Canada does not have a duty advantage as the EFTA countries do. The houses have to be adapted to local building codes. The Canadian manufacturer needs the services of a Swiss construction company for the foundation and all electrical and sanitary installations must be done by licensed firms. Windows and roofing materials must be supplied locally. All this raises the selling price of the house, even if the elements shipped from Canada are competitive in cost.

For several years a Swiss firm has been trying to promote prefabricated houses which are manufactured in Britain with Canadian lumber and according to Canadian timber-frame specifications. The houses are custom-built according to plans submitted by the Swiss firm. So far 12 houses have been sold in Switzerland and orders for 10 more are on hand.

The best advice to Canadian builders interested in this market is to look into the possibility of a joint venture or some kind of co-operation with Swiss firms. This should provide outlets for plywood, panelling boards and possibly other wood products.

New York to Hold Licensing Conference

An International Patent Licensing Conference and Seminar, three days of presentations and discussions of patent licensing and practical case studies, is being held in conjunction with PATEXPO '69, the International Patent Licensing Exposition, in New York early in October.

PATEXPO '69 promises to be an exciting display of the latest in patents, new products and technology in all fields of endeavor, offering possibilities of licensing, buying or entering into joint venture transactions.

A distinguished panel of speakers from prominent United States companies, thoroughly familiar with the various facets of patent licensing, will give formal presentations at the conference. Creating new business through licensing, the legal aspects of patent licensing, recognizing a profitable idea, why licensing sometimes fails, negotiating licence agreements abroad, and evaluating new market ventures are some of the subjects that will form the basis of group discussions for further analysis.

Interested businessmen should write immediately to International New Products Center, 680 Fifth Avenue, New York, N.Y. 10019.

Oilfield Equipment

This summary of the report of a mission which went to the Netherlands Antilles, Venezuela and Trinidad to seek sales opportunities will interest Canadian engineer consultants and manufacturers of equipment for the petroleum industry.

A. CHIPERZAK
Chief, Mechanical Equipment Division

In May and June of this year, a five-man mission sponsored by the Department of Industry, Trade and Commerce visited the Netherlands Antilles, Venezuela and Trinidad to develop an appreciation of the oil industry there and to seek out specific areas of interest to Canadian firms. The mission studied the market for petroleum and petrochemical equipment; design and engineering services; project and construction management; pipelines; geophysical exploration; processing plant and wellhead completion, and control and maintenance equipment. The members were Stanley C. Cook, Vice President and General Manager of Legrand Ltd.; John G. Goodwin, Secretary-Director of Seismic Service Supply (1958) Ltd.; P. S. Grant, President of Barber Machinery Co. Limited; Thomas E. Morimoto, Chief Engineer of Mon-Max Ltd., and A. Chiperzak, Chief of the Mechanical Equipment Division, Department of Industry, Trade and Commerce, who acted as mission secretary.

When oil was first discovered in the Caribbean and Venezuela there was no industrial economy there to support the development of the petroleum industry. The oil companies going into the area had to be completely self-reliant. When they set up production facilities, they had also to provide their own machine shops, electrical shops and, as with Shell in Curacao, even their own foundries. They had to install telephone systems, lay on water supplies, and build roads. As long as the standard of living was low and labor was cheap, the oil companies retained this total-concept approach. But when labor costs rose, the decentralization of supply and support functions became necessary. The companies turned to local sources of supply for their faster-moving stores and used in-house stocking facilities only for special slow-moving commodities. The change encouraged the development of local manufacturing and service arrangements and the companies no longer sought to cover peak emergency maintenance themselves. Creole Petroleum Corporation, for example, was able to reduce its inventory of spare parts by 60 per cent by relying on local suppliers.

Local purchasing generally is done on the basis of quality, service and price which are equally important whether the goods are produced locally or imported and supplied from the stockist's warehouse. Most materials come from Europe or North America but the mission noted that certain Japanese products, pipe for example, get wide acceptance.

There are only two refineries in the Netherlands Antilles but the Curacao duty-free zone makes this a possible marshalling point for supplying agents in Venezuela and Trinidad. Before setting up a sales agency or engaging in a joint manufacturing venture a Canadian company should make a careful survey of the market.

Involvement of local people is essential in any marketing effort in Venezuela. The official language is Spanish and it should be used for all transactions. The methods of doing business are different too. Joint ventures with local industrialists seem to be the most satisfactory way of marketing or manufacturing there. The Venezuelan Government in principle maintains a blanket prohibition on the import of commodities which are considered to be available from local production and an import permit must be obtained in order to bring them in from other countries. The oil companies are apparently able to negotiate about using preferred sources of supply. Because it is the biggest market for oilfield equipment and because the Government will soon be placing service contracts (which have superseded the old system of granting concessions to the oil companies), Venezuela should be considered the main target for Canadian suppliers.

The present market in Trinidad is small and effectively limited to four companies—Texaco, Shell, Trinmar, and the new operating subsidiary of the National Oil Company. Canadian suppliers do, however, have the advantage of Commonwealth preference and there are incentives to encourage local manufacturing.

Major equipment and engineering services are bought on an international basis rather than from local agents and suppliers. The mission identified a number of items which present opportunities for Canadian manufacturers, including specialized valves, pressure vessels, separators, casing pipe, gas turbine compressor sets, supervisory controls, and consumable and expendable stores.

Several of the large projects being considered by the Instituto Venezolano de Petroquimica may provide Canadians with a chance to obtain feasibility studies and engineering and construction work. The Instituto is not committed to the international engineering firms through long association and its projects are more of a size that Canadian engineering companies are accustomed to handling. As a government organization and more directly concerned with the marketing of Venezuelan resources, it may perhaps be more approachable. In Trinidad, the new National Oil Company is expected to provide opportunities for evaluations and feasibility studies almost immediately.

