foreign trade

Department of Industry, Trade and Commerce, Ottawa **October 25/69**

Australia Is Booming

In This Issue

Editing the main articles for this issue sharpened our awareness of the many similarities between the Canadian and the Australian economies. Each has a small population in a big country, much of it sparsely settled. Each has great mineral wealth, exploited more fully in Canada so far than in Australia. Each has—and each is concerned about—foreign capital invested in resource development. Each grows and exports wheat and is worried about shrinking markets. For each, its three most important trading partners are the United States, Britain and Japan, though the ranking and the proportions differ. And each is a good customer of the other, despite these resemblances.

The article on page 6 reports on the great surge in Australian mineral development—a movement in which Canadian knowhow, money and capital equipment are playing some part. **Our cover picture features the big Mt. Newman iron ore project.** It shows an ore stacker at Port Hedland in Western Australia piling up iron ore from Mt. Newman after it has been crushed and screened. Soon it will be on its way to the blast furnaces of Japan, which will consume over 100 million tons in the next 15 years. The first shipment went out from Port Hedland in April 1969.

The charts on page 3, prepared by the Sydney office, give a good idea of what Australia buys and sells and where, and of Canada's share in its trade. **Last year we sold to the Australians nearly $186 million worth of goods, covering over 580 statistical categories.** And these exports weren't all motor cars and parts, sulphur, or newsprint. They ranged from switchgear to bakery products, antibiotics, luggage, razor blades, etc. The useful article on department stores and how to sell to them (see page 9) is given point by figures of sales to Australia of hose, outerwear, kitchen utensils, towels, gloves, shirts, perfumes, and so on.

Each of the offices in Australia made a contribution to this feature. Canberra, which handles largely relations with federal and state governments, sent in the piece on page 12. **It explains the powers of and the procedures followed by the Tariff Board,** set up to assist in making the tariff an instrument for fostering local industry and for accelerating economic development. The article also covers the role of the Special Advisory Authority.

Thousands of miles from Australia lies Puerto Rico. **The Trade Commissioner Service opened an office in San Juan this year** and on page 25 you will find our first full-length report on the island itself and its astonishing industrial progress and on the many types of trading opportunities. If seeing is believing, the pictures on page 26 will convince you that Puerto Rico is indeed a promising market for Canadian goods.

What's next? November 8 will bring you a report on much of Southern Africa, the territory of our Johannesburg office. And if you are planning a visit to the Netherlands, look for expert advice on making the most of it.

foreign trade

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The Hon. Jean-Luc Pepin, Minister

The Hon. Otto Lang, Minister without Portfolio

J. H. Warren, Deputy Minister

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O. Mary Hill, Editor

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Australia

Articles

Departments

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Australia Is Booming

Agriculture has recovered from drought; mineral production is buoyant; private investment increasing. All this promises greater demand for our products.

A. J. STEWART
Assistant Commercial Secretary, Sydney

The financial year (July 1, 1968, to June 30, 1969) was one of rapid growth in Australia, according to preliminary statistics. The severe drought which affected the southeastern portion of the country was broken and most areas have received adequate rains. Consequently the rural contribution to the economy was a significant one. The mining boom continues unabated and its effects upon the economy can be expected to increase. Personal consumption expenditure kept on rising last year and the Australian economy was spurred on by a rapid expansion in private investment. Greater expenditure on new dwellings and on other building construction aided the economy in achieving the excellent growth.

Immigration into Australia again showed a dramatic rise, with the excess of arrivals over departures for the year at a record 126,425. This figure was the highest recorded since 1949-50 and 1950-51. All in all, it appears that in 1968-69 the Australian economy achieved a real growth rate of about 8 per cent, (11.9 per cent at current prices). This rapid expansion and increasing demand will present Canadian businessmen with new opportunities to expand their exports to Australia.

The primary sector has long played an important role in Australia's economy and **one of the highlights this past year has been the recovery of the agricultural and pastoral industries**. At the end of 1968-69, the farm portion of the gross national product exceeded the farm portion for 1967-68 by just over 25 per cent. As further evidence of the recovery, income of farm unincorporated enterprises to the end of the March quarter was A$1,239 million compared with A$774 million for the same period of the previous year. The wheat crop for 1968-69 is estimated at a record 535 million bushels. This compares with the 1966-67 total of 277 million and the previous record of 467 million bushels. This bumper wheat crop and the present difficulties with the International Grains Agreement mean possible problems in disposing of the present stocks which now amount to approximately 300 million bushels.

Turning to the minerals sector, 1968-69 saw the completion of the biggest iron ore deal in Australia's history. It involves the supply of 87 million tons of iron ore pellets from Western Australia to Japan over the next 21 years. (See also article on page 6 on mining developments in Australia.) The accompanying table shows the large increase in production of a number of minerals.

MINERALS PRODUCTION IN AUSTRALIA

	1967	1968	Increase per cent
Copper ('000 tons)	90.4	105.2	16.4
Bauxite ('000 tons)	4,176	4,865	16.5
Iron ore & concentrates ('000 tons)	16.887	25,980	53.8
Black coal ('000 tons)	34,707	40,236	15.9
Crude oil ('000 barrels)	7,600	13,877	82.6
Natural gas (million cubic feet)	152.4	215.8	41.6

The manufacturing sector contributed its share to the exceptional year. Almost all areas report increases in production, with the largest in basic materials and power, construction materials and consumer durables. (Offsetting this slightly were small decreases in the production of yarn and textiles.) This greater output has resulted in increased consumer expenditure rather than larger manufacturers' stocks. For the year, personal consumption expenditure rose over 6 per cent and amounted to approximately A$15.7 billion. Spending on electrical and other household durables in the three quarters increased by some 6 per cent over the same period of 1967-68.

Turning to the financial sector, **1968-69 saw a dramatic increase of almost 14 per cent in private investment**. Investment in mining was the major component in this increase and probably accounted for more than half of it. Government and public authority expenditures also rose, but more slowly, partially because of the smaller increase in military spending. Spending on defence rose by only 8.5 per cent in the first three quarters of 1968-69 compared with over 18 per cent in the same period of 1967-68. Australia continues to attract overseas capital and the total net capital inflow reached approximately A$1 billion in 1968-69. The political and economic stability that the country has shown probably will insure an adequate inflow of foreign capital, thus adding to economic growth. Financial factors thus assisted the boom last year, with the spotlight on the rapid expansion in private investment.

The budget for 1969-70 was handed down on August 12, 1969, and, as most experts expected, it seems to be an election-year budget. Proposed increases in pensions and unemployment benefits and new programs in the social services and educational fields have been tabled. These will be financed by a cut in defence expenditures, brought about primarily by a decrease in overseas defence purchases and by larger tax revenues. In general, tax rates have not been altered but with expanding incomes, tax revenues are expected to rise by almost 15 per cent.

The only cloud over the economy last year was the signs of overheating that began to be apparent. Those registered for employment showed a steady decline from January to June of this year and unfilled vacancies increased throughout the same period.

Time was when Britain was the big market for the wool that came from these sheep that are being expertly sheared. Now Japan has become the big customer; textile fibers, including wool, exported to that country have a value of A$264.9 million.

There was therefore an apparent tightening in the labor market. **In the second half of the year, prices and wages too began to drift upward.** Average weekly award wages increased by almost 7 per cent from March 1968 to March 1969 and average weekly earnings rose 8.6 per cent for the same period. This suggests that over-award payments increased as the labor market tightened. Prices too drifted upward; the consumer price index climbed by almost 3 per cent this past financial year. To counter the tendency towards overheating, the Reserve Bank of Australia called in an additional 1 per cent of the bank's statutory reserve deposits and increased the maximum overdraft rate in October and November 1968. More recently (July 31, 1969) the Reserve Bank called in an additional 1 per cent of SRD's.

Preliminary estimates for Australia's 1968-69 exports indicate that the country also enjoyed a good trading year. With adequate rains, rural output increased and agricultural exports rose substantially. Rural export earnings were assisted by the rise in wool prices and by the new Sugar Agreement. **Total Australian exports for 1968-69 rose to A$3,368 million, about 10 per cent higher than during the previous year.**

Some changes occurred in the relative positions of Australia's customers. **Japan retained its lead as the number one market and exports to that country rose substantially** to A$823.2 million (A$642 million in 1967-68). The United States became the second largest market (A$480.1 million) while Britain slipped to third place (A$425.3 million). The main products imported by Japan were textile fibers, including wool (A$264.9 million), metal ores including iron (A$215.2 million), coal (A$114.6 million), food products including cereals and grains and live animals (A$139.9 million), and manufactured goods (A$49.2 million). Canada was Australia's eleventh largest market last year, purchasing some A$67.7 million worth of goods, mainly food products.

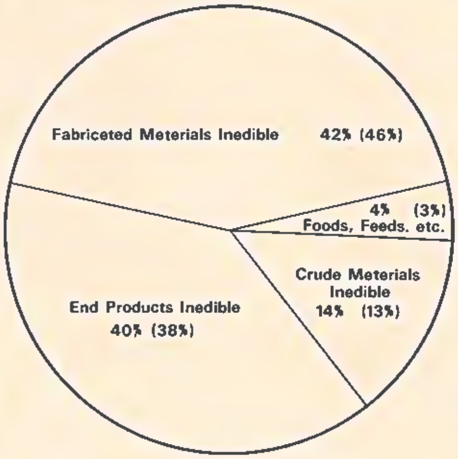
Preliminary import statistics indicate that the United States was Australia's largest supplier, shipping almost A$888 million worth of goods in 1968-69. The U.S. was followed by Britain with A$748 million, Japan A$414 million, Germany A$202 million and Canada A$153 million. **Canada continued to be Australia's fifth largest supplier.** Leading imports were again machinery A$606 million, textile yarns and fabrics A$263 million, transportation equipment A$502 million, petroleum and petroleum products A$251 million, and electrical generating machinery A$215 million.

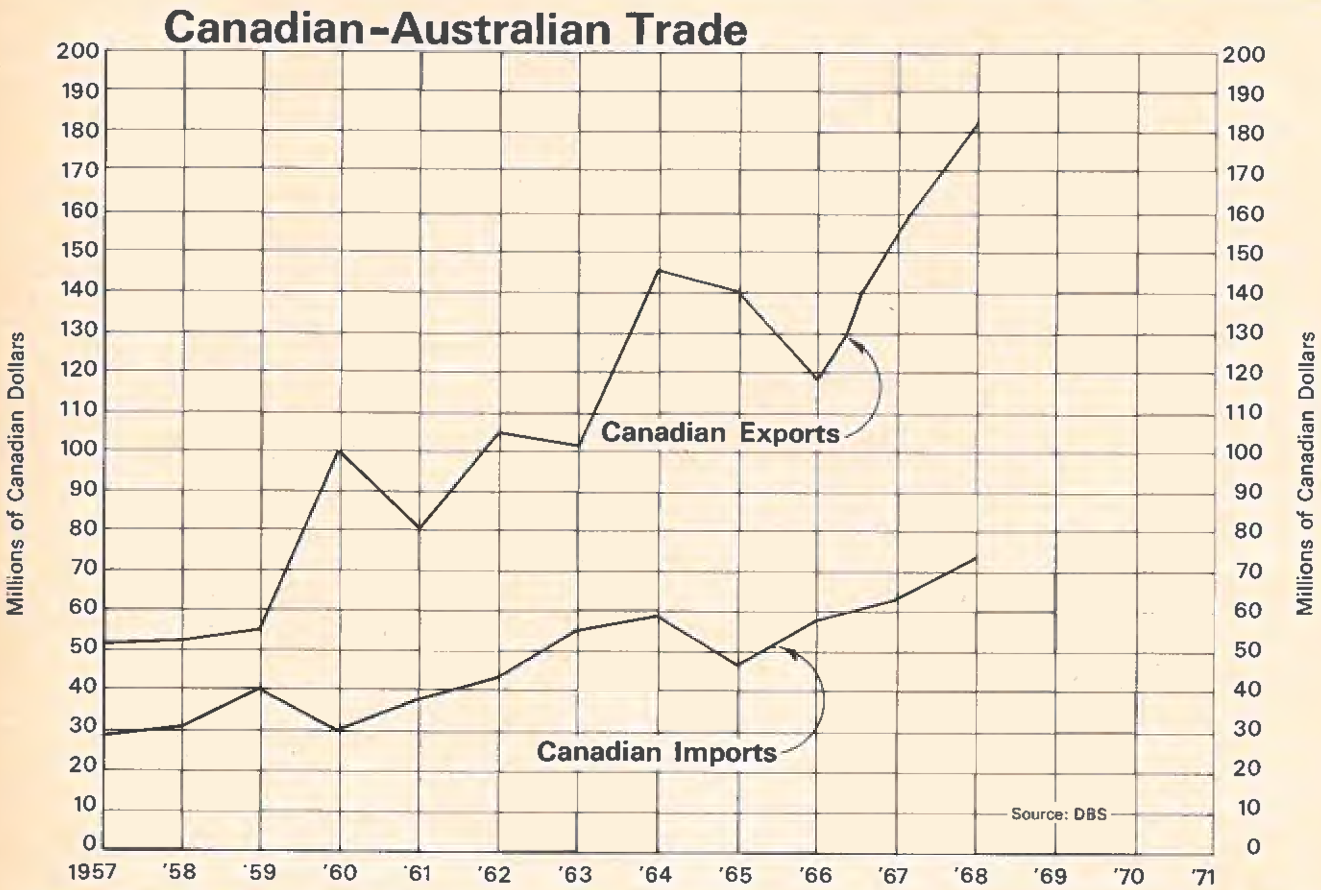
Major Canadian exports to Australia included machinery; pulp, paper and timber; fertilizers and minerals; transportation equipment, and manufactured products. Canadian exports to exceeded imports from Australia by some A$85.5 million. This figure was down slightly from 1967-68 when it amounted to A$87.1 million.

Prospects for the Australian economy remain bright. The exceptional growth achieved in 1968-69 continues into this year and 1969-70 should prove to be one of rising consumer expenditure, rapid development in the mining sector, and—provided the weather remains favorable—a buoyant agricultural sector. Australia should therefore be a market with a high priority for Canadian manufacturers. Despite the generally high level of tariff protection on many goods, most Canadian products qualify for a preferential rate of duty and are competitive. Duty-free entry of products under bylaw is also a possibility where there is no local production.