To market equipment or services successfully, Canadians have first to make themselves known to the headquarters procurement people of the various oil companies and meet any prequalification requirements they have. Then they must maintain constant touch with both corporate headquarters and the field purchasing offices, keeping them aware of Canadian capability and the Canadian presence. This promotion is costly but there is no satisfactory alternative. Small companies with a unique product to sell should review their marketing effort carefully and see how they can take advantage of the opportunities without incurring unduly large selling expenses. It is most important to make full use of all the available information and to put the emphasis where the greatest potential lies. Continuity of service and adequate stocks are, of course, essential to retain business.

The cost of tendering on international engineering and construction work is high and deters many companies. The solution seems to lie in Canadians pooling their manpower and financial resources to create units which can compete with the international firms. On the other hand, the mission heard from several oil companies that they often selected engineering contractors because they were in the area and were able to do the work at a specific time.

The Department of Industry, Trade and Commerce can help manufacturers and consultants at the prequalification stage and its Trade Commissioner Service will assist in identifying projects and finding the procedure to be adopted in tendering for work. The mission found that most of the companies in the Netherlands Antilles, Venezuela and Trinidad are North American-oriented in goods and services and consider proposals fairly.

Beyond Detroit

The U.S. market for automotive components stretches beyond Michigan. In fact, the demand west of the Great Lakes is surprisingly large and warrants attention.

P.D. DONOHUE
Consul and Trade Commissioner, Chicago

The U.S. Midwest is an important automotive manufacturing area that most Canadian suppliers have ignored, at least where firms other than the Big Three are concerned. **They seem to forget that just as Pittsburgh is not the only city producing steel, Detroit is not the only city producing vehicles**. This is particularly true when assembly operations or the turning out of parts are included.

Some U.S. Midwest companies may take issue with the statement that Canadian suppliers have passed them by, but in fact most of the components now going from Canada to various locations in the Midwest were sold through purchasing offices in Detroit and shipped to other Midwest destinations as Detroit directed. At the same time, Canadian firms in the automotive sector should realize that concentrating their entire sales effort in Detroit does not mean that they have covered the whole U.S. market.

Production figures prove that the Midwest is an area very much oriented towards automotive manufacturing. In 1967 Michigan produced 34.2 per cent of all the U.S. passenger vehicles. At the same time, the Midwest produced 21.3 per cent, equal to two-thirds of Michigan's production. It is true that most of this production was for firms with headquarters in Detroit. But it does indicate a solid automotive base and, just as important, hints at the existence of many supporting industries.

A further indication of the automotive orientation of the area can be obtained simply by examining a list of "who's who" in the automotive field in addition to passenger car assemblers—all with headquarters beyond Detroit. Many are household names on both sides of the border but the offices of their buyers remain unsullied by the feet of Canadian vendors: International Harvester, FWD Corporation, Oshkosh Truck, Caterpillar Tractor, Allis Chalmers, Harnischfeger, Pettibone Mulliken, Outboard Marine, Harley Davidson, Borg-Warner, Stewart-Warner, Westinghouse Air Brake, Cummins Engine, Maremont Corp.—just to name a few. I could not even begin to list here the manufacturers of mobile homes. There are almost twenty of these in Elkhart, Indiana, alone.

The sceptical reader may look at the above examples and say: "But most of these firms manufacture off-highway vehicles or special vehicles and simply cannot be approached under the aegis of the Canada-U.S. Automotive Agreement." For the most part this is true, though the exceptions themselves are worthy of closer scrutiny, particularly the major manufacturers of components who themselves sell to the assemblers. **Do not assume that the only way a Canadian producer can move his product into the U.S. market is duty-free.** The fact is that a few Canadian firms have dared to try selling without the help of duty-free entry and have succeeded. As well as selling to the regular assemblers, they have found customers in the mobile home industry and the off-highway vehicle industry. What they have done, others can do too.

Let us suppose that experience, in some cases, indicates that duty-free entry is the one way that some firms can compete in the market. Take another look at the companies named above. All are either major exporters or sell to major exporters. For this portion of their business at least **they can be approached on the basis of duty drawback**—that is, they can be reminded that they can benefit from a refund of 99 per cent of the duty paid on imported components when the finished product in which these are incorporated is exported. (See the article "U.S. Drawback May Help

Sell Your Product" in the March 18, 1968, issue of *Foreign Trade.*)

Buyers expect a businesslike presentation by a knowledgeable salesman (quite often and preferably by someone they know). They want to know all about your products, facilities, business history, financial status and experience. Any chance of doing business with a buyer is predicated on the principle that his workload be as light as possible. He does not want to spend his time figuring freight costs or chasing paper that has gone astray. His company insists that delivery schedules be met and that problems of any kind be solved now. Only by adhering to these dictums of the industry can a Canadian company hope to receive the same consideration that its U.S. competitor gets.

Obviously some form of marketing organization is required. The old sell-by-mail approach simply will not work. The ideal is probably the direct sales approach using your firm's own sales personnel. But this is often an uneconomic method. The most common alternative, of course, is using the commission agent or manufacturers' representative. The "rep" in the automotive field in the U.S. has few peers in the realm of commission selling and more often than not he can fill your marketing requirements.

Selecting a manufacturer's representative requires some selling as well; he must be convinced that this is a good opportunity for him. We in the Chicago office have not found these representatives beating a path to our door seeking Canadian lines. Once a suitable agent is selected, his principal should accompany him on his initial calls and then follow up with periodic visits to the territory.

If the Midwest is foreign to you, your original point of contact should be the Trade Commissioner in Chicago. Advise him of your interest and tell him about your products. If you are seeking a representative, he can select appropriate ones for you to interview and help arrange the itinerary for your first visit.