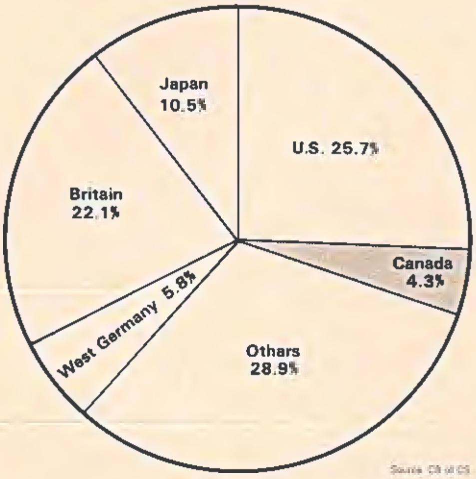
The Trade Commissioner Service offices in Sydney and Melbourne receive many inquiries for sophisticated consumer products, including textiles and frozen foods of all types. Industrial products such as chemicals and various types of machinery are also in brisk demand. Interested Canadian manufacturers should first contact the officers of the Department of Industry, Trade and Commerce at the nearest regional office or in Ottawa, or write to the Trade Commissioners in Sydney or Melbourne. After preliminary investigations, it may be that the best approach to this market is making a business trip that will provide firsthand knowledge of the market and of the competition. Australians invariably welcome Canadians with their friendly salutation "How're yer goin', mate?"

Canadian Exports to Australia
1968 Cdn. $185,717,181
(1967 Cdn. $156,249,129)

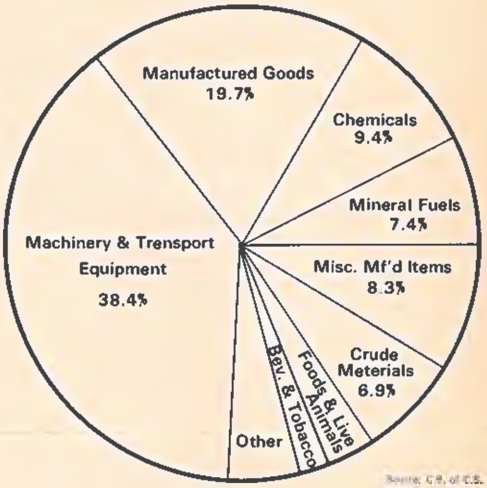




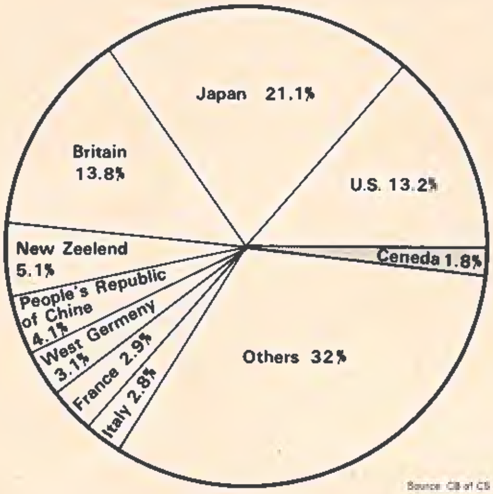
Australian Imports 1967-1968
A$3,269 Million



Australian Imports 1967-1968
by Commodity Groups



Australian Exports 1967-1968
A$3,046 million



Australian Exports 1967-1968
Principal Commodities

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Mining

Production of minerals in Australia is increasing rapidly. So are exports. This means opportunities for Canadian mining machinery, capital and knowhow.

N. VILLENEUVE
Assistant Commercial Secretary, Melbourne

For the first time in Australia's history, the value of production from mines and quarries now exceeds that of the wool clip. The ex-mine value of minerals produced in 1967 reached a record $699 million, according to figures released by the Bureau of Mineral Resources. This was an increase of $75.3 million over 1966, or more than 12 per cent. Further increases in 1968, particularly in iron ore and coal, raised the value of mineral production to $852 million, 18 per cent over 1967. Crude oil and nickel were the two other important minerals which have registered large increases during the last two years. And the pace of production is accelerating so quickly at a host of mining projects from Bass Strait to Mt. Newman that mining output for the 1968-69 fiscal year is sure to be even larger.

In spite of the huge development which has occurred over the past few years, Australian mineral resources have barely been touched. The mines actually operating have so far yielded only a small share of their reserves. In addition, there are countless deposits scattered all over the country and still unexploited. There is also a large part of Australian soil which has not yet been explored. A number of mines with their large reserves and diversity of ores are just starting to contribute to Australian wealth and will do so for decades to come. Australia has known reserves of almost every mineral, including tar sands and natural gas. This article, however, will consider only those minerals which have shown the most outstanding growth and are therefore likely to offer the best opportunities for Canadian equipment, capital and knowhow. During the past year the mining sector has become particularly buoyant in aluminum, iron ore, nickel, petroleum and copper ores. These minerals have just begun to be processed in substantial quantities.

Aluminum—The aluminum industry in Australia has grown from practically nothing in the mid-1960's to a supplier currently of up to 1.5 per cent of the non-Communist world's aluminum demand and 3.4 per cent of bauxite demand. Australia has huge reserves of raw materials: Weipa in Northern Queensland alone accounts for more than one-third of the world's bauxite reserves. Up to 1967, $500 million had been invested in the industry, and this figure is expected to more than double by 1970. In line with the increase in production of bauxite, alumina and aluminum exports have also attained a similar rate of growth, with exports valued at $73.4 million in 1968. According to certain experts it is a distinct possibility that export shipments of these products might reach $600 million by 1980. The expected development of this industry is illustrated in Table 1.

There are several expansion programs under way for producing alumina and aluminum to meet the increasing local demand as well as the requirements from overseas customers. As Australia, unlike Canada, does not produce cheap power in huge quantities, a slowdown in aluminum smelter expansion might occur; however, a greater production of alumina for export is possible. Australia, lacking in hydro resources, produces its power mainly from its huge coal deposits. The bauxite deposits, found principally in Queensland and Western Australia, are mainly developed by three local firms in partnership with big overseas aluminum producers such as Alcan, Alcoa, Kaiser Aluminum, Pechiney and Alusuisse.

Nickel—For the past three years there has been extensive exploration for nickel in Australia but it was found

TABLE 1
AUSTRALIAN ALUMINUM INDUSTRY

	1968	1970	1975	1980
Bauxite, million long tons				
Production	4.8	8.0	15.3	21.5
Consumption	2.2	4.1	8.8	11.5
Exports	2.6	3.9	6.5	10.0
Value of exports at $5 ton in million A$	13.0	19.5	32.5	50.0
Alumina, '000 long tons				
Production	1,200	2,064	4,400	5,750
Consumption	200	380	450	660
Exports	1,000	1,684	3,950	5,090
Value of exports at $60 ton in million A$	60.0	101.0	237.0	305.0
Aluminum, '000 long tons				
Production	100	189	225	330
Consumption	98	134	200	312
Exports*	17	55	40	40
Imports	15	—	15	22
Value of exports less imports at 21 cents lb. in million A$	0.4	26.0	11.7	8.4

*This table assumes that exports of metal will not increase, but the possibility of large-scale production for export in 1980 exists.

1. This offshore drilling rig is at work in the Gippsland Basin, between the states of Victoria and Tasmania. Over $700 million has been spent on the search for oil and natural gas throughout the whole country, and some of the fields discovered are today producing in good volume.

2. A large part of the power produced in Australia is thermal; the coal being mined by machine in the open-cut Latrobe Valley mine will be supplied to steam plants operated by the State Electricity Commission of Victoria.

3. A ship docked at the wharf in Geraldton, Western Australia, is taking on iron ore bound for the blast furnaces of Japan. Production has been mounting fast in the last two years, largely because of the brisk Japanese demand. Today Australia supplies 16 per cent of that country's needs; after 1972 it will provide 40 per cent.

4. Flotation machinery inside the pilot plant of Bougainville Copper Pty. Limited at Panguna is being operated by indigenous Australian workers. Demand for copper has remained brisk.

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only very recently. So far, Western Mining Corporation with its rich and extensive field at Lake Lefroy, W.A. is the only producer. Most of its initial production of nickel concentrates is sold under contract to the Sumitomo Metal Mining Co. in Japan, where it is smelted and electrolytically refined into cathodes. The remainder is sent to Sherritt Gordon Mines Limited in Canada where it is refined into nickel briquettes at Fort Saskatchewan, Alberta. In January 1968 Western Mining Corporation announced a plan to erect a nickel refinery at Kwinana with a capacity of 15,000 tons of nickel metal, plus byproducts such as ammonium sulphate. The refinery is expected to be in production during 1970. It will use the Sherritt Gordon ammonia leach process.

Several other finds have been declared commercial or show promise of being able to support a commercial operation in the future: WMC—Sherritt Gordon at Ora Banda, W.A.; Anaconda—CRA—New Broken Hill at Higginsville and Widgiemooltha, W.A.; Metals Exploration—Freeport at Nepean, W.A., and Greenvale, Queensland, and Great Boulder—North Kalgurli at Scotia and Carr Boyd Rocks, W.A. If the exploration of these reserves proves them to be economic, the Australian nickel industry will have a bright future. Based on world standards it might remain a relatively small nickel producer, but is expected to attain a 10 per cent share of the world market by 1975.

Iron Ore—Iron ore discoveries in Australia date from the early days of the colony. Iron ore and concentrates have shown a tremendous production increase of 53.8 per cent in the last two years—from 16.8 million to 25.9 million tons. Most exports of this mineral are directed to blast furnaces in Japan. At present, Australia supplies 16 per cent of Japan's requirements, and this figure is expected to reach 40 per cent after 1972. Australia exported 7.05 million tons of iron ore in the first six months of 1968, almost twice as much as it did in the corresponding period in 1967. An agreement has been reached between Japanese steel mills and Cleveland Cliffs, Ohio, on the price and tonnage of Robe River iron ore. The contract is for the supply of 88.2 million tons of pellets during the next 21 years.

The search for iron ore deposits and the development of mines have been accentuated since the Australian Government removed the embargo on exporting this metal in 1960.

Petroleum, Natural Gas—By the end of 1969, total expenditures on the search for and production of crude oil and natural gas in Australia will pass the $700 million mark. This massive investment, spread over several decades but concentrated mainly in the past 15 years, is beginning to contribute substantially to the Australian balance of trade. Millions of dollars in import charges were saved last year by the production of 13.9 million barrels of crude oil from the fields at Moonie and Alton in Southern Queensland and Barrow Island, Western Australia. A few months from now, the first crude oil from the spectacular Bass Strait fields in Victoria will be pumped to the mainland. By the end of 1970, when the three Victorian offshore fields at Marlin, Kingfish and Halibut will be producing at the expected rate of about 100 million barrels a year, Australia will need to import only one-third of its oil needs.

Meanwhile, the search for new oil and gas deposits continues. Some time this year the 1,800th well is expected to be drilled. It has been established that about half of Australia's surface is underlaid with sedimentary rocks which are a natural setting for petroleum deposits. At the present time, Bass Strait must be regarded as the most promising of the many new discoveries. Petroleum and gas exploration is conducted by many firms from Australia, the United States, Britain, Canada and France, and their exploration programs, which will cost tens of millions of dollars, are well advanced.

What opportunities does all this activity open up to Canadian firms? This tremendous development in mining has had favorable repercussions on other sectors of the Australian industry and on the economy, particularly the balance of payments. Exports of minerals are expected to be the largest single foreign exchange earner for 1969. This development has also favored the expansion of highways, railways, port facilities and the complete erection of towns at the mine sites in the past few years. In 1966-67 the value of mining machinery manufactured in Australia amounted to $18 million; imports for 1967-68 were $2.3 million, mainly from Germany and Britain (Table 2).

This buoyancy in the mining and industrial sectors means good business and a growing market for mining equipment in Australia. Canada, which experienced a similar mining boom some decades ago, acquired knowhow and improved its ability to manufacture various types of mining equipment. The preferential tariffs offered Canadian companies exporting to Australia also enhance their competitive position. Australia therefore offers good opportunities for Canadian manufacturers. Those interested in pursuing market opportunities in Australia are invited to write to the office of the Commercial Counsellor in Melbourne or Sydney.

TABLE 2

AUSTRALIAN IMPORTS OF MINING MACHINERY 1967-68

	$'000
Canada	24
Denmark	122
Germany	925
Japan	109
Sweden	53
Britain	800
United States	281
Other countries	5
Total	**2,319**

Correction

We regret that in the article "Visiting BLEU" in our August 30, 1969, issue the one-way air fare, economy, from Vancouver to Amsterdam was incorrectly given as $574 in the low season and $628 in the high season. CP Air informs us that the one-way fare, economy, is $369 in the low season and $417 in the high season, on a 21-day excursion ticket, and the return fare is $602 in the low season and $656 in the high.

Department Stores

Selling through department stores means volume selling. If you do it in Canada and the U.S., try Australia next—directly or through buying agents in Canada.

D. D. VAN BESELAERE
Assistant Commercial Secretary, Sydney

N. VILLENEUVE
Assistant Commercial Secretary, Melbourne

Buying for all major department stores is centered in either Sydney or Melbourne and the appropriate contacts are known to our officers. Should you write to any of the Australian department stores, the Trade Commissioners in those cities will be able to follow up on your behalf if you provide them with copies of your correspondence.

Statistics show that retail sales (excluding automobiles) increased by 6.3 per cent between July 1, 1967, and June 30, 1968. After removing the effect of an increase in the price index, this suggests a real increase in sales of about 3 per cent. By way of comparison, large department stores, for which statistics are available, achieved an increase in sales of between 10 and 20 per cent. This sales growth means that demand for overseas products has increased. If your product is suitable, you can sell to department stores either directly, through your agent, or through the Canadian buying agents for Australian department stores. It is very important that samples be provided to the department stores along with export prices, promotion suggestions and descriptive literature. The Canadian Government has participated in two promotions in department stores in Sydney. As a result we feel Canadian products will be favorably considered by the buyers.

Before delving into the actual mechanics of approaching department stores, there are a few points which are worth mentioning. It is essential, if your product is seasonal, to remember that Australia's seasons are the exact reverse of those in Canada. Of equal importance is the fact that none of the heavy population centers in Australia experiences a cold winter. The temperature in all major cities seldom drops to 32°F. Because of Australia's considerable distance from overseas suppliers, it is advisable to allow two to three months' lead time when shipping samples by sea if you wish to have them in Australia for the appropriate buying season. In discussing each of the major department stores, the names of persons holding the positions listed are omitted. The Trade Offices in Melbourne and Sydney can supply names on request.

Woolworths Limited is in no way connected or associated with F. W. Woolworth & Co. Ltd. in North America. With over 900 stores with sales in excess of A$400 million, the largest portion of its sales is food, although variety and other lines are significant. All overseas buying is centralized in Sydney by the Overseas Buying Controller, Woolworths Limited, 534 George Street, Sydney, N.S.W. Woolworths has Sigman & Jones Limited, 1500 Stanley Street, Montreal, Quebec, as its Canadian buying agents.

G. J. Coles & Company Limited has 560 stores throughout Australia, half of which are food stores and the other half variety stores. Annual sales are over A$300 million. Coles has recently combined with S. S. Kresge to open "K-MARTS" in Australia, which will be completely separate physically from the existing Coles stores, although buying and administration will be handled by the existing group of Coles personnel in Melbourne. All buying is centered in Melbourne and offers or inquiries should be directed to the Merchandise Director, G. J. Coles & Company Limited, 236 Bourke Street, Melbourne, Victoria.

Myer Emporium Limited and its subsidiaries have a total of 35 stores in all states. Subsidiaries include Myers, Farmers and Western Stores. Annual sales are approaching A$300 million. Although each store decides on what to buy, all product offers must come through the Central Merchandise Office, which in turn places a bulk order. Correspondence should be addressed to the Overseas Merchandise Controller, Myer Emporium Limited, 6th Floor, Lonsdale Street Store, Lonsdale Street, Melbourne, Victoria. Two sets of samples and prices are required for circulation in different divisions. Canadian purchasing agents are A. A. Bolte & Company Limited, 2100 Drummond Street, Montreal, Quebec. The Myer Emporium sends over 60 buyers overseas annually. These always have allocations to be spent on behalf of each company in the group. Canada was involved on a small scale in a multi-national promotion organized by the Sydney-based Farmers subsidiary of this company.

McDowells Limited has eight department stores and eight women's boutiques. All overseas purchases originate from the Merchandising Office, McDowells Limited, 378 George Street, Sydney, N.S.W.

Anthony Hordern & Sons Limited operates five stores in Sydney, Wollongong and Goulburn, and a small mail order operation. Sales are composed of softgoods (40 per cent), variety lines (35), and homewares (25). Inquiries should be directed to the Merchandise Manager, Horderns Mid-City Store, 5th Floor, 420 George Street, Sydney, N.S.W.

Winns Limited operates eight stores in Sydney and a fairly substantial mail order service. All approaches from Canadian firms should be addressed to Merchandise Director, Winns Limited, 16-30 Oxford Street, Sydney, N.S.W.

This year David Jones Limited, one of Australia's large department store chains, organized a highly successful World Fair promotion in which Canadian companies took part. The pictures show some of the tasteful window displays that featured Canadian apparel, accessories and luggage and attracted interest from many Australians.

1. A display of men's jackets, sweaters, slacks, etc., well suited to the outdoor life so popular with the Australian male.

2. Now comes luggage from Canada, shown to good advantage against a background of maple leaves, and pictures of hockey, skiing, and the Stratford Shakespearean Festival. The implication: buy Canadian luggage and start travelling around the world.

3. This time it's the turn of the girls, who are sporting smart suede and leather coats crafted in Canada. The David Jones chain has a buying agent in Canada located in Montreal. Its buyers also pay regular visits to North America.

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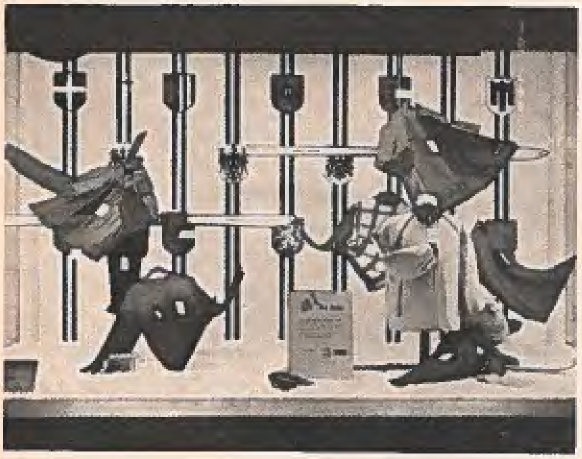

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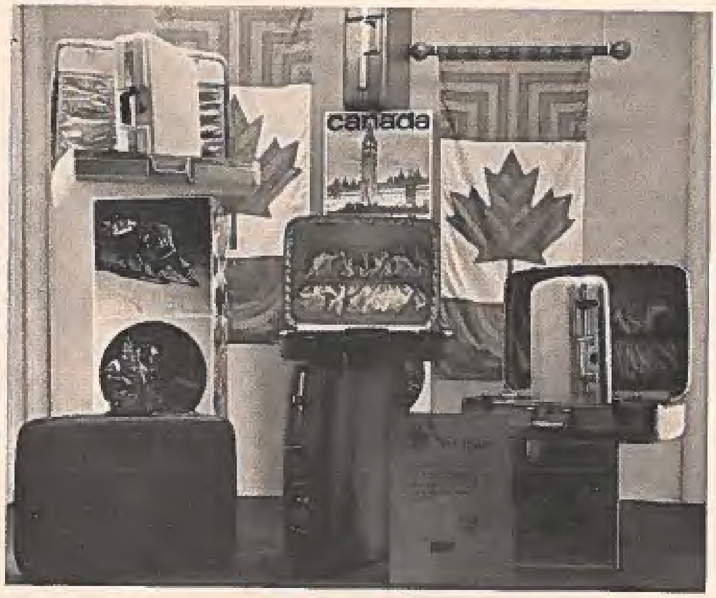

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David Jones Limited is a department store chain with 21 stores located in all states except Victoria and Tasmania. All the stores carry grocery lines as well as the usual products. Inquiries should be directed to David Jones Limited, Elizabeth Street, Sydney, N.S.W. The chain's buying agent in Canada is H. Allister & Company, 423 Mayor Street, Montreal, Quebec. Overseas visits by company buyers usually include Canada. H. Allister & Company makes arrangements for buyers visiting Canada. Canada participated in this store's 1969 World Fair promotion which was highly successful.

Grace Bros. Pty. Limited operates seven department stores and two homemaker stores in New South Wales. Sales are made up of softgoods (40 per cent), homemakers' supplies and furniture (45), and foods (15). Grace Bros. buying is centralized with Merchandise Manager, Grace Bros. Pty. Limited, Homemakers Buying Office, Broadway, Sydney, N.S.W. The company is very closely associated with Eaton's in Canada and when Grace buyers visit Canada, Eaton's assists in sourcing products wanted. Grace Bros. also has some of its personnel trained at Eaton's.

Waltons Limited has 62 department stores. There are 40 in New South Wales and the others are in Victoria and Queensland. As buying is centralized by state, correspondence should be directed to the Merchandise Manager, Waltons Limited, 552 George Street, Sydney, N.S.W.; Merchandise Manager, Waltons Limited, 206 Bourke Street, Melbourne, Victoria. When the merchandise managers locate the source of a promising product they advise the other buying offices so that all may benefit from placing a large combined order. Waltons Limited is closely associated with Simpsons in Canada which assists in sourcing products, obtaining samples and acting as Waltons' buying agents. Overseas buying trips to Canada are co-ordinated with Simpsons. It is estimated that imported products constitute 2 to 3 per cent of retail sales.

James McEwan & Company Pty. Limited has 20 stores in Australia, mainly in the State of Victoria. Their main line is household goods but sporting goods, camping equipment, heating and marine equipment, bathroom accessories, etc., are also supplied on a smaller scale. All purchases are co-ordinated by the Merchandising Director, James McEwan & Co. Pty. Ltd., 391 Bourke Street, Melbourne, Victoria.

Ball & Welch Limited operates five stores in the State of Victoria, handling a complete line of clothing and household goods. Approximately 5 per cent of its goods are imported, mostly from Britain. Overseas purchasing is done through David Jones which occasionally refers products to Ball & Welch for consideration. All inquiries should be addressed to the Managing Director, Ball & Welch Limited, 180 Flinders Street, Melbourne, Victoria.

Patersons Holdings Limited controls over 78 stores throughout Australia which include Hoopers Furniture Ltd., South Australia; Steele & Company Limited, Victoria; Patersons, Tasmania; Patersons, Victoria. The 55 stores in Victoria have a centralized buying department, and inquiries should be addressed to the Merchandise Director, Patersons Furniture Pty. Limited, 152 Bourke Street, Melbourne, Victoria.

Buckley & Nunn Limited has three stores that deal in fashions and houseware, all in Victoria. Each store has a buying manager who is responsible for the purchasing in his store. Opening inquiries should be addressed to the Merchandise Director, Buckley & Nunn Limited, 310 Bourke Street, Melbourne, Victoria.

Georges Australia Limited is sometimes called the smallest department store or the largest boutique in Australia. It is a high quality department store and imports constitute about 40 per cent of its sales. The leading suppliers are Britain, Italy, the United States and France. Georges maintains confirming and shipping agents in most of the capitals of Europe, who help in arranging buyers' itineraries. Its New York house is Mutual Buying Syndicate, 11 West 42nd Street, New York. Inquiries from Canada should be addressed to the Merchandise Director, Georges Australia Limited, 162 Collins Street, Melbourne, Victoria.

If you can establish sales with any of these companies you will undoubtedly find it worthwhile. Trade offices in Melbourne and Sydney will be most willing to help potential Canadian exporters.

Tariffs

Two bodies in Australia, the Tariff Board and the Special Advisory Authority, are responsible for recommending tariff changes. This is how each of them operates.

F. P. WEISER
Commercial Counsellor, Canberra

Imports into Australia are regulated almost exclusively by tariffs.* Secondary industry is looked upon as the chief provider of jobs for the increasing population, the result of active immigration policies and natural growth. Many secondary industries were thus set up to meet employment needs for its current 12 million people. With a few notable exceptions, export orientation of Australian secondary industries is a relatively new phenomenon. Agriculture, and more recently also mining, have been the principal earners of foreign exchange.

The Australian tariff is thus an important instrument for fostering local industry and governments have pursued tariff policies designed to accelerate economic development. Against this background, the Commonwealth Government established in 1921, under an Act of Parliament, the Tariff Board as an independent statutory body to investigate tariff matters and advise the Ministers responsible for tariffs and Customs and their administration. In 1962 the Tariff Board Act was amended to provide for a Special Advisory Authority to report on whether urgent action should be taken to protect particular Australian industries in relation to imports, pending receipt and consideration by the Government of a Tariff Board report.

Under the Tariff Board Act, the Minister for Trade and Industry and, where appropriate, the Minister for Customs and Excise, are empowered to refer certain questions to the Board for inquiry and report. The Board itself may initiate certain inquiries. Although it has never taken this initiative, its ast two annual reports suggest that ction may be taken to review sections of industry not previously or recently reviewed.

The question most commonly referred by the Minister for Trade and Industry is whether the production in Australia of specified commodities should be assisted. Of the questions referred by the Minister for Customs and Excise, the most important are those dealing with the possible imposition of dumping duties in accordance with the provisions of the Customs Tariff (Dumping and Subsidies) Act, those concerning tariff classification of imports, and those relating to the entry of goods under Customs bylaw.

Other questions referred to the Board may include the need to implement bounties, the review of existing bounties, cases where manufacturers could be taking undue advantage of the tariff, and so on. A list of matters into which the Board may make inquiries in accordance with the Tariff Board Act is set out in the box feature on page 13.

The Minister for Trade and Industry refers questions to the Special Advisory Authority where urgent temporary action may be needed. The Special Advisory Authority is empowered to deal only with tariff revision and quantitative restrictions (bounties are not included).

The Tariff Board consists of eight members, including a chairman and two deputy chairmen, appointed by the Governor General. Two or at most three of the members are drawn from the Commonwealth Public Service; the other members may come from any field of activity. Members are selected so that collectively they have a long and broad experience in Australian industry, both primary and secondary, domestic and international trade, and tariff matters.

The Tariff Board's major concern is with the level and type of assistance, mainly by means of tariffs, that should be accorded to Australian producers. It is not concerned with the day-to-day administration of the tariff, with the revenue aspects of the duties it recommends, or with international negotiations relating to tariff policy.

In determining the rates of duty it recommends, the Board, after considering such factors as market proximity, consumer preference and product quality and availability, has in the past relied heavily on actual cost and price disadvantages of Australian industry against the main sources of import competition.

The Board conducts public hearings on all questions referred to it by the Ministers. Hearings are usually held by divisions of the Tariff Board comprising two members. At the present time, three such divisions have been constituted; often all three hold hearings at the same time. Hearings are held in those state centers where the goods under reference either are produced or are of considerable interest

AUSTRALIAN TARIFF BOARD REVISIONS JULY 1, 1968–JUNE 30, 1969

	No. of tariff items or sub-items	Of interest to Canadian exporters
Total	103	11
Tariff increased	34	3
No change	21	2
Tariff reduced	48	6

While these figures are necessarily simplified, they show (1) that references for tariff revision to the Australian Tariff Board do not always result in tariff increases, and (2) that it is in the interest of Canadian exporters to present evidence during the inquiries.

*An article on Australian preferential tariffs and Customs bylaws was published in the October 12, 1968, issue of *Foreign Trade*.

to witnesses at the inquiry. Evidence is taken in public on oath or affirmation and the proceedings are recorded in a public transcript. Procedures at hearings are fairly informal.

At the discretion of the Board, witnesses may tender evidence in confidence. Such confidential evidence is available only to the members of the Board and the Board's staff. Most of the information obtained on production costs and manufacturing processes is tendered and accepted as confidential.

The Board has the power to summon witnesses to give evidence at its inquiries and can enforce production of documentary material it considers relevant, but this power has rarely if ever been used. Most witnesses desire to give evidence either to support or refute claims for assistance and require no compulsion to attend.

Every reference made to the Board is notified by means of a circular issued by the Tariff Board. Usually notification is also made by means of a circular letter from the Department in which the reference originates. Further Tariff Board circulars cover deadlines for submitting evidence, requests received from interested parties and the dates of public hearings. The latter are also announced in the *Commonwealth Gazette* and in newspapers.

There are rules for the evidence that is to be submitted. The required information (such as exports, imports, volume and costs of production, goods manufactured from the imports, sales methods, etc.) varies considerably according to whether it is submitted by Australian manufacturers, users, importers or overseas manufacturers. Detailed information may be obtained from the Director, Commonwealth Division of the Department in Ottawa, or from the Commercial Counsellor, Office of the High Commissioner for Canada, Canberra.

The divisions of the Tariff Board have considerable leeway in determining procedures for the hearings. Generally speaking, the Board prefers to take the evidence "as read", provided witnesses include in their oral statements the meat of it. Otherwise, they might well be asked by a member of the Board to read key sections. Witnesses are subject to cross-examination by the Board, except on those parts of their evidence considered confidential. The Board has authority under the Act to decide which parts of the evidence are to be treated as confidential and thus it can overrule witnesses' wishes. Although this has seldom happened, chances are that information derogatory to other witnesses will not be accepted as confidential in order that it may be refuted.