The U.S. is a big country and the Midwest a large portion of it. And the area beyond Detroit offers an opportunity to Canadian automotive component manufacturers that they should not ignore. Air Canada, American and United fly regularly from Toronto to Chicago as do Air Canada, BOAC and Air France from Montreal and Northwest from Winnipeg. In the time you drive to Detroit, you can fly to Chicago and back. Why not make a reservation now and go scouting for business "beyond Detroit".

Sporting Goods

Want to sell sporting goods in the U.S. Southwest? There's plenty of opportunity—if you will explore the market personally and adapt your product if need be.

JIMMIE R. GREEN
Commercial Officer, Dallas

An excellent opportunity to evaluate market possibilities in the Southwest came last February when the National Sporting Goods Association Convention and Show opened in Houston's famed Astrohall. To this Houston show Canadian companies brought tent trailers, water skis, hunting boots and hunting knives, tennis dresses, golf bags, etc. And because this show attracts buyers from all over the country, they also exhibited toboggans, snowmobiles, snow suits, ice skates, and hockey equipment. Some of these products naturally did not interest Southwestern buyers, who flocked to the show in record numbers.

Three exhibitors (one technically an apparel rather than a sporting goods manufacturer) came to Houston looking for representation in the Southwest. Two of these companies are now represented here. **But more Canadians should concentrate on the market in this thriving area for several reasons.**

One is the evident prosperity and the high incomes. Another is the climate. Sports which are seasonal in most places are virtually year-round here. Yes, it gets cold and even snows in Dallas, maybe once a year. But when it does, schools and businesses close and a man takes out his putter for a little practice on the living room carpet, secure in the knowledge that if it doesn't thaw that afternoon, it will by noon tomorrow. Those hardy souls who reach the office are usually imported Texans who simply don't know any better than to drive under such ridiculous conditions.

Not only are children able to be outdoors most of the time but adults, able to pursue their favorite sport the year round, remain more enthusiastic about it and sustain that enthusiasm longer.

We asked a manufacturer's rep, "Beside the climate, what's the most significant difference between the sporting goods market here and in other sections of the country?" "I'd say adult team sports," he replied. "The number of business or church sponsored baseball, softball or bowling teams is amazing. And you wouldn't believe the budgets some of these outfits have for uniforms and equipment." (This segment of the uniform and equipment potential is in addition to the Southwest's share of the market presented by four million high school and college students involved in team sports.) NSGA's magazine *Selling Sporting Goods* has devoted two articles in the past six issues to this market. In its words, "There has been a steady, unswerving growth in youth, amateur, and industrial baseball and softball leagues, making this a substantial, lucrative market for the retailer or team distributor with merchandising know-how, product knowledge, in-depth stock and customer service."

It isn't only the ball team that goes outside to play. The Texas hunter or fisherman is within a day's drive of either mountains or the shore. He has good highways and good weather, and because wide-open spaces are his way of life, he thinks nothing of driving hundreds of miles in pursuit of pleasure.

Water conservation measures in a generally arid section have co-operatively placed manmade lakes even closer to home and boats, fishermen and water skiers dot the waters a large portion of the year. (Texas ranks second among all states in ownership of pleasure craft.)

Even the temperament of the Southwesterner is conducive to making him an outdoorsman. Texans have been called "the last of the individualists" by one of the kinder of the self-styled analysts who have probed the Texas psyche. It's true that in many ways the Southwesterner is still a bit closer to the frontier than his Eastern neighbor. Traditionally, being cooped up in an office is not his cup of tea. Boys are expected to learn to hunt and fish and to excel at some sport, and even less-than-athletic grown-up boys often dress to foster the sportsman image.

If we use the term "Texan" and "Southwesterner" interchangeably, it is because, of the approximately 20 million people in the five-state area covered by the Dallas post, better than 11.3 million are in Texas, with a whopping two million consumers in the Dallas-Fort Worth area alone and another 1.7 million in Houston.

Because this market will take some cultivation on the part of the Canadian manufacturer, let's project these figures a bit. The U.S. Department of the Census estimates that by 1975 Texas will be the third most populous state in the union, with an estimated population of 12½ million, exceeded only by California's 24 million and New York's 20 million. And this may be a conservative estimate. Surely any market which offers concentration of population, spendable income and the urge to spend a large chunk of it on sporting goods deserves a closer look.

There are problems in merchandising any product. There is no denying that, any way you measure it, Texas is a long way from the Canadian plant. But it's no farther from Toronto to Texas than from Toronto to Winnipeg. **Each product should be examined individually on the basis of production cost, duty and competition before assuming that freight cost is an insurmountable obstacle.** In some cases it may be. A marine dealer assured me that whenever possible he buys sailing craft from one of the numerous Texas boat manufacturers and then he showed me a particularly well-designed boat which he buys in Rhode Island—hardly next door.

Foreign-made sports equipment is selling in the Southwest. German-made binoculars and scopes, tackle and reels from France, Denmark, Italy, Germany and Japan, leather goods from Britain, lures and netting from various cheap-labor countries—these are but a few of the items.

Canadian sporting goods sell here too. Texas hunters have been firing Canadian ammunition for years. A unique outdoor knife is on sale (through representation established at the Houston show) in leading sporting goods and hardware stores and will be shown at the September gift show in Dallas. A Dallas rep has carried a line of plastic tent pegs and portable sinks for some time and is now nibbling at a line of Canadian bait. And a good example of adapting a Canadian cold weather product to a warmer clime is the water version of a vehicle originally designed to scoot about over the snow. The Southwestern representative for this product considers it the most exciting item in his line, and he's just beginning.

These Canadian companies didn't arbitrarily decide that they couldn't compete. (Speaking of positive thinking, would you believe that one foreign exhibitor at the NSGA had the nerve to show golf clubs right here and hockey sticks this close to Canada?)