The Special Advisory Authority is a one-man Authority, the present incumbent being a former Comptroller-General of Customs and Excise (so is the present Chairman of the Tariff Board). If this officer is unable to attend, a member of the Tariff Board takes his place. The Authority is legally required to report to the Minister not later than 30 days from the day on which the request for the inquiry is received. If the Authority recommends that a temporary duty and/or temporary restriction of imports be implemented, the Minister may do so only after he has referred the matter to the Tariff Board for inquiry. The temporary duty shall not be higher, nor the temporary restriction of imports more extensive, than the Authority recommends. The temporary duty expires three months after the Minister receives the final report of the Tariff Board upon that

Australian Tariff Board Inquiries

The Tariff Board may make **inquiries into the following:**

1. References by the Minister for Trade and Industry

a. The necessity for new, increased or reduced duties, and the deferment of existing or proposed deferred duties.
b. The necessity for granting bounties for the encouragement of any primary or secondary industry in Australia.
c. The effect of existing bounties or of bounties subsequently granted.
d. Whether a manufacturer is taking undue advantage of the protection afforded him by the tariff or by the restriction of imports of any goods, and in particular to his charging unnecessarily high prices for his goods; acting in restraint of trade to the detriment of the public, or acting in a manner which results in unnecessarily high prices being charged to the consumer for his goods.
e. The general effect of the working of the Customs and Excise tariffs in relation to the primary and secondary industries of Australia.
f. The fiscal and industrial effects of the the Australian Customs laws.
g. The difference in the incidence of the rates of duty on raw materials and on finished or partly finished products.
h. Any other matter in any way affecting the encouragement of primary or secondary industries in relation to the tariff.
i. The classification of goods under all tariff items which provide for classification under bylaws.

2. References by the Minister for Customs and Excise
a. To obtain facts necessary to determine whether to take anti-dumping action.
b. The interpretation of any Customs or Excise tariff, or the classification of goods in any such tariff which has been referred to that Minister for review.
c. Whether goods not prescribed in departmental bylaws made in connection with any Customs or Excise tariff item should be so prescribed.
d. The question of the value for duty of goods under Section 160 of the Customs Act.

On the Tariff Board's own initiative

Any matters listed under 1(e), (f), (g), (h), (i), and 2(a), (b), (c) above.
Any inquiry conducted by the tariff Board relating to a revision of the tariff, a proposal for bounty, any question of whether a manufacturer is taking unfair advantage of protection or anti-dumping action shall be held in public and evidence in the inquiry shall be taken in public on oath (except where the Board is satisfied that any evidence is of a confidential nature and considers that it is desirable in the public interest to take such evidence in private).

reference. Similarly, temporary restrictions expire after 30 days unless the Tariff Board recommends to the contrary.

The Special Advisory Authority holds hearings in Canberra. Hearings are informal. The Authority does not require evidence under oath. One result of this is that the Tariff Board cannot use any evidence given to the Authority. Notices of references to the Special Advisory Authority are circulated by the Department of Trade and Industry. The notice given is short because of the 30-day deadline for producing a report.

How do we try to safeguard Canadian interests?

Tariff Board Inquiries—Whenever a reference to the Tariff Board is announced, the office of the Commercial Counsellor in Canberra examines Australian import statistics to determine Canadian trade interest, ascertains as well as possible why the reference was made, and tries to assesss the effect which recommendations by the Tariff Board could have on Canadian exports. The results are reported to the Department in Ottawa, with copies to the offices of the Commercial Counsellors for Canada in Sydney and Melbourne to give them an opportunity to comment on those aspects of Canadian interest which are not reflected in statistics, and particularly on which Canadian and Australian companies are involved. The Department examines the matter further and advises interested Canadian companies about it.

Canadian exporters so advised should carefully consider sending a representative to Australia for the hearings or being represented by their Australian agents or importers. They should keep in mind that under the terms of the Tariff Board Act the Board can only take into account evidence that is presented to it at hearings under oath. Australian manufacturers are certain to attend hearings and frequently request increased protection. It is thus important to make a counter-argument.

There is no problem, procedurally, in a Canadian exporter being represented at hearings by a resident of Australia. A decision to do so would probably take into account the cost and time involved in coming to Australia, the value of the company's exports, and the quality of the presentation that the Australian agent or importer may be willing and able to make. There are two additional requirements where a resident of Australia represents a Canadian firm: first, a statutory declaration or its equivalent must be submitted to the Board (through the representative) by the Canadian company attesting that the information given as evidence is true in all respects; second, a letter signed by the company authorizing the representative to give evidence on behalf of the company should be attached to the evidence.

The Commonwealth Division of the Department of Industry, Trade and Commerce and the Commercial Counsellor in Canberra are able to advise on all aspects of the Board's activities and on the presentation of briefs to the Board. Where there is a substantial Canadian interest the Commercial Counsellor also attends hearings to advise witnesses representing Canadian exporters and to demonstrate Canadian interest in the inquiry.

Special Advisory Authority—The office of the Commercial Counsellor in Canberra reviews notices of references to the Special Advisory Authority on a priority basis. Those of interest to Canadian exporters are communicated to the Department by telegram. It is important that at Special Advisory Authority hearings Canadian companies which have a substantial interest should be represented. Because of shortage of time, representation by the Australian agent or importer is probably all that is possible. While the Commercial Counsellor in Canberra may attend hearings where his presence may serve to underline Canadian interest in the inquiry, he is no substitute for a knowledgeable businessman who can register a Canadian firm's interest in the inquiry and give the factual information which the Authority needs to arrive at a balanced conclusion.

The Danish Fish Market

The Danish market for fisheries products remains a stable one, although import requirements fluctuate from year to year, depending on Danish fish landings. In a good year, such as 1968, imports are reduced and exports increase accordingly. Last year's catch increased in volume by 37 per cent, resulting in a reduction of 13 per cent in imports and an increase of 5 per cent in exports.

Last year imports from Canada of fresh chilled or frozen salmon and trout declined by 14 per cent. Canned and frozen salmon traditionally accounts for the greater part of Canadian fish exports to Denmark. In 1968, exports of frozen salmon to Denmark were less than half those of 1967, but canned salmon exports, well established on the Danish market, continued at the same level as in previous years. Canadian exports of fresh and frozen lobster in shell to Denmark declined by one-third in 1968, mainly because Danish imports of lobster during the year dropped by nearly 50 per cent.

Because Denmark normally buys very little Canadian freshwater fish, Canadian sales of fresh chilled and frozen whitefish to Denmark at almost double the 1966 value in 1967 fell by 80 per cent in 1968, a reflection of the decline of Copenhagen as an entrepot in this trade. Shipments of sole flounder fillets, up in 1967, decreased sharply because of the size of the Danish catch.

The Copenhagen office has in the past few years introduced a number of Canadian fish exporters to Danish importers. Although export sales are subject to supply and demand, as well as to competitive pricing, some Canadian exporters have achieved continuing good results in this market.

A visit to Copenhagen—even one lasting but a few days—will help establish important contacts with the relatively few major fish importers. Direct telex communication is fast and accurate and will keep the Canadian exporter abreast of market conditions in Denmark. Settlement of price, quantities and delivery dates can be infinitely simpler when parties know each other. The Copenhagen office maintains contact with the fish trade and is ready to supply any supplementary information required.

JOHN M. HILL
Assistant Commercial Secretary
Copenhagen

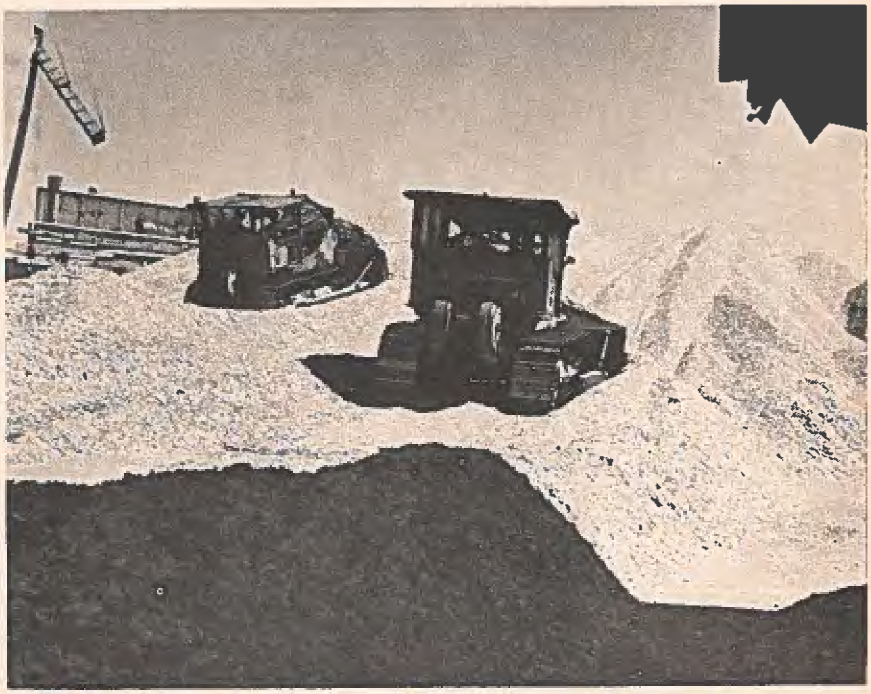
New Zealand

Primary and secondary manufacturing looks to planned expansion in the 1970's, with government encouragement. These developments should help Canadian sales.

D. D. VAN BESELAERE
Acting Commercial Secretary, Wellington

New Zealand now has a cohesive and practical yet challenging program for economic development over the next nine years. It resulted from a National Development Conference convened by the Prime Minister. Conference members undertook an intensive review of New Zealand's resources and indicated broad lines of future economic development. They dissected the country's economy, studied all components closely, established targets, and made recommendations for action.

The policy recommendations made at this conference carry a definite message of interest to Canadian exporters. In broad terms, New Zealanders plan to put the country's economy on a sound footing as quickly as possible without making any great sacrifices in their way of life. **Canadian exporters can expect enhanced sales opportunities in both the short and long term.**



New Zealand's plans for the future include expansion of its important forest industries. This means a continued demand for forest harvesting machinery needed to supply the market for pulpwood and wood chips like these at Kawerau.

The target year selected by the conference is the New Zealand financial year 1978-79, with the increase in real GNP set at 4.5 per cent each year. Many conference members felt that this increase is below what could actually be achieved. Nevertheless, everyone agreed that it was a realistic goal that could be attained. Table 1 lists the major industry sectors and gives growth rates that each should aim to achieve (see page 24).

To attain these targets, the present level of exports must be almost doubled in value by 1978-79. The export targets for each industry sector in 1978-79 are given in Table 2 (see page 24).

It is evident from these two tables that the over-all objective is to increase the relative importance of primary and secondary manufacturing industries in relation to agriculture. Some sectors of the economy are being encouraged to step up their value added by manufacture and others are being encouraged to develop new industries capable of efficient production for export.

At the present time, approximately 45 per cent of private imports are subject to licence. **It was suggested that licensing be abolished as quickly as possible and that tariffs be substituted where necessary.** The conference decided that the manufacturing sector should be accorded sufficient protection to promote steady industrial development, increasing exports of manufactures, and full employment. This level of protection should, however, be such as to encourage competition, efficiency and reasonable prices to other sectors and to consumers and should also afford the consumer choice and variety.

In order to achieve these objectives, the Government will stimulate the establishment of processing and manufacturing facilities. **This encouragement will largely be in the form of attractive financing for new capital equipment and in the granting of concession import licences.** These measures should help Canadian sales.

By looking at New Zealand's existing resources it is possible to indicate the general types of capital equipment that will be in demand. With vast supplies of wool, the textile and carpet industries are two possible areas of expansion. In time, there may be a demand for greater overseas supplies of synthetic fibers for blending purposes and for equipment to produce synthetic fibers in New Zealand.

There is a demand today for equipment and machinery for harvesting forest resources and this will expand. Canadian suppliers of this equipment should look to New Zealand now if they hope to achieve sales because other foreign competitors are definitely interested. It is important that equipment in this

TABLE 1

APPROXIMATE GROWTH RATE OF NET OUTPUT BY SECTORS*

	Net Output in N.Z.$ (1967/68) million				Annual Growth Rate Per cent	
	1967/68	Per cent	1978/79	Per cent	1967/68-1972/73	1972/73-1978/79
Gross national product	4,332	100.0	7,060	100.0	4.5	4.5
of which						
Agriculture and processing	697	16.1	1,024	14.5	4.0	3.25
Forestry and processing	160	3.7	281	4.0	5.5	5.0
Fisheries	9	.2	20	.3	6.0	8.0
Mining	28	.6	49	.7	6.0	5.0
Other manufacturing	810	18.7	1,526	21.6	6.0	6.0
Building	328	7.6	600	8.5	6.5	5.0
Transport and communications	386	8.9	643	9.1	5.0	4.5
All services (including distribution utilities) and indirect taxes	1,914	44.2	2,917	41.3	3.5	4.25

*Gross output, less purchases from other sectors and imports.

area be reliable and that distributors provide complete servicing facilities.

Distinct possibilities exist for the sale of food processing and meat processing machinery. These are important exports for New Zealand and plans for extensions to processing plants are going forward. The National Development Council has pointed to the importance of establishing more overseas markets for these products.

Equipment and machinery for the electrical, electronic and chemical industries are other possibilities. Canada, with many other countries, recently participated in the New Zealand International Trade Fair held in Auckland. Although this was a general fair, the predominance of industrial machinery and equipment on display and the lack of many consumer goods emphasized where immediate opportunities lie.

Manufacturers of consumer goods will also encounter possibilities in the New Zealand market. At present it is difficult to obtain licences for luxury goods. Nevertheless, the National Development Council forecasts an increase of 27 per cent in the standard of living over the next ten years. The associated increase in consumer expenditure, coupled with the delicensing of imports, will mean that demand for imported consumer goods will rise.

Although the New Zealand market is small, Canadian companies will find it most profitable. The entry of Canadian goods is assisted substantially by tariff preferences. If you have export capacity, look to New Zealand for outlets.

TABLE 2

1978-79 EXPORT TARGETS BY INDUSTRY SECTOR

	N.Z.$ million	Per cent increase
Pastoral	472	74
Horticultural	14	88
Forestry	60	143
Fisheries	16	178
Manufacturing	98	445
Tourism	32	178
Transport	45	129
Other	32	60
Total	**760**	**92**

Modernizing the Fisheries

A major fisheries conference to be held in Montreal on February 3 to 6. 1970, will focus on the development of sophisticated equipment both on the water and at processing plants ashore. It will also study the skills in operation and maintenance that this equipment calls for.

This Conference on Automation and Mechanization in the Fishing Industry, to give it its full title, will be sponsored by the Federal-Provincial Atlantic Fisheries Committee. Attending it will be representatives of the industry, of federal and provincial governments, and of scientific, engineering and business enterprises with a contribution to make. Over 40 of the delegates will present papers, mainly on the application to the fisheries of automation and mechanization.

Authors of these papers will be not only Canadian, but also British. American, Japanese and German. They will cover such topics as navigation, vessel operations, fishing gear, processing methods at sea and ashore, the handling and stowage of fish at sea, the transfer and unloading of fish, manpower, vessel design and construction, marketing, relevant legislation and port development.

To meet increasing competition from other fishing nations and to deal with problems of growing capital investment and production costs, the structure of the Canadian fishing industry is undergoing drastic change. The main objective of the conference is to explore ways and means of meeting the challenge, how arduous and tedious tasks can be eliminated or made easier, and pay and working conditions of the labor force improved. It is planned to benefit not only the fishing industry but the builders of fishing vessels and the producers of machinery, systems and equipment on the vessels and in the land-based plants. The membership of the Federal-Provincial Atlantic Fisheries Committee is made up of the deputy ministers responsible for fisheries in the Federal Government and the governments of Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.

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*Businessmen are advised to send only letters to this address. To ensure prompt arrival of parcels of any kind, the sender should consult the Sao Paulo office first about the best method to use.

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European Economic Community, European Atomic Energy Community, European Coal and Steel Community

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Telex: 886421 (DOMCA D)
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States of Baden-Wuerttemberg, Bavaria, Hesse, Rhineland-Palatinate, Saar; West Berlin

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Territory:
State of North Rhine-Westphalia

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City States of Bremen and Hamburg; States of Lower Saxony and Schleswig-Holstein

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Territory:
Guinea, Ivory Coast, Liberia, Mali, Mauretania, Togo, Upper Volta

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Telex: 31368 (CANTRACOM MILAN)
Territory:
Provinces of Emilia-Romagna, Lombardia, Piedimonte, Trentino-Alto Adige, Veneto, Liguria, Trieste, Valle D'Aosta, Friuli-Venezia

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Telex: 7189 (43-7189 JH)
Territory:
Provinces of Natal, Orange Free State, Transvaal. Other countries: Angola, Botswana, Comoro Archipelago, Lesotho, Malagasy, Mauritius, Mozambique, Reunion, Swaziland

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Territory:
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Barbados, French Guiana, Guadeloupe, Guyana, Leeward and Windward Islands, Martinique, Surinam

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D. Keddie
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C. K. Marchant
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(continued)

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States of Michigan and Indiaoa

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States of Arizona, California, (ten southern counties), Clark County in Nevada

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Show of the Month

Canadian engineering products attracted wide interest at the fifth International Engineering Show held recently in Melbourne, Australia, August 4 to 9. Sixteen Canadian companies, in their first appearance at an Australian industrial exhibition, reported on-site sales of some $140,000 and expected future sales of over $272,000. This exhibition attracted some 15,000 trade visitors from all over Australia. (Below) K. F. Osmond (left), Commercial Counsellor for Canada in Melbourne, looks on as the Hon. Arthur Menzies (center), Canada's High Commissioner in Australia, opens a reception for the participating Canadian firms at Canada's Trade Information Center. (Center) Visitors at the show examine the wave-soldering system exhibited by Electrovert Manufacturing Co. Ltd. of Montreal, Quebec. (Above) Garrett Manufacturing Limited of Rexdale, Ontario, received several inquiries about its display of airborne communications and control equipment, particularly from the Department of Civil Aviation and the Australian Air Force. The Canadian shopping bags shown in the picture were popular giveaways; so were maple leaf pins.

Puerto Rico

This year the Trade Commissioner Service opened an office in Puerto Rico—an island with impressive industrial development, agriculture, and a big tourist trade. Here is a briefing on how Canadians might get a bigger share of a two billion dollar market.

D. I. CAMPBELL
Consul and Trade Commissioner, San Juan

Most forecasts or reviews of business conditions in Puerto Rico are characterized by superlatives and the past year has been no exception. Although many take their impressions of the island from "West Side Story", the spectacular economic growth has resulted in a standard of living exceeded only by Canada and the United States in the Western Hemisphere.

In 1967/68 Puerto Rico's net income increased by 10 per cent, as it has in each of the preceding ten years. Its annual income now totals $3.4 billion, or an average of $1,230 for each of its 2.7 million people. The island is green, mountainous and not well endowed with natural resources. However, the combination of tourism, the "Operation Bootstrap" industrial development program, and stable government has brought a prosperity that is the envy of Latin America and the Caribbean. As the *Economist* put it in one of its issues of June 1969, "Among the Caribbean islands, ... affluence is a brother in Puerto Rico with a Plymouth convertible."

Discovered by Columbus in 1493, Puerto Rico remained closely tied to Spain until 1898 when the United States seized possession during the Spanish-American War. The relationship between Puerto Rico and the United States evolved slowly until the island's own constitution, providing internal self-government, was approved in 1952 by its electorate and the U.S. Congress.

This "freely associated" status did not disturb the economic and fiscal relationship already existing between Puerto Rico and the United States and free trade and common monetary and customs systems continued. Control of defence and international affairs remained with the U.S. Residents of Puerto Rico continue to be exempt from payment of federal taxes, and customs receipts from goods entering Puerto Rico and excise taxes levied on Puerto Rican products (rum) sold on the mainland are returned to the Puerto Rican treasury.

It is the control over taxes which sparked the "Operation Bootstrap" program because Puerto Rico is able to offer tax concessions to attract new industries. (See the article on page 40 for more details.) Up to now, 1,800 factories have been established as a result of the program. These new plants, mainly subsidiaries of U.S. companies, have brought a hustle and bustle to the island economy along with falling unemployment rates, new skills, a rapidly growing middle class, and sharp curtailment of net emigration to mainland cities.

The industrialization program has also been instrumental in creating a trading economy in Puerto Rico because most capital goods and industrial materials are from off-island sources and the output of factories is normally destined for the U.S. market. In 1968/69 Puerto Rico imported $1,969 million of goods from all sources—$1,585 million from the U.S. and $385 million from elsewhere. The major supplier from non-U.S. sources is Venezuela (oil), but exporters from Japan, Spain and West Germany, as well as Canada, have been active in the market. As an importer, Puerto Rico purchases more U.S. products than any country except Canada, Japan, Britain and West Germany.

TABLE 1

PUERTO RICO'S FOREIGN TRADE

	U.S.$ million	
	Imports	Exports
1963	1,159.7	845.3
1965	1,514.6	974.0
1967	1,811.5	1,320.7
1968	1,969.4	1,449.1

This view of the Hato Rey district of San Juan shows, fourth from left, the Pan American Building which houses the Canadian Consulate.

Puerto Rico's exports are normally destined for the U.S. market. In 1968/69 some $1,365 million of the $1,499 million total exports were shipped to the mainland and only $84 million to other countries. Though Puerto Rico has an apparent trade gap, the accounts are balanced by new capital investment, payments by federal agencies (social security, etc.), armed forces purchases, and spending by tourists and business travellers.

Puerto Rico continues to be a favorite winter vacation area for many, particularly residents of the U.S. Eastern

1. D. I. Campbell, Commercial Secretary in San Juan, examines the documents covering a shipment of Canadian floor tiles. The same company also supplies this market with building paper.

2. One of the traditional exports from Canada to Puerto Rico is dried salt cod, or "bacalao". Mrs. Campbell examines part of a shipment to a San Juan merchant. Canadians still supply 50 per cent of the salt cod sold in this market.

3. Eventually this Canadian lumber will be put to use in concrete forming; earthquakes and termites make wooden houses out of the question.

4. You may not be able to distinguish it, but the placard on the building on the right says "Bank of Nova Scotia". Both it and the Royal Bank have long been doing business in Puerto Rico.

5. The supermarkets have only appeared on the island since the late 1950's and during the 60's. As a result, shoppers are becoming more sophisticated; suppliers, including Canadians, must follow suit in promoting products.

1

3

4

2

5

seaboard using the cheap direct air shuttle services. Preliminary statistics indicate tourist guests in hotels totalled 516,000 in the year ended June 30, 1969, 10 per cent more than for the previous twelve months. The hotel occupancy rate has remained high, 77 per cent, on a year-round basis. Many U.S. corporations have Latin American or Caribbean regional offices in San Juan and many U.S. exporters make Puerto Rico their first stop on their journey through the Caribbean or Latin America.

The combination of business and tourist travellers has encouraged the growth of Puerto Rico as the center for air traffic in the Caribbean. As an indication of this growth, 65,370 flights arrived at San Juan airport during the twelve months ended June 30, 1969. Passenger traffic through the airport totalled 4.7 million, 1.1 million over the previous year.

The booming economy has, of course, created a strong demand for improved or increased public services, housing and highways. In the past ten years the number of telephones in service has risen from 64,000 to 270,000 as Puerto Rico's communication companies scramble to catch up with demand. The Water Resources Authority (the government electrical agency) plans expenditures this year totalling $108 million and $620 million in the next five years to double the island's electric power supply. New highways, schools and public housing projects abound. Additional income from remission of federal excise taxes on rum sold on the mainland is important, as are U.S. Government contributions to education, health, public works and other programs.

The value of construction rose to $732 million in 1968/69, 6 per cent more than in the previous year. The major component in this total was housing, up 11 per cent over the previous year to $287 million. Construction of new apartments and condominiums and of industrial and office premises also was greater than a year earlier. Construction is not expected to expand as strongly this year, however, as high interest rates will probably squeeze new housing starts.

The soft spot in Puerto Rico's economy has been agriculture. Though the important tobacco and coffee crops were hard hit by inclement weather, in 1968/69 the sugar industry (and sugar is the island's leading agricultural product) has had a disastrous year because of a shortage of cane cutters, strikes, and low cane sucrose content. Production was 800,000 tons below the established quota of 1.3 million tons. Employment in agriculture has fallen sharply as opportunities in manufacturing increase. And industrialization has inflated land values in the most fertile areas, making agricultural production uneconomic in some sectors.

Although all the island's problems of unemployment and public services have not been solved, the coming year is expected to bring continued growth in Puerto Rico's prosperity. The tourists will continue to follow the sun to San Juan, more North American industrialists will discover the attractions of manufacturing in Puerto Rico, and signs of affluence will increase. With a change in government after 28 years, the new team should bring fresh ideas to bear on the approaching problems of a modern industrial society.

Canada's sales to Puerto Rico exceeded those to many of our more traditional markets in the Caribbean last year—and with good reason, because Puerto Rico imports more goods than all other Caribbean islands combined and more than any country in the hemisphere except Canada and the United States.

With total Puerto Rican imports at about $2 billion in 1968, Canada's $38 million in sales was not outstanding. Most Canadian exporters are familiar with U.S. Customs rules and regulations and, as these apply in Puerto Rico, they are no more of a problem than they are when selling in Buffalo or Boston. There are no exchange difficulties because Puerto Rico is part of the U.S. currency area. Nor are there licensing or other restrictions.

Two-thirds of Puerto Rico's imports consist of capital goods and industrial materials, in which Canada is normally competitive. Puerto Rican industry is becoming more and more integrated and forecasts are that imports of industrial materials will continue to rise rapidly in the foreseeable future. Imports of capital goods will go up sharply over the next three years and demand for consumer goods and food should expand with the island's growth rate of 10 per cent a year.

Table 2 gives details of Canada's sales, and with a new office in San Juan, exporters will have friends on hand to help them find a new market. Duty-free competition from the U.S. may seem rough but it isn't that bad and Canadian manufacturers should be able to offer equally good service.

There are interesting opportunities in two specific areas. The provision of water, electric power, sewerage and other facilities means a demand for products that Canadians could supply, and the booming hotel construction industry also opens sales avenues.

With the tremendous economic growth of Puerto Rico, there has been a natural increase in the island's requirements for electricity, water, and other public facilities. Among the various government agencies providing these services, the two most important are the Puerto Rico Aqueducts and Sewer Authority, which is responsible for the island's water supply and sewer facilities, and the Puerto Rico Water Resources Authority, which is charged with the responsibility for the island's electric power.

The Puerto Rico Aqueducts and Sewer Authority (PRASA) is free to buy from suppliers anywhere in the world or through manufacturers' representatives on the island. It has already purchased water pipe and copper pipe and tubing from Canadian manufacturers. Other items purchased include water and sewer pumps, water meters, wire and cable, and a variety of other accessories, naturally related to the agency's responsibility. PRASA maintains a 5 per cent price preference for goods manufactured in Puerto Rico but this is not normally a deterrent to off-island suppliers. Canadian exporters who wish to be placed on the agency's mailing list to receive tender notices should write to J. A. Noriega, Purchasing Officer, Puerto Rico Aqueducts and Sewer Authority, GPO Box 338, San Juan, Puerto Rico 00936.

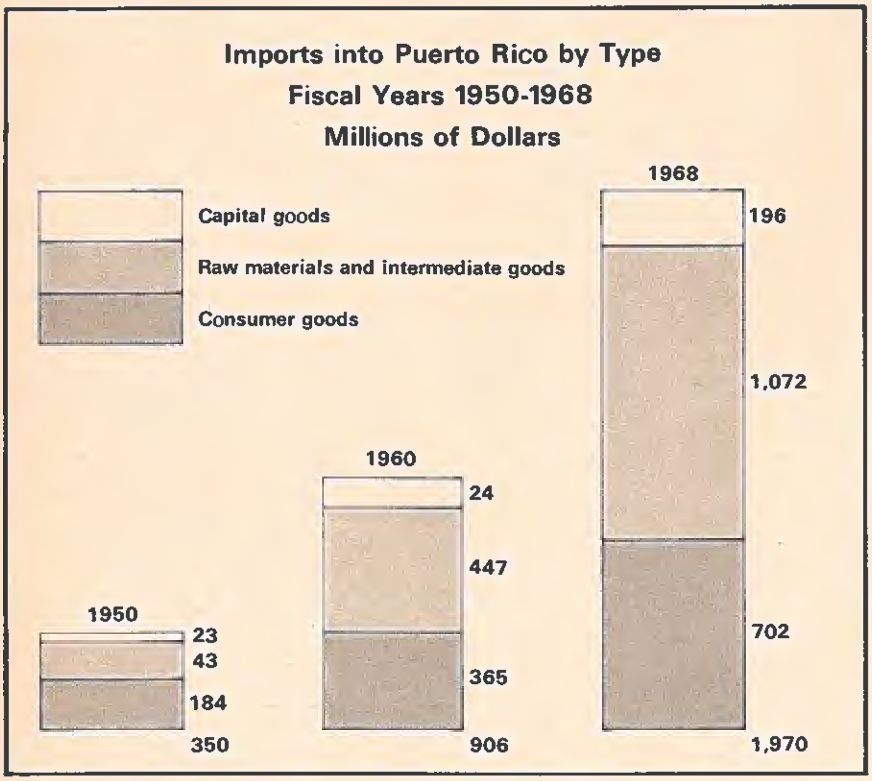
The Puerto Rico Water Resources Authority (PRWRA) is also free to buy from suppliers from any country. The agency is particularly interested in high standards and rigid specifications because many of the items purchased

TABLE 2

CANADA'S EXPORTS TO PUERTO RICO

	Cdn.$'000 1965	1966	1967	1968
Total Exports	**17,693**	**19,560**	26,772	37,811
of which				
Cars, trucks and parts	73	1,674	7,007	15,457
Lumber and plywood	3,841	4,714	3,671	4,441
Fisheries products	2,286	3,301	3,193	3,303
Newsprint	2,045	2,363	2,928	2,857
Insulated wire and cable	128	332	1,130	1,736
Potatoes	2,160	792	1,276	1,498
Copper bar, plate, pipe, etc.	418	915	1,282	1,289
Sheet and strip steel	1,081	75	814	974
Aluminum pig, ingot, etc.	1,827	1,232	788	833
Potassium chloride, muriate	—	138	193	538
Telephone equipment	57	133	129	450
Dog and cat foods	280	326	454	422
Malt	478	378	341	354
Tires and tubes	323	136	290	264
Wood pulp	247	302	459	245
Dairy cattle	243	244	66	165
All others	2,206	2,505	2,751	2,994

Source: Dominion Bureau of Statistics



cannot be readily serviced because of distance from the supplier. Although price is an important factor in the agency's purchasing policy, it is secondary to quality. Canadian exporters who wish to be placed on the PRWRA list of approved suppliers should forward information on their firms and products to J. C. Muniz, Head, Purchasing Division, Puerto Rico Water Resources Authority, Stop 16-1/2, Ponce de Leon Avenue, San Juan, Puerto Rico 00907.