Price alone is seldom the deciding factor in sporting goods. If your product is unique, new or improved, or of exceptional quality and design—then the customer is not going to quibble over a few dollars, particularly when it comes to outfitting himself for something he enjoys. Don't overlook the psychology connected with a man's favorite sport. Here's a second chance at success. If he can drive a ball 250 yards right down the middle or lay claim to the biggest black bass caught on area lakes, it makes not being president of the company a lot more tolerable. He'll find a way to pay for a product he believes will enhance his chances to be a winner. But you'll first have to convince sporting goods dealers that you have this kind of product—a challenge to both government and industry.

People in the Southwest are, for the most part, unaware of Canada and Canadian capabilities. Despite the traffic generated by Expo, Hemisfair, and Texas and Alberta oilmen, a great many Southwesterners have never said "Canadian" without saying "Club". Probably distance more than anything else accounts for the lack of knowledge about Canada. The most frequent mention of the country here is the weatherman's reference to "a cold air mass moving down from Canada."

A sporting goods dealer was asked, "Have you ever carried any Canadian products?" and he replied, "Yes, a beautifully made line of hunting clothes and sleeping bags." Then he grinned, "I never hesitated to send a man to Colorado with equipment designed to keep him warm in Canada."

Keeping warm is not much of a problem in Texas, and that portion of the sporting goods industry that Canada has long dominated has had little impact in this area. There is not much demand for toboggans and skates where you can play tennis and golf all winter and summers are best endured in swimming pool or lake.

This is not to overlook the fact that Dallas, Texas, has one of the largest ski clubs in the country (they do their skiing in Colorado and northern New Mexico) or that ice hockey is gaining in popularity with the establishment of NHL farm teams in Houston, Dallas, Fort Worth and other centers. While professional hockey requires the support of the masses, amateur hockey is not confined to large cities. Smaller cities such as Lubbock and Amarillo, Texas, have year-round contests. The Amateur Hockey Association of the U.S. is averaging a 25 per cent increase each year in team and player registration. This market is one to watch over in the next few years. More than one rep is eyeing it carefully.

If you're convinced yours is a quality product of good design, if you've beaten your competitor to a new or improved version, and if you can properly support and supply a new market—then head south and have a go at convincing the Southwest that Canada is not the North Pole.

It will take some doing. The Southwest is growing so fast and is so absorbed in its own growth that it's like trying to establish communications with your teenager. It may require tactics like those of the farmer who insisted that he had a very obedient mule and then proceeded to whack him across the head with a two by four to "get his attention." But it can be done, and it can be profitable.

Take a firsthand look! You've gained a lot of ground with the Southwesterner when you let him know you consider his business worth a visit.

Use the Trade Commissioner's office, but give us something to work with. Give us a delivered price, including freight and duty, for a start and say whether or not you can stand handling a slice of the pie to a rep or wholesaler, or if you think your best bet is to deal direct. If possible, furnish a sample. Recently I saw a Neiman-Marcus buyer telephone her merchandise manager in New York. She reached for the Canadian product under consideration, saying..."I can talk about it better if I have it in my hand." If a sample is not feasible, provide a well-designed brochure or flyer. The Texas buyer is as sophisticated as the New York one and Madison Avenue has brought us to the point where it isn't enough that the product does what you say it will. It's supposed to make the user feel both rich and irresistible in the process, so provide the image with which he secretly identifies.

You will probably need a representative. The trend in sporting goods, as in many areas of merchandising, is in that direction, but the wholesaler with his warehouse facilities still serves a need—and it may be yours. Before tieing yourself to any arrangement, take a personal look. From a day spent in the territory you can learn more about the chances for your product than from all the market surveys available from any source.

Discounting somewhat the snow and ice sports, Southwest signals are "go" for all types of recreation. You need not even narrow your aim to the outdoors market. If winter winds failed to drive your sportsman inside, a few 100-degree days and Texas-size mosquitos will send him scurrying for air-conditioned sanctuary. And there you have a potential customer for billiards and bowling.

C'mon down and take a look at the Southwest. There may be profit in these prairies.

Sports Equipment

Most Frenchmen now get five-week paid vacations. Result: a demand for hotel, motel and camping equipment, for boats, and for winter sporting equipment.

J. H. HOURDEAU
Commercial Officer, Paris

The rapid development of travel by road and the general adoption of the five-week paid holiday have greatly affected the French vacation industry. Before the Second World War, holiday travel was limited to the wealthy, who represented only 3 per cent of the population. These privileged few usually spent their vacation at one chosen spot, some going to Switzerland and some even to Italy. But usually the high repute of French hotels and French cuisine was sufficient to keep them on French soil.

After the war, British and Belgian tourists were the first to come to France, followed by the Swiss and the Germans. All were seeking the marvellous sun of the Côte d'Azur. Their enthusiasm convinced the average Frenchman that he should discover the charms of his own country.

Today during the three months of July, August and September 50 per cent of the population migrates to the seacoast or the mountains, either by road or by rail. Young people, who travel in groups, generally represent half of those on holidays. Most of them camp out; **it was estimated in 1968 that seven million people did some camping in France.** The camping industry experienced an expansion of between 15 to 20 per cent per year during the period 1964–1968.

However, a levelling-off is to be expected because of the development of trailer travel, another flourishing industry—and one which can offer Canadian exporters an interesting market for decorative panels, aluminum shapes, gadgets, kitchen equipment, and lighting fixtures. In 1968, the number of trailers was estimated at 200,000 and production is now reaching 40,000 units per year.