Both the Aqueducts and Sewer Authority and the Water Resources Authority issue tenders, contracts, and requests for quotations in English. This office would be pleased to help any Canadian firms in their efforts to secure orders from these agencies.

The tourist industry also offers opportunities. Through government incentives, tourist hotels have mushroomed in an effort to keep up with the demands for accommodation. Hotel construction activity has been principally centered in San Juan. Two other areas are starting to be developed—the eastern end of the island and the southwest. Because of its proximity to San Juan (approximately 35 miles) the eastern end of the island will develop the most rapidly over the next few years. The world-famous *El Conquistador* is already situated there. However, once construction starts on the new Southwest International Airport, hopefully in 1972, emphasis on hotel construction should shift to this location.

It is expected that 1.6 million visitors will come to Puerto Rico in 1970. This number will swell to 2.9 million by 1975 and to approximately 5 million by 1980. To accommodate them, **20,000 new hotel rooms will be needed over the next decade.**

In a recent speech to the Puerto Rican hotel industry, Juan Rodriguez, head of the Economic Development Administration (Fomento), stated that the tourist industry was vital to the economy and held a prominent place in future economic planning. In spite of a slight slowdown in hotel construction because of tight money, the Government is still taking measures to aid hotel development. One such measure allows future hotels to obtain casino licences much more easily than in the past. Promoters of large hotels will be issued casino permits if they also undertake to build small hotels in designated rural areas.

At present, the Economic Development Association is considering proposals for the construction of 11,000 more rooms during the next five years. One project in the final stages of negotiation is a 2,000-room hotel with a convention hall to seat 6,000. To be located in the eastern section of metropolitan San Juan on government land that will be leased to the promoters, it should be one of the largest of its kind. The establishment of four 1,000-room hotels and several smaller ones is currently being studied by the Economic Development Administration.

All this means substantial opportunities for Canadian suppliers of furniture, catering and institutional equipment. Firms now exporting to the United States should have little problem in selling in this market. If you are interested in developing contacts in Puerto Rico, send brochures or catalogues, plus prices in U.S. dollars c.i.f. or f.o.b. San Juan to the Canadian Consulate, 1606 Pan-Am Building, Hato Rey, Puerto Rico 00917.

Even better, come down and investigate for yourself. If you have plans afoot for trips south in coming months, think about it. We even have direct air connections via Eastern from Toronto and Montreal, so you won't lose your luggage in New York.

Shipping to Puerto Rico

The first question most Canadian exporters ask if they are thinking about finding a new market in Puerto Rico is about the transportation facilities from Canada. The answer is easy—shipping and transport services are good—in fact, the island is served by one of the most efficient systems anywhere. Port facilities, including modern container terminals, are efficient.

The method selected of shipping merchandise to Puerto Rico depends to a large extent on the product and the quantity to be exported. The most common method of shipping from Canada to San Juan is through Eastern Canadian ports via the services of Saguenay Shipping. There is also additional container service through Elizabeth, New Jersey.

In the St. Lawrence navigation season, Saguenay has vessels sailing from Montreal direct to San Juan, with a stop in Halifax, once every week. Most Canadian exporters to Puerto Rico use these services, generally regarded as the cheapest and most convenient. During the winter, Saguenay has vessels departing from Halifax and Saint John for San Juan every 15 days. In addition, Shaw Steamship Co., Ltd., gives a monthly service from Halifax to the Dominican Republic, Haiti, and San Juan, Puerto Rico. Further details can be obtained from Shaw Steamship Co., Ltd., P.O. Box 913, Halifax, N.S.

If quantity and the product warrant, Canadian exporters may wish to consider using the frequent container-trailer service available from U.S. Eastern seaports to Puerto Rico via companies such as Sea-Land, Seatrain, and Transcaribbean Trailer Transport, all located in Elizabeth, New Jersey. Sea-Land, for example, has two or three sailings weekly direct from New Jersey to Puerto Rico and some of these trailer ships are capable of carrying over 600 containers on each voyage. Refrigerated services are available as well. There is no problem for Canadian exporters who wish to use this service because there are interchange arrangements for containers between the container shipping company and Canadian motor freight carriers such as Maislin Brothers Transport, Montreal; Protos Shipping Ltd., Quebec, Montreal, Toronto; Smith Transport and Kingsway.

With this service, Canadian exporters need only call one of the Canadian freight carriers and have a container of approximately 2,160 cubic feet placed in their factory for loading. Rates are quoted on a door-to-door basis which includes inland transportation and ocean freight charges. Once a container is loaded, the Canadian transport company sends it via the container shipping service to the customer's warehouse in Puerto Rico. Since this door-to-door service has been in operation, Canadian exporters have sent hundreds of container loads of such items as dog food, washing machines, office furniture, copper pipe and tubing, etc., to Puerto Rico.

The container service could be of interest to Canadian exporters requiring fast and frequent shipping services, and often it means savings in handling charges, shipping documents, and packing because domestic packing may be used.

CARLOS R. COLON
Marketing Officer, San Juan

Breaking into the U.S. Market

How does a Canadian firm that has made a name in Canada for its sanitation products establish itself in the U.S.? The vice-president of its export division has the answer.

SAM TUGHAN,
Vice-President, Export Division, G. H. Wood & Co. Ltd.
as told to M. A. JOHNSTON

When the president and general manager of G. H. Wood and Co. Ltd. decided that the firm should break into the U.S. market, he undertook the preliminary reconnaissance himself. In three-and-a-half months he visited every major U.S. city and met hundreds of people. It was a real barnstorming tour.

By the time he got back to Toronto he already had the broad outline of a marketing plan in his mind. His staff went over every point carefully and filled in the details. They also worked over the U.S. Customs and Food and Drug regulations, double-checking their findings with the Department of Trade and Commerce in Ottawa. No major problems came to light.

The plan was implemented with speed and energy. "At that time," Sam Tughan, vice-president of G.H. Wood's export division told *Foreign Trade*, the company was handling four or five thousand different items in Canada and sales were running into the millions per year. From an organizational point of view it would have been absurd to try and sell the whole range in the U.S. Mr. Wood's first principle was that we should concentrate our efforts on selling a small number of the most remunerative lines.

"The products chosen should, however, provide the salesman with a well-balanced range for a particular class of buyer. If our man was to be a specialist in sanitation products for hospitals, for example, he would have to offer a complete service in that area. Mr. Wood's second principle was that we should choose the most consistently profitable distribution channel and produce the right sales package for it. This sounds obvious, but it is surprising how many firms are tempted by high-volume outlets only to find themselves caught up in someone else's price-cutting war.

"G. H. Wood and Co. Ltd. had exported to the United States on an *ad hoc* basis before Mr. Wood made his trip, and had found that these sales were profitable. One possibility therefore was simply to increase the shipments of finished products from the Toronto plant. But Mr. Wood believed that local purchasing, manufacturing, and packaging had several important advantages. Most sanitation products are consumable and the end-user does not always keep an adequate stock. He expects quick service. It generally takes a lot less time to change over a production line in a small plant than to get supplies down from Toronto and cleared through Customs. Even if we did maintain stocks out of bond, the customer in a hurry would still see a Canadian address on the label. Another thing, public authorities often prefer to buy local products and public authorities are big customers for what we sell.

"The upshot was that we set up a Canadian-owned U.S. associate to pack from our bulk materials and distribute throughout the United States. We selected Buffalo, N.Y., as the location for the plant and head office of Woodlets Inc., which is the name we chose for G. H. Wood and Co. Ltd.'s new offspring. We liked Buffalo because it is so handy to Toronto, has first-class road, rail and air connections with all parts of the country, and its City Hall actively encourages new industry.

"From a small beginning, Woodlets Inc. has grown rapidly. Sales volume is booming and a 20 per cent annual increase is projected. Branch sales offices have been opened in New York, Boston, Philadelphia, Atlanta, Dallas, San Francisco and Chicago. In each city, the salesmen are on Woodlets' payroll and handle only the company's products."

How does the U.S. associate fit into the over-all organization, who hires the staff and how are they paid? "The operations manager of Woodlets is Arthur A. Hunt," Mr. Tughan advised. "He gets much of his raw materials from Canada, of course, but he purchases his own cans, overpacking and plant and office supplies. He hires his own staff for the plant (seven in the office and fourteen on the production line) and his own salesmen. The salesmen are mainly Americans with a thorough knowledge of their territory. They are not allowed to cut prices to obtain business and are remunerated through a commission on sales to distributors. Woodlets arranges for new salesmen to spend a couple of weeks with a senior man before they go out on their own. Communications are good and there is plenty of technical help available at short notice from Toronto if the need arises.

"I am very optimistic about the future. The company expects that one day its sales in the United States will outstrip its domestic business—the population is many times larger and the standard of living is higher there. But nobody is sitting back waiting for the inevitable to happen. The first move is likely to be another subsidiary specializing in a different section of the market and selling fabricated metal finished products from Canada."

G. H. Wood and Co. Ltd.'s success is based on good organization and aggressive salesmanship. The founder of the company was—and still is—the driving force behind its constant innovation. There is a new generation of sanitation products coming up. One of them is an automatic battery-operated dispenser which is designed for doctors' offices, outpatient waiting rooms, aircraft and other places which need continuous space sanitation. Simple to install and using the company's regular high-pressure aerosols, this device releases a measured amount of atomized "Ozium" spray every half-hour.

The United States is G. H. Wood and Co. Ltd.'s biggest export market but it is by no means the only one. The company exhibits in 32 trade shows in North America, Britain, and Europe, entering only if it believes that it will write enough business to cover the cost. With assistance from an officer of the Department of Industry, Trade and Commerce, who made a fact-finding tour of the West Indies, a considerable sales volume is being built up in the Caribbean area, where a network of distributors is being established. In addition to direct export business, both the parent company and Woodlets Inc. are selling increasingly to export brokers.

"We are always on the lookout for new opportunities," says Mr. Tughan. "We've twice been to West Africa on missions sponsored by the Ontario Government and we are keenly interested in the Middle East too. I myself am visiting Britain this fall to study the possibility of setting up some type of operation there.

"G. H. Wood and Co. Ltd. is very market-oriented; if we think the business is there, we'll see that we have a good product to sell, and go, go, go."

Rolling Homes

Canadian suppliers to builders of conventional homes should cultivate mobile homes market; 325 U.S. firms plan production of 450,000 units in 1971, up 30 per cent.

R. J. ARCHAMBAULT
Vice Consul and Assistant Trade Commissioner, Detroit

In our industrial age characterized by the assembly line, even such a traditional industry as housing had to follow the technique of mass production. Homes are now rolling out of factories and are wheeled to sites, camping or residential, at an amazing speed. "Rolling homes" fall under three categories: the mobile home—a single residential unit over 35 feet long, towed on its own undercarriage, for permanent or semi-permanent living; the recreational vehicle, or "fun home" —a temporary living facility, towed or self-propelled (motor home), and mainly used for vacation travelling; the modular house—a residence made of three-dimensional, boxlike modules hauled to sites for permanent living.

The mobile home industry, according to the United States Department of Commerce, is the fastest growing industry in the country. Production of recreational vehicles and modular houses are following the same trend at a more moderate rate. Modular prefabricated houses are rather a new concept, and the growth of this industry is assured by the fact that in the next ten years 26 million housing units will be needed in the United States, including six million units for low-income families, towards whom the modular homes appear to be chiefly oriented. Unquestionably, the mobile home is one of the solutions to the need for low-priced, single-family housing. The advantages are numerous: variety in prices and luxury ($4,000—$45,000), with a price average of $6,000, savings on land tax, easy credit arrangements, and ease of relocation. This type of housing appeals chiefly to two groups, the newly married couples and those over 55 years old. Both groups usually have no school-aged children.

The growth of this industry has been staggering. In 1947 the production of mobile homes in the United States amounted to 60,000 units with a retail value of $146 million. In 1968 it more than quintupled, when 310,000 units were produced, with the sales value approaching the $2 billion mark. For the past three years, the industry has been growing at an annual rate of over 30 per cent. Production for 1971 is projected at 450,000 units. The Mobile Home Manufacturers Association (MHMA) estimates that there are now five million people living in two million mobile homes throughout the United States. The MHMA reports that in 1967 three out of four new housing units valued at less than $15,000 were mobile homes. This percentage goes up to 86 per cent if one considers the new housing units under $12,500. In California alone, one out of six new homes sold in 1968 was a mobile home. The mobile home industry illustrates very well the cost savings that can be achieved by assembly line techniques. Comparable conventional houses cost $14 a square foot compared with $8 for a mobile home. Furthermore, labor accounts for only 20 per cent of the total cost of a mobile home and 40 per cent for the conventional type.

Although Indiana is still the major center for mobile home production, manufacturers have recognized the benefit of producing close to the customers. Actually, there are over 325 mobile home factories located throughout the United States, with Indiana, Michigan and California the major producing states. Transportation is the main factor which decided the producers to spread their manufacturing plants across the country. Costs may vary between 50c to $1.10 a mile. Highway regulations in the United States limit the width of a mobile home to 12 feet; the usual size of a unit is 12 by 60 feet. In order to provide larger living facilities, two units may be joined together side-by-side on the parking space. Retractable ends have appeared on recent models which add substantial living space without imposing an extra burden on the moving operations.