A new kind of holiday has appeared in France in recent years; it is commonly called the VVF—for villages, vacations and families. The villages are specially set up to welcome families of modest means who cannot afford one or two months of holidays in hotels or rented cottages. Generally equipped with individual units, restaurants, nurseries, a library, a playroom, a handyman room, etc., they offer genuine relaxation to mothers particularly and these villages will probably increase very rapidly. Equipment such as hot plates for snack bars, larger kitchen equipment, dishwashers, etc., could interest the promoters and organizers of such villages. One of the specialized French exhibitions in which the Canadian Government has participated is the Salon de l'Equipement Hotelier in Paris. In 1968, equipment useful in these villages was shown and most exhibitors found that French distributors are able to guarantee after-sales service, a very important matter considering the distance between Canada and France. The contacts that the Commercial Division of the Embassy was able to make during the Salon should prove useful to all Canadian manufacturers of this equipment. In the future it is conceivable that these holiday villages may be built according to the Canadian timber frame building system.

No single point in France is more than 300 miles from the coast, and 42 per cent of the French people choose the seashore for their vacations. This in itself encourages water sports. The pleasure boat industry seems to be increasing its production by about 20 per cent per year on the average, and in 1968 estimated sales reached 360 million francs.

Despite the increase in French production, imports of pleasure boats and boating accessories rose to 47 million francs in 1967. The Salon International de la Navigation de Plaisance, a yearly event in Paris in the month of January, could help Canadian exporters of boating accessories to strengthen their position in the French market. Before 1960, there was no government investment in the pleasure boat industry. The program now being implemented (the Fifth Plan) includes projects for the creation of new French port facilities and the improvement of existing ones. This investment program will total 172 million francs, of which 75 million will be spent on the Mediterranean coast and 55 million on the Brittany coast.

The Grenoble Olympic Games are gone and the impetus they gave to winter sports slackened slightly in 1968, although the investment in that field is going up by about 20 per cent per year. The ski-resort customers increase from year to year but they are still limited to the rather affluent. A recent survey published by the INSEE indicates that almost 30 per cent of the families going to winter sports resorts have an annual income of over 50,000 francs. Only 5 per cent earn incomes varying between 20,000 and 30,000 francs.

If the French resorts are not yet available to all income groups, they attract foreigners more and more. **New winter sports projects are becoming a a reality every year—examples are resorts like La Plagne and Avoriaz—** but the older ones like Chamonix and Megève none the less continue to expand. The investment in the Grenoble games exceeded a billion francs; the surrounding resorts have been rejuvenated and their equipment modernized considerably.

If the promoters do not start building more luxurious resorts but instead develop projects for the middle class, their clientele could increase by at least 10 per cent a year during the next 20 years. Such a move could offer Canadian exporters important opportunities in the construction field as well as in sports equipment in general. The equipment for hotels in the new winter resorts is not as heterogeneous as in the urban centers. The new Avoriaz Hotel, entirely covered with Canadian shingles, and the Galaxie du Corbier Hotel, with facings of red cedar, are examples of the rejuvenation of the French hotel industry which has stagnated for the past 30 years. The French move is in the right direction and France should hold within a few years the first rank for winter sports in Western Europe.

Development of Canadian sales of sports equipment has not been spectacular but Canadian manufacturers could and should make an effort to improve the situation. In fact, winter sports clothing like anoraks and parkas are already sold in France. These are not always to the liking of the French clientele, however. They would rather have lighter and more flexible jackets, because temperatures seldom drop below zero.

In ice skates, Canada recaptured first position in the French market in 1968, with the sale of 29,852 pairs of skates with a value of $61,000. The Federal Republic of Germany is a serious contender and Canadian exporters ought to keep a very sharp eye on the French market.

Skating is not practised very widely but an effort is being made to increase the number of rinks, as much for hockey as for the simple sport of skating. At present there are 30 rinks with artificial ice in France, but it is estimated that five new ones will be built each year, which would bring the total number to 90 towards 1980. Canada can therefore hope to increase its sales to France of skates and other hockey equipment. Hockey is still in the embryonic stages: television has introduced the sport to the French during retransmissions of the Grenoble Olympic Games in 1968, and even more recently of the Canada–U.S.S.R. matches for the World Cup.

Tourism in France is taking on a new face. Manufacturers, distributors, and retailers are now conscious of the necessity of improving their sales and production methods and of the possibilities for greater business. However, there are markets for Canadian manufacturers who can offer the latest in equipment—a market that will continue to expand as standards of living rise and paid vacations increase.

Sweden's Aluminum Supplies

Svenska Metallverken (owned by Grangesberg Company of Sweden four-fifths and Alcan one-fifth) is the country's biggest user of aluminum and makes semifabricated products, kitchen utensils, etc. Grangesberg and Alcan are planning to develop the Boce area in Guinea, West Africa, which is expected to produce 10 per cent of the world's bauxite. Grangesberg already mines iron ore over the border at Lamco in Liberia in collaboration with Bethlehem Steel.

Elektrokoppar, a member of the Asea electrical engineering group, makes cables and is the second largest user of aluminum. It joined General Cables of New York and the British Metal Corporation of London in the Alba consortium which is developing bauxite in Bahrain.

Sapa, in which Kaiser Aluminum and Chemicals Inc. hold one-fifth of the shares, is the third Swedish company making aluminum products and is relatively small. Last year it turned out 12,500 tons of aluminum sections.

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

Australia
Leon B. Stryker, Commercial Officer in Melbourne:

Montreal: September 24-29
Toronto and Ontario: October 1-8
Winnipeg: October 9-13
Regina: October 14
Edmonton: October 15-16
Calgary: October 17
Vancouver: October 20-24

Peru
Dr. L. G. Poma, Commercial Officer in Lima:

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:

Montreal: September 18-28
Maritimes: September 30-October 3

United Arab Republic
M. Karkegi, Commercial Officer in Cairo:

Montreal: September 19-28
Toronto and Ontario: September 29-October 7
Winnipeg: October 9-10
Vancouver: October 14-17

United States
R. D. Sirrs, Consul and Senior Trade Commissioner in Chicago:

Montreal: September 8-10
Toronto: September 11-16
Winnipeg: September 17-19
Vancouver: September 20-24

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).