Recreational vehicles, also called "fun homes", are divided into four basic types: travel trailers, truck campers, camping trailers and motor homes. Because of similarities in assembly operations, many mobile home manufacturers also turn out recreational vehicles, except motor homes which require somewhat different tooling and assembly operations. Parallel to the mobile home growth, although at a slower pace, the recreational vehicle industry is experiencing a tremendous boom. The table shows the rising trend for 1963 to 1967. In 1967, there were 321,430 recreational vehicles manufactured, with a retail sales figure of $619 million. It is expected that by the year 1970, total output will reach 663,000 units, which will mean the doubling of production in a three-year period. The leading manufacturing states, Indiana, California and Michigan, are responsible for about 60 per cent of the total recreational vehicle production. The Recreational Vehicle Institute estimates that there were two million recreational vehicles on United States roads in 1968, almost half being travel trailers. Truck campers accounted for 27 per cent, camping trailers 22 per cent and motor homes 6 per cent.

Recreational vehicles provide many advantages for vacationers, especially for budget conscious ones. However, economy is not the only reason for the rise in popularity. With the ever growing size of the cities, people are increasingly seeking outdoor activities during their leisure time. A recreational vehicle offers the most flexible means to take advantage of outdoor living. At present there are over 1.5 million owners using the four types of recreational vehicles during their holidays or weekend travelling. Well-organized camping sites are increasing at the same rate as the industry. Associations are being formed and excursions organized which add a social dimension to the enjoyment of outdoor living.

The module concept represents another variation of the factory-built technique in the housing industry. A modular house, depending on the design, is made up of two to six modules, hauled to sites and stacked together and usually ready for occupancy within 48 hours. Most of the plumbing, electrical wiring, painting, insulation, bricklaying and in some cases installation of appliances is done in the factory. The module concept was inspired by the mobile home design and many mobile home manufacturers produce modular houses. Modular homes are specially designed to help overcome the shortage of housing for the low income families, a shortage evaluated at six million units for the next 10 years. It is predicted that within three years, 30 per cent of all units for low income families will be factory built. Supporters of the modular technique argue that a saving of 15 per cent through factory production is easily achieved. Hourly rates for a factory worker are usually lower than those of a building craftsman operating on a construction site. Factory production is free from periodic work stoppages caused by inclement weather. Acceptance of the modular concept is increasing as more and more urban projects are favoring it. Updated building codes and improved labor relations could result in still greater acceptance of this concept.

Transportation costs may prohibit shipments of complete assembled units over long distances. However, **the rolling home market offers the same opportunities to the building materials suppliers as the conventional home industry.** Furniture, gas and electrical appliances, plumbing and heating equipment, decorative wood panels and aluminum sidings, kitchen cabinets and bathroom fixtures, just to name a few, are among the main components of a rolling home in addition to lumber and steel (tubular or angle) for frame construction. One of the drawbacks of the rolling home industry is the need to carry a large, space-consuming inventory. Some of the largest manufacturers may have their own warehousing facilities or their own manufacturing plant for certain building components. However, there are a number of smaller independent firms who cannot afford to keep a large inventory on their premises. Therefore, they prefer to deal with local warehouses. This allows them to use their limited plant space for manufacturing purposes, especially during the peak season which extends from March to November. The best illustration of the use of warehouses is seen in Elkhart, Indiana, a community of 60,000 people, and known as the mobile home and trailer center of the United States. There are over 80 warehouses in Elkhart servicing mobile home and recreational vehicle manufacturers and retailers. Some of these warehouses have nationwide operations and carry up to 10,000 different items.

A Canadian supplier of building materials interested in selling to the American mobile home and recreational vehicle industry should bear in mind that there are two ways of marketing his wares: either directly, by calling on the purchasing departments of large manufacturers, or indirectly, through local warehouses servicing the manufacturers and the retailers. The proximity of Michigan and Indiana, two of the three leading states (with California) in the rolling home industry makes them natural markets for any Canadian building material manufacturer who has open capacity for exports. The Detroit Consulate, which covers both Indiana and Michigan, is at the disposal of any interested firms seeking marketing assistance or orientation in this part of the United States.

RECREATIONAL VEHICLES PRODUCTION AND RETAIL VALUE

	U.S.$ million Travel Trailers		Truck Campers		Camping Trailers		Motor Homes	
	Units	Sales	Units	Sales	Units	Sales	Units	Sales
1963	72,170	129.9	42,500	72.3	40,300	18.1	*	*
1964	90,370	162.7	55,000	93.5	52,000	23.4	*	*
1965	107,580	236.7	70,000	119.0	67,220	33.6	6,500	48.8
1966	122,700	282.2	86,300	146.7	72,300	43.4	7,900	59.3
1967	132,540	304.9	97,110	165.1	79,280	55.5	12,500	93.8

*No data available
Source: Recreational Vehicle Institute.

Trade and Tariff Regulations

Abu Dhabi has made changes in two import duties under Amiri Decree No. 35/1969, effective August 30, 1969, as follows: customs duties payable on cigarettes are reduced to 2.5 per cent and on liquor are increased to 25 per cent.

Israel has added the following items to the list of commodities for which import licences are issued without restriction, effective August 7, 1969.

Tariff no. and description	Customs duty	Purchase tax
51.04–1000 tire cord fabric	50%	25%
59.14 woven wicks of cotton	65%	exempt
84.54–9900 Document shredders of a weight not exceeding 100 kg.	50%	15%

Inquiries about this notice should be addressed to the Asia and Middle East Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

Peru has added approximately 200 items to the list of prohibited imports under Supreme Decree No. 134–69–EF published September 18, 1969. Canadian exports affected include:

Tariff Item and Description

23.07.0.03—Concentrated animal feed preparations containing vitamins, not suitable for immediate consumption but for use in preparation of a much greater volume of feed.

30.03.1.01—Prepared pharmaceutical products and medicinal preparations put up for retail sale or in bulk form.

44.15.0.02—Plywood, more than 3.5 mm. in thickness.

73.22.0.01—Reservoirs, tanks, vats and similar containers for any material, or iron or ordinary steel of a capacity exceeding 300 liters, whether or not lined of heat-insulated, but not fitted with mechanical or thermal equipment.

73.38.2.01—Toilet and sanitary articles of iron or steel sheets, other than stainless.

84.40.1.01—Domestic type washing machines.

85.12.1.06—Wash boilers.

Further information regarding specific products may be obtained from the Latin American Division, Office of Area Relations, Department of Industry, Trade and Commerce.

The Venezuelan Ministry of Finance issued recently the following information concerning consignees in the case of shipments of commodities subject to compulsory previous import licensing.

1. Compulsory import licences can be given only to the actual importer (and in many cases only to the end user) of the merchandise involved.

2. If an import shipment should be consigned to the customs broker and the shipping documents do not make it clear that the actual importer is the holder of the import licence, such shipments would not be considered to be covered by the import licence and would therefore be subject to confiscation and further action that might be applied to a shipment not duly documented.

For this reason Canadian exporters should be especially careful when they ship commodities subject to compulsory import licensing. They should make sure that the name of the actual importer in whose name the licence has been issued and the number of the licence are clearly indicated on all shipping documents.

Trade Lines

A Swiss firm, Brown, Boveri & Co., has obtained an order from the Mexican Comision Federal de Electricidad for steam turbines with a total capacity of 300 mw. A Swiss consortium will also supply four gas turbines with a capacity of 15 mw. each. This equipment is destined for the Valle de Mexico power project—Berne.

Construction of a new vocational school in Grand Prairie, Texas, (near Dallas) is planned to begin in November 1969, with completion about September 1970. Predicted cost of the building will be about $560,000, with an additional $60,000 to $80,000 to be spent on equipment. Courses planned are automotive mechanics and body repair, health vocations and building trades—Dallas.

The recent expansion of the Compania Industrial de Atenquique plant in Jalisco State has made Atenquique the major kraft paper manufacturer in Mexico and the most modern in Latin America, according to Nacional Financiera S.A., the Government Development Bank. It represents an investment of 357 million pesos (Cdn. $30 million), partly financed by Nacional Financiera, and will raise Atenquique's production capacity from 35,000 to 100,000 tons a year. In 1968 Mexico's paper industry produced 392,215 metric tons of cellulose and 738,050 tons of paper products. Of this, Atenquique produced 28,035 tons of paper and 8,779 tons of unbleached sulphate pulp—Mexico City.

The Argentine Government is calling international tenders for two more cargo ships under the Renovation Plan of the Argentine Merchant Marine (ELMA). The Plan calls for the construction of 14 ships to replace 14 cargo Victory ships built 25 years ago. Eight of these will be built in two local shipyards, and four will be bought in Spain under an agreement in which the Spanish Government will buy 55,000 tons of Argentine beef in 1970. The two remaining ships will be obtained by private international tender. All will have some 9,000 tons of deadweight tonnage and will be used for general, refrigerated and liquid cargoes—Buenos Aires.

Astilleros Unidos del Pacifico S.A. of Mazatlan, Mexico, has sold five shrimp fishing boats to South Korea. The boats have 380 h.p. diesel engines, storage capacity for 40 tons of shrimp, and are equipped with winches from Canada. South Korea plans to order another five shrimp boats of the same type. The Mazatlan firm which manufactures the boats for export is in need of stainless steel shafts, shackles, turnbuckles and running lights—Mexico City.

Two recent developments will increase substantially Mexico's production of heavy-duty diesel tractors. Distribuidora Autocar S.A. will begin operating its new Mexico State plant shortly. The 20-million-peso (Cdn. $1.7 million) plant will produce initially 200 diesel tractors a year. Kenworth Mexicana S.A. is now building a 30 million peso (Cdn. $2.6 million) plant at Mexicali in the State of Baja California. It will increase Kenworth's annual production capacity from 550 to 850 heavy-duty diesel tractors—Mexico City.

Petroleos Mexicanos, the Mexican Government oil monopoly, plans to increase its offshore crude oil production by some 5,000 barrels a day by the end of 1969 because of recent oil discoveries and intensified production. This would increase total production to 50,000 barrels a day from operating wells off the coasts of Veracruz and Tamaulipas in the Gulf of Mexico—Mexico City.

Mexico's first commercial asbestos mine will he in operation in the next 14 months. The mine, controlled by the Mexican Government, has deposits estimated at 200,000 metric tons and daily production is expected to reach 300 tons. Local production could replace up to 33 per cent of imports from Canada and other chief suppliers, according to Mexican authorities—Mexico City.

Mexico's merchant marine is now made up of vessels with a total of 620,553 gross tons. Since 1964, the marine's transport capacity has increased 35.2 per cent to more than 26.6 million cubic yards—Mexico City.

Swaziland had an excellent citrus crop this year both in quality and quantity, according to a spokesman for the Ministry of Agriculture. Prices in the overseas market were reported as good. The cotton crop is now being picked and marketed. Its appearance was said to be clean and white but the fiber tests revealed that it was of poor quality—Johannesburg.

A Venezuelan economic mission went to Japan recently for the purpose of increasing commercial relations with that country and of attracting Japanese investment in Venezuela's rapid industrialization program. Representatives of Venezuela's Metal Industries Association, Export Association and the Federation of Chambers of Commerce participated. The mission was headed by the Minister of Communications and the Director of the Central Planning Office—Caracas.

Koninklijke Papierfabrieken Van Gelder & Zonen and Crown Zellerbach International Inc. have announced a joint Cdn.$21 million expansion in paper production at Velsen, the Netherlands. The present machine, operating at full capacity, manufactures mainly punch card stock for European consumption. A second machine will be installed to produce this grade of stock and also thinner papers not yet available in Europe. It is expected to be operating by the end of 1971. To manufacture these papers Crown-Van Gelder will use research programs developed by Crown Zellerbach, the parent company—The Hague.

Italian production of motor vehicles increased 13 per cent in the first five montbs of 1969 to more than 800,000 units. Of these, 743,000 were passenger cars. Some 328,000 vehicles were sold abroad, 33.3 per cent more than in the same period in 1968—Rome.

Soutb African boteliers bave set up Hotel-Tours (Pty.) Limited to provide bulk buying and common booking facilities for some 100 hotels throughout the country. The company is expected to handle some $5 million worth of bulk purchases each year—Johannesburg.

Brazil's automotive industry manufactured 176,048 vehicles in tbe first six months of 1969, compared with 124,999 in the same period of 1968. Of the total, Volkswagen produced 52.2 per cent or 41,943 units, a 37.6 per cent increase over 1968—Rio de Janeiro.

In tbe last five years, 52 factories bave been set up in Hong Kong as joint ventures or wholly-owned subsidiaries of overseas companies not already operating in the Colony. This represents an investment of some Cdn.$21 million in land, buildings and machinery—Hong Kong.

A U.S.$100 million fund bas been set up to provide low-cost financing for imports of scientific instruments and technological equipment not yet produced in Italy. A government committee will examine applications and will outline the financing conditions—Rome.

Five Italian firms are participating in a consortium headed by SOCEA of France whicb plans to build a $175 million, 42-inch pipeline from Suez to Alexandria to bypass the blocked Suez Canal. The Italian firms—Fiat, Magneti Marelli, Techint Lodigiani Pipelines, Micoperi, and Finsider—will contribute $30 to $35 million. The pipeline will handle 60 million tons a year, one-third the amount the Canal carried in its last full year of operation. Supertankers are expected to unload in Suez and load in Alexandria, reducing by half the fuel required to sail around Africa—Milan.

Brazil's semi-government-controlled steel monopoly, Companhia Siderurgica Nacional, bas recently signed an agreement with U.S. Steel engineers and consultants for technical and administrative assistance. The contract covers present installations and products from Volta Redonda and also the 2.5-million-ton planned expansion and any new products which U.S. Steel is experienced in manufacturing that may be introduced into the CSN production line. CSN will have access to all U.S. Steel processes, techniques and patents. Technical assistants from U.S. Steel will visit CSN installations up to 16 times a year and 24 CSN technicians from Volta Redonda will take extension courses in groups of six at the U.S. Steel offices and plants. U.S. Steel (through its Brazilian subsidiary), CSN, and CVRD (Companhia Vale do Rio Doce), now control most of Brazil's iron ore deposits, including the recent discoveries in the Amazon which should be operational by 1972—Rio de Janeiro.

Metric denominations will be used in selling consumer goods in Soutb Africa, effective January 1, 1970, under the Weights and Measures Regulations published earlier this year. Goods sold in prescribed quantities (e.g. bread—eight ounces, one, two, three and four pounds) will be exempt until new metric equivalents are developed. Industry is also changing to the metric system. Exporters to South Africa are asked to direct their inquiries about metrication to the Director, Commonwealth Division, Office of Area Relations, or the Assistant Deputy Minister, Operations, Department of Industry, Trade and Commerce, Ottawa—Johannesburg.

A 310-ton oil transshipment buoy, built in Rotterdam, will be used in Saint John, New Brunswick, for the transshipment of oil into tankers of up to 350,000 tons. The buoy was built by Gusto Schiedam, a member of the IHC-Holland shipbuilding and engineering group. It has a heating cap to enable it to operate in almost all weather and sea conditions—The Hague.