D. S. Armstrong
Commercial Counsellor
Stockholm, Sweden
September 29-October 3

J. R. Brocklebank
Acting Commercial Secretary
Lagos, Nigeria
September 15-19

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

D. H. Clemons
Consul
Hamburg, Germany
October 20-21

C. R. Gallow
Senior Trade Commissioner
Hong Kong
September 28-October 11

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

Leon B. Stryker
Commercial Officer
Melbourne, Australia
September 15-22

In Territory

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

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.

Afghanistan
J. E. G. Gibson, Commercial Secretary in Islamabad, Pakistan, will visit Kabul October 12-17.

Barbados
J. A. Ahow, Commercial Officer in Port-of-Spain, Trinidad, will visit Barbados October 15-17.

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

Guyana
J. M. C. Lavoie, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Guyana September 15-19.

K. G. Ramsay, Commercial Counsellor in Port-of-Spain, Trinidad, will visit Guyana October 20-25.

Pakistan
H. W. Guy, Assistant Commercial Secretary in Islamabad, will visit East Pakistan September 15-19, Karachi September 29-October 4 and Lahore October 28-31.

Surinam, French Guiana
K. G. Ramsay, Commercial Counsellor in Port-of-Spain, Trinidad, will visit Surinam and French Guiana October 20-25.

Windward Islands
D. J. McJanet, Acting Commerical Counsellor in Port-of-Spain, Trinidad, will visit St. Lucia, St. Vincent and Grenada September 22-27.

Trade Lines

ACF Industries of the U.S. and La Polymécanique of France recently joioed in Carter Auto S.A. (Pantin). The new company will manufacture carhuretors for the auto industry and will have an initial capital of FF3.7 million. ACF has a 90 per cent interest. ACF's Carter Carburetor division is one of the largest independent manufacturers of carburetors. La Polymécanique manufactures motorcycle engines. Tbe president of the new firm will he Pierre Baudin—Paris.

The Zulia petrochemical complex will require chaoges in Veoezuela's power system. Several ways of coping with the demand expected in the late 1970's are being studied. Among the possibilities are a transmission line from the Guri Dam to Barquisimeto and on to Maracaibo, an increase in local thermal capacity, and using the hydro potential of the Andes hy building a dam on the Uribante River—Caracas.

Britain's most valuahle shipmeot of bull semen weot to Australia. It was the first British export to that market for 12 years and it consisted of 2,500 ampoules of Charolais semen and 450 ampoules of Friesian semen, worth a total of $39,000. Ayrshire and Friesian semen has recently gone to India for experimental use with Indian cattle in an attempt to boost milk production —London.

The Veoezuelao Line is expaoding its services. In October 1970, a new 12,000-ton vessel huilt in Holland will start operating on the Colomhia/Venezuela/Europe run. Another will follow six months later. A third vessel may later he acquired for use on the Venezuela/United States service—Caracas.

Cattle are increasing in Britaio. There are more beef and dairy cows and more pigs than in the previous year hut fewer poultry and hreeding sheep, according to the *Agricultural Census for England and Wales*—London.

Paris will have a oew airport at Roissy oo an 8,400-acre site. By 1972 it will be handling 30 million passengers a year, compared with the 10 million who now use Orly—Paris.

Milk production io Britain reached a record io 1968-69 although 4,300 farmers left the industry. The 84,700 milk producers who remained raised total output hy 1 per cent over 1967–68 to reach the new record of 2.16 hillion gallons—London.

Sirce SpA, an Italiao compaoy, has signed a cootract with the Soviet Unioo to set up 14 Western-style supermarkets. The $2 million contract with Promashimport covers the supply of a wide range of supermarket equipment, including refrigerator cabinets, weighing machines, cash registers and vacuum-packing equipment. Four of the new stores will be built in Moscow (one will be a special "Beriozka" shop exclusively for foreigners with hard currency), three stores will be located in Leningrad, one in Vladivostock, and the remaining six in otber Soviet cities—Moscow.

Versafood Services Ltd. of Toronto has acquired a controlliog interest in Apetito Fertigmeou Karl Dusterberg K. G. of Germany. Apetito is a leader in the catering field and specializes in frozen foods and ready-to-serve menus. It had a turnover of some DM20 million in 1968. The German company has changed its name to Versafood Deutschland GmbH—Bonn.

Opportunities in Eastern Europe for Canadian firms in the telecommunications field are iocreasing because production there cannot meet all requirements. Several Canadian companies are already active in this sector of the Eastern European market hut there is room for more. Tbe Fourth Colloquium on Microwave Communication to he held in Budapest, Hungary, April 21–24, 1970, is a good place to start. This colloquium will specialize in communication system theory, circuit tbeory, electromagnetic tbeory, microwave theory and techniques, microwave electronics and systems measurements. Hungary asks tbat papers on any of these subjects he suhmitted hefore September 30, 1969. Interested Canadian companies can ohtain more information from the Commercial Division, Canadian Embassy, P.O. Box 190, 1013 Vienna, Austria.

A year-rouod cootainer service from Canada to Denmark is oow offered hy Maochester Lioers Limited. The land link on the Canadian side is provided hy Canadian National Railways to Montreal where the ice-strengthened containerships *Manchester Challenge*, *Manchester Courage* and *Manchester Concord* take over. In Britain, the 20-foot containers are sent hy British Rail from Manchester to Felixstowe where they are shipped to Denmark hy DFDS, a Danish line. Transit time from Montreal to Copenhagen is ahout two weeks and, according to Adams Transport Co. A/S of Copenhagen, through hills of lading can he made to and from principal areas in Canada and Denmark and door-to-door deliveries are possihle—Copenhagen.

Competition for Romanian communications business is keen. Pye of Cambridge, England, has won two orders totalling £90,000 for airport traffic control equipment at Ottopeni International Airport (Bucharest) which includes closed-circuit television of studio standard to inform the public about flights. Romania recently bought two Marconi radio transmitters from Britain and the new television center in Bucharest is expected to provide opportunities for foreign firms—Vienna.

France retained its position as world leader in the production of lightweight motorcycles in 1968 despite a 1.7 per cent decline in production from 1967. France manufactured 1,120,300 units compared with Japan's 1,049,640; Italy was in third place. Three French companies—Motobécane, Vélosolex and Peugeot—accounted for 98 per cent of production. French imports in this sector amounted to FF36 million and exports to FF111 million—Paris.

Foreign Tariffs and Trade Regulations

The Australian Department of Trade and Industry has given notification that a reference has been forwarded to the Tariff Board to inquire and report on the question whether assistance should be accorded to the production in Australia of machine tools, parts and accessories falling within tariff items 84.46, 84.47, 84.48.2, 84.48.3, 84.48.9 and 84.49. It should be noted that chain saws, an important Canadian export to Australia, are included in this inquiry.

The Ministry for Trade and Industry has also referred to the Tariff Board for inquiry and report the question of whether protection should be accorded to the production in Australia of goods derived wholly or in part from ethylene oxide.

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

Letters of credit for Philippine imports of machinery, equipment and other capital goods with a unit value of over U.S. $20,000 may only be opened on a deferred payment basis between July 22 and December 3, 1969. This follows an understanding between the Central Bank and the Executive Committee of the Bankers' Association of the Philippines which stipulates "not more than 20 per cent as initial payment, payable not earlier than the date of shipment of the goods from the port of origin, and the balance payable in more or less equal instalments over a period not shorter than three years from the date of shipment." It is understood that the opening of deferred payment letters of credit will continue to be subject to the monthly ceilings of banks. Imports of machinery, equipment and other capital goods by export-oriented industries for their own use also may only be opened on similar deferred payment terms. However, these imports will continue to be exempt from the special time deposit requirements and the foreign currency letter of credit ceiling.

All Philippine diplomatic and consular establishments require from foreign exporters a statement of payment describing in full the financial arrangements made for payment of every export shipment to the Philippines, effective July 1, 1969. The statement must be submitted in triplicate and must accompany all consular invoices and certificates of origin covering shipments to the Philippines.

This requirement is an amendment to the exporters' letter of credit certificate documentation requirement.

A waiver may be obtained in the following cases, provided the public interest will not be prejudiced: shipments to Philippine Government agencies, subdivisions, and instrumentalities; shipments to foreign missions, embassies, consulates, and international organizations accredited to the Philippine Government; shipments of foodstuffs, medical and pharmaceutical supplies, and similar goods to charitable organizations, and shipments with a value of less than $100 c. and f. Philippine port of destination.

This new regulation is intended to restrict undervaluation and misdeclaration of imports into the Philippines, and to discourage the accumulation of foreign exchange outside the Philippines by the Philippine importer.

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 tbe 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 August 28	Value of Canadian dollar in foreign currency units
Algeria		
Dinar	.2169	4.62
Argentina		
Peso (free)	.0030	333.33
Australia		
Dollar	1.196	.8357
Austria		
Schilling	.0417	24.03
Bahamas		
Dollar	1.055	.94
Belgium and Luxembourg		
Franc	.0213	46.94
Bermuda		
Pound	2.567	.38
Bolivia		
Peso	.0901	11.09
Brazil		
Cruzeiro (official free)	.2603	3.84
Britain		
Pound	2.564	.39
British Honduras		
Dollar	.5384	1.85
Burma		
Kyat	.2261	4.42
Ceylon		
Rupee	.1809	5.53
Chile		
Escudo (bank rate)	.1131	8.84
(free)	.1044	9.54
China, Republic of		
New Taiwan Dollar (official)	.027	37.04
Colombia		
Peso (fixed)	.061	16.27
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	1.076	.93
Ecuador		
Sucre (official)	.0599	16.72
(free)	.0536	18.65
El Salvador		
Colon	.0416	2.32
Fiji		
Pound	1.230	.80
Finland		
Markka	.2564	3.90
France, Monaco, etc.[2]		
Franc	.1943	5.14
Franco-African Republics[3]		
Franc	.0038	263.15
French Pacific[4]		
Franc	.0107	93.54
Germany		
D Mark	.2564	3.89
Ghana		
New Cedi	1.055	.94
Greece		
Drachma	.0358	27.86
Guatemala		
Quetzal	1.076	.93
Guyana		
Dollar	.5391	1.85
Haiti		
Gourde	.2154	4.64
Honduras		
Lempira	.5384	1.85
Hong Kong		
Dollar	.1777	5.62
Hungary		
Forint (official)	.0921	10.85
Iceland		
Krona (official)	.0122	81.96
India		
Rupee	.1427	7.00
Indonesia[5]		
Rupiah	....	....

Country and Currency	Value of foreign currency unit in Canadian dollars at August 28	Value of Canadian dollar in foreign currency units
Iran Rial	.0142	70.42
Iraq Dinar	3.015	.33
Ireland Pound	2.564	.39
Israel Pound	.3077	3.25
Italy Lira	.0017	588.23
Jamaica Pound	2.564	.39
Japan Yen	.0030	333.33
Kenya Shilling	.1526	6.55
Lebanon Pound (free)	.3338	2.99
Malaysia Dollar	.3518	2.85
Mexico Peso	.0861	11.60
Morocco Dirham	.2161	4.69
Netherlands Florin	.2978	3.37
Netherlands Antilles Florin	.5710	1.75
New Zealand Dollar	1.200	.82
Nicaragua Cordoba	.1538	6.50
Nigeria Pound	2.998	.33
Norway Krone	.1508	6.63
Pakistan Rupee	.2261	4.42
Panama Balboa	1.076	.92
Paraguay Guarani (free)	.0086	116.28
Peru Sol (free)	.0247	40.65
Philippines Peso (free)	.2750	3.63
Poland Zloty (fixed basic rate)	.2700	3.71
Portugal & Colonies[6] Escudo	.0374	26.66
Saudi Arabia Riyal	.2066	4.84
Sierra Leone Leone	1.506	.66
Singapore Dollar	.3522	2.85
South Africa Rand	1.497	.66
Spain & Dependencies Peseta	.0154	64.93
Sweden Krona	.2081	4.79
Switzerland Franc	.2502	4.01
Syria Pound (free)	.2819	3.55
Thailand Baht (free)	.0522	19.15
Trinidad & Tobago[7] Dollar	.5392	1.85
Tunisia Dinar	2.051	.48
Turkey Lira	.1198	8.35
United Arab Republic Pound (official)	2.480	.40
United States Dollar	1.076	.92
Uruguay Peso (free)	.0043	232.56
Venezuela Bolivar (official free)	.2399	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.

Health Foods

British stores specializing in health foods do a brisk trade. It's a business open to foreign suppliers who can supply and help to promote "natural" foods without chemical additives.

K. R. HIGHAM
Assistant Trade Commissioner

The market for health foods in Britain is steadily expanding at the rate of about 15 per cent a year; $25 million is being spent annually in health food stores alone. And it's a market that is wide open to foreign suppliers and eager to accept new products—even at higher prices.

If health foods are not defined too exactly, then Canada can be considered a major supplier of products that are at least on the fringe of this market. Apple juice and tomato juice, clover honey, maple syrup, and similar "natural" foods are on the shelves of every health food store in Britain and on those of most of the large supermarkets. Not too long ago the Canadian living in Britain who wanted to buy these products (as familiar to him as roast beef and Yorkshire pudding are to the average Englishman) could find them only in health food stores or specialized delicatessens.

The term "health foods" still has slight connotations of the diet crank who refuses to eat foods that have any unnatural additives, except vitamin supplements. Nevertheless many products, like the Canadian foods mentioned above, have won acceptance first in the health food trade, moved into general grocery stores, and now enjoy a wide market. Outstanding examples are two Swiss foods, yoghurt and muesli. The latter is a natural sweet breakfast cereal made of cracked wheat, nut kernels, brown sugar, rolled oats and apple flakes. Undoubtedly part of the reason for the success of Swiss health foods is the image of fresh air and mountains that Switzerland enjoys. Canadian foods should induce the same reaction. If ever a country has an image of outdoor recreation and healthful living in the mind of the average British man or woman, it is Canada.

A recent newspaper report attributed the expansion of the health food market to three main factors: the continuing demand from vegetarians, the newer search for foods with vitamin and mineral supplements, and the demand created by the resistance to foods using chemical additives, artificial sweeteners, and colorants. It is the latter trend that has recently become important and it is in this area that Canadian products have the greatest potential. The strong demand for natural foods has been reinforced by the adverse publicity about cyclamates and the possible dangers from crops that have been subjected to chemical sprays.

The expansion of the health foods market in Britain is starting to attract the notice of the larger and more general packers and distributors of food products. The small specialized firms welcome this trend because it is expected to generate even more public interest in such products. Another result of the recent expansion is that product runs have been lengthened and separate suppliers can now be located for particular ingredients. Perhaps Canadian firms could offer natural cereal products. Compost-grown flour and wheat meals, stone-ground whole meal, bread rusk, wheat germ, cracked wheat, rolled oats and whole meal flour are ingredients in health foods.

There are over 800 health food shops in Britain and new ones are opening at the rate of two a month, with financial assistance from the Health Food Manufacturers' Association.

There must be some Canadian natural food products which would sell in this expanding market. What about such natural foods as wild berries or perhaps our famous fiddlehead greens? The established markets for honey and for apple and tomato juice are probably near the saturation point but your Trade Commissioners in Britain would welcome inquiries about markets for products even remotely associated with the health food trade.

To get an impression of the market before considering it seriously, take a close look at the two major health food magazines published here. One is *Here's Health*, official journal of the National Association for Health and published by Newman Turner Publications Ltd. at Abbot Close, Byfleet, Weybridge, Surrey, England, which carries a large number of advertisements. The other is *Health Food Trader*, described as the journal of the British Health Food Industry, published monthly as the "trade companion of *Here's Health*", also by Newman Turner Publications.

Equally helpful would be a visit to the annual exhibition known as Remcon International and organized and sponsored by the publishers of the two magazines listed above. Remcon claims to be the largest health food trade fair in the world. About 75 companies exhibited in last year's Remcon but many of them showed several products at once, because much of the marketing in this industry seems to be done by agents or by manufacturers selling products complementary to their own. It is possible to contact virtually all of the major agents and companies involved in the trade at this fair or by referring to a few issues of *Health Food Trader*. To obtain further details of next year's Remcon International, write to the organizers or contact the Trade Commissioners in London.

When the visitor from Cleveland sold MacAskill of Halifax his first professional camera at a price which made it virtually a gift, he could hardly have foreseen the fame his young friend would achieve. Wallace MacAskill is dead now and the Nova Scotia fishing schooners are becoming fewer. But his pictures live on and bring the thunder of the sea and the sharp tang of tar and drying nets into homes on both sides of the border. Maurice Crosby, another Halifax photographer, bought all 6,000 original negatives (many of them old-fashioned glass plates) and has a team of artists color-tinting the prints just as Mr. MacAskill used to do. In March this year, MacAskill Pictures Limited took part in the Boston Gift Show under the auspices of the Department of Industry, Trade and Commerce. The response was most encouraging and the studio is kept busy filling export orders. The two famous pictures on this page illustrate MacAskill's technical skill and ingenuity. *Bluenose* was taken from the heaving deck of a ship and you can only see *Peggy's Cove* from this angle by roping down from the cliff above.

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