Venezuela is reviewing import licence requirements for more than 500 tariff items to determine whether present market conditions justify their continuation. The review will attempt to distinguish between goods subject to licensing that are locally produced and those that fall within "basket" customs categories. If instituted, these changes could open the door to Canadian products now restricted under "basket" tariff items—Caracas.

Venezuela bas planted 600,000 Carib pine trees on 123,500 acres of government land near Cachipo, Venezuela. The plan is to plant 800,000 in 1970, 1,000,000 in 1971, and 800,000 in 1972 and each year thereafter—Caracas.

Three major Spanish power utilities have jointly filed an application for approval to build a nuclear power plant with a minimum capacity of one million kilowatts on the Tagus River in Almaraz. Sevillana de Electricidad S.A., Hidroelectrica Espanola S.A., and Union Electrica Madrilena S.A. plan to install twin units in the new plant which would come on stream in 1975. The plant would supply electricity to the national network by three 400 kw. lines (two to Madrid and one to Sevilla), and would be linked with a nearby substation by two lines of 200 kw. and 138 kw.—Madrid.

J. & P. Coats Ltd., world-renowned Scottish thread manufacturer, has discovered a strengthening process for cotton. It is expected to revolutionize the cotton goods industry and may significantly affect the world cotton market. The process consists of passing the cotton through liquefied ammonia at –33 degrees C and immersing it in boiling water where it is stretched. The result is a stronger, more lustrous material that is expected to last about twice as long as material produced by present methods—Glasgow.

Italy plans to automate its postal banking system following the method used in Britain. Two consortia have bid for the $20 million contract. One is headed by IBM and includes Olivetti; the other is made up of General Electric, Recognition Equipment (a Texas firm), Siemens and Selenia—Milan.

Esso Motor Hotels of Florence, Italy, plans to spend $2.4 million on two new motels in Bologna and Catania in the next two years. This will bring to five the number of Esso motels in Italy—Milan.

Private Capital for Asia

A new name has been added to the list of international organizations that Canadians interested in overseas countries should note. PICA, which stands for "Private Investment Company for Asia" is a multinational organization set up to facilitate private capital investment in the developing countries of Asia. It has an authorized capital of U.S.$40 million, of which U.S. $16 million is paid up and among the 112 shareholders are five Canadian organizations—Alcan Aluminum Limited, Bank of Montreal, Canadian Imperial Bank of Commerce, MacMillan Bloedel Ltd., and the Royal Bank of Canada. Its operating headquarters are in Tokyo.

The prime objective of the new company is to direct private investment into the developing countries of Asia (this excludes Japan, Australia, New Zealand and Hong Kong, which do not qualify under the terms of reference).

PICA is prepared to consider requests for equity investment or loans in any profitable enterprise which is likely to have a beneficial effect on the economy of the country or region in which it is located. To anyone familiar with the operation of the World Bank's associated organization, the International Finance Corporation, or with ADELA (Association for the Development of Latin America) the rules will be very familiar. PICA's president, Dr. Willem A. van Ravesteijn, is a former banker of Dutch extraction with wide experience in developing countries. Over a fat Dutch cigar and coffee in his new office overlooking the Imperial Palace in Tokyo, he talks of his hopes and aspirations for this new financial institution. PICA will not interest itself in social or infrastructure projects; bilateral aid programs and the World Bank can take care of these. Rather, PICA wishes to promote small and medium-sized enterprises and it is quite open to consider an enterprise in virtually any line of endeavor, provided that it is potentially profitable and will lead to general economic advancement in the country. Anything from a tourist hotel to a resource development will qualify, but PICA would prefer those labor-intensive industries which will help to provide employment for Asia's teeming masses.

In Dr. van Ravesteijn's view, management is the key to success and it is the vital commodity that most Asian developing nations require. "Don't talk to me about turnkey projects," he says. "I have seen too many of them. They are wonderful when they are handed over, but without proper management and maintenance they grind to a halt in a couple of months." What Asian enterprise needs is management and a financial involvement from experienced Canadian firms who are prepared to see that the new enterprise runs properly and succeeds financially. "If I can find good management, PICA will find the resources to finance the project," says van Ravesteijn.

PICA will on its own account undertake some surveys and studies for new projects, and will require to some extent the advice and guidance of consulting firms. More generally, however, it prefers that these studies be carried out by potentially interested investors on their own, rather than by PICA direct.

Given the increasing awareness of Canadian business about investment opportunities in the Pacific and Asian regions, PICA is an institution of considerable interest of which we may expect to hear much more in the future.

If any *Foreign Trade* reader would like more information about it, please write to:

Dr. Willem A. van Ravesteijn,
President,
Private Investment Company for Asia,
Kokusai Building 924,
12, 3-chome, Marunouchi,
Chiyoda-ku,
Tokyo, 100 Japan.

If you prefer, you may direct your inquiry to:

Minister (Commercial),
Canadian Embassy,
Akasaka, Tokyo,
107 Japan.

S. G. HARRIS
Commercial Secretary, Tokyo

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, 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

Germany
H. Vogel, Commercial Officer in Duesseldorf:

Victoria: November 9–10
Vancouver: November 12
Edmonton: November 13–14
Regina: November 17
Winnipeg: November 19
Toronto: November 20–26
Montreal: November 27–December 2
Halifax: December 3–4
Saint John: December 5

Temporary Duty in Ottawa

Trade Commissioners on temporary duty in Ottawa may be contacted through the Trade Commissioner Service, phone 995-9930 (area code 613).

H. Vogel
Commercial Officer
Duesseldorf, Germany
November 3–8

In Territory

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

Barbados and Leeward Islands
J.M.C. Lavoie, Assistant Commercial Secretary in Port-of-Spain, Trinidad, with visit Barbados, Dominica and Antigua November 10-14.

Bolivia
M. R. Bell, Commercial Secretary in Lima, Peru, will visit La Paz early in December.

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.

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
D. Hobson-Garcia, Commercial Officer in Port-of-Spain, Trinidad, will visit Guyana November 24–28 and December 15–19.

Pakistan
J.E.G. Gibson, Commercial Secretary in Islamabad, will visit East Pakistan November 3-8.

M.H. Jafri, Commercial Officer in Islamabad, will visit Karachi December 15-19.

Taiwan
An officer from the Manila, Philippines, office will visit Taipei November 2-12.

Tasmania
R. J. McGavin, Assistant Commercial Secretary in Melbourne, Australia, will visit Tasmania October 28-November 11.

Trinidad
J. M. C. Lavoie, Assistant Commerical Secretary in Port-of-Spain, Trinidad, will visit South Trinidad November 27 and North Trinidad December 2.

International Loan Announced

More than 4,000 cattle and crop farms in Argentina's northeast provinces will benefit from a program designed to expand agricultural production. A $37.6 million loan from the Inter-American Development Bank will assist in providing supervised credit to small- and medium-scale farmers and ranchers, expand farm research and extension services, and help mechanize farm operations. A sum of $8 million for the agricultural mechanization program is open to competition from suppliers in non-member countries including Canada. Total cost of the program is $81.5 million. It is expected to bring about an increase of 80 per cent in beef output per acre in the northeast provinces, and lead to a considerable expansion in vegetable and citrus fruit production. The program will enable Argentina's farm research and extension agency to construct new buildings, supplementary installations and laboratories, purchase equipment and train personnel. The extension of credits for imported or domestic farm tractors, ploughs, harrows, sowers, harvesters, mowers, feed-choppers, pulverizers, hay balers, hay loaders, shellers, sprayers and fertilizer spreaders represents a continuation of a program that provided credit to 81,000 farmers. The present program is expected to speed the growth of farm and ranch exports and to exert a favorable effect on Argentina's balance of payments position.

Foreign Exchange Rates

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

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

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

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

Country and Currency	Value of foreign currency unit in Canadian dollars at October 10	Value of Canadian dollar in foreign currency units
Algeria		
Dinar	.1946	5.13
Argentina		
Peso (free)	.0030	333.33
Australia		
Dollar	1.200	.8340
Austria		
Schilling	.0417	24.03
Bahamas		
Dollar	1.058	.94
Belgium and Luxembourg		
Franc	.0214	46.72
Bermuda		
Pound	2.572	.39
Bolivia		
Peso	.0906	11.06
Brazil		
Cruzeiro (official free)	.2574	3.89
Britain		
Pound	2.572	.39
British Honduras		
Dollar	.5402	1.84
Burma		
Kyat	.2264	4.42
Ceylon		
Rupee	.1811	5.52
Chile		
Escudo (bank rate)	.1111	8.96
(free)	.1044	9.54
China, Republic of		
New Taiwan Dollar (official)	.027	37.04
Colombia		
Peso (fixed)	.062	15.87
Congo (Kinshasa)		
Zaire	2.154	.4651
Costa Rica		
Colon	.1631	6.13
Cuba[1]		
Peso	....	....
Czechoslovakia		
Koruna	.1500	6.68
Denmark		
Krone	.1434	6.98
Dominican Republic		
Peso	1.080	.92
Ecuador		
Sucre (official)	.0600	16.72
(free)	.0536	18.65
El Salvador		
Colon	.4321	2.31
Fiji		
Pound	1.232	.80
Finland		
Markka	.2572	3.89
France, Monaco, etc.[2]		
Franc	.1934	5.13
Franco-African Republics[3]		
Franc	.0039	256.4
French Pacific[4]		
Franc	.0107	93.44
Germany		
D Mark	.2882	3.67
Ghana		
New Cedi	1.056	.94
Greece		
Drachma	.0359	27.93
Guatemala		
Quetzal	1.078	.92
Guyana		
Dollar	.5395	1.85
Haiti		
Gourde	.2157	4.63
Honduras		
Lempira	.5402	1.85
Hong Kong		
Dollar	.1783	5.62
Hungary		
Forint (official)	.0921	10.85
Iceland		
Krona (official)	.0123	81.96
India		
Rupee	.1421	7.03
Indonesia[5]		
Rupiah	....	....

Country and Currency	Value of foreign currency unit in Canadian dollars at October 10	Value of Canadian dollar in foreign currency units	Country and Currency	Value of foreign currency unit in Canadian dollars at October 10	Value of Canadian dollar in foreign currency units
Iran Rial	.0142	70.42	**Peru** Sol (free)	.0248	40.65
Iraq Dinar	3.021	.33	**Philippines** Peso (free)	.2756	3.63
Ireland Pound	2.572	.38	**Poland** Zloty (fixed basic rate)	.2700	3.71
Israel Pound	.3083	3.25	**Portugal & Colonies**[6] Escudo	.0375	26.66
Italy Lira	.0017	588.23	**Saudi Arabia** Riyal	.2066	4.84
Jamaica Dollar	1.286	.77	**Sierra Leone** Leone	1.502	.66
Japan Yen	.0030	333.33	**Singapore** Dollar	.3525	2.85
Kenya Shilling	.1526	6.55	**South Africa** Rand	1.500	.66
Lebanon Pound (free)	.3345	2.99	**Spain & Dependencies** Peseta	.0155	64.93
Malaysia Dollar	.3529	2.85	**Sweden** Krona	.2083	4.80
Mexico Peso	.0863	11.60	**Switzerland** Franc	.2514	3.99
Morocco Dirham	.2164	4.69	**Syria** Pound (free)	.2819	3.55
Netherlands Florin	.3006	3.34	**Thailand** Baht (free)	.0523	19.15
Netherlands Antilles Florin	.5722	1.75	**Trinidad & Tobago**[7] Dollar	.5392	1.85
New Zealand Dollar	1.204	.82	**Tunisia** Dinar	2.055	.48
Nicaragua Cordoba	.1542	6.50	**Turkey** Lira	.1198	8.34
Nigeria Pound	3.017	.33	**United Arab Republic** Pound (official)	2.482	.40
Norway Krone	.1509	6.63	**United States** Dollar	1.080	.92
Pakistan Rupee	.2266	4.42	**Uruguay** Peso (free)	.0043	232.56
Panama Balboa	1.079	.92	**Venezuela** Bolivar (official free)	.2407	4.17
Paraguay Guarani (free)	.0086	116.28	**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.

Puerto Rico's Approach to Development

Puerto Rico is one of the most attractive areas for industrial investment today. This may seem a rather startling statement for an area that was once known as the "poorhouse of the Caribbean", before the Government instituted its progressive program of using its capital resources as a catalyst to attract private investment.

The factors that have stimulated this great inflow of capital and the development of skills are many. Puerto Rico uses U.S. currency, banking and postal systems. There is a free flow of goods between the U.S. mainland and the island. In addition, income earned in Puerto Rico is not subject to U.S. federal taxes. With such an arrangement, appropriate local legislation has created substantial tax advantages for those companies wishing to establish plants. The Industrial Incentive Act of 1963 expanded the concessions already available under "Operation Bootstrap". Thus any individual, partnership or corporation wishing to manufacture a product not made in Puerto Rico on a commercial scale before January 1947, or any one of 34 designated articles, is entitled to certain basic tax exemptions. This also applies to the operation of commercial and of tourist hotels.

Firms which qualify are exempt from industrial development income tax, real and personal property tax, licence fees, and excise or municipal taxes for periods of 10, 12 or 17 years. The location of the plant site governs the length of time for which exemptions are granted. (Investors may elect to receive a 50 per cent exemption but increase the duration of tax-free privileges to 20, 24 or 34 years.)

Tax exemptions apply not only to corporate profits but also to dividends paid to stockholders if they reside in Puerto Rico or reside in a country in which they do not have to pay tax on money earned in Puerto Rico. In addition to the provisions of the Incentive Act, the Export Incentive Bill of 1965 grants tax exemptions for ten years on income derived from the sale of goods to foreign countries.

In order to defray many of the start-up costs of a manufacturing plant, the Government has provided a program of location grants. These grants are only made to firms which operate outside the metropolitan San Juan area. The amount of these cash concessions depends upon the sex and number of employees hired and the unemployment rate in the region selected. In addition to local incentives, there are special grants for projects of primary importance to the island's economy, such as basic industries, operations requiring highly skilled labor, and projects using local raw materials.

Puerto Rico provides other attractions. Wage scales are considerably lower than in the United States. Educational facilities have been expanded and adapted to meet the constant requirement for skilled personnel. Infrastructure has also kept pace with the country's needs. There are adequate water and power systems, modern harbor facilities tailored to handle containerized shipping (last year 85 per cent of dry cargo moving between the U.S. and San Juan was containerized) and plans to expand the island's existing airports.

Rather than wait for investors to discover Puerto Rico, there are field offices in key North American cities to point out the economic success a potential investor may enjoy. Such active industrial promotion explains the number and variety of enterprises in Puerto Rico today. Some of the major manufacturing industries are:

Chemicals—102 plants employ 3,300 workers (2.6 per cent of total manufacturing employment) at an average hourly wage of $1.77. The principal exports are medical and pharmaceutical products, alcohols and glycols. Exports to the U.S. totalled $1.08 million in 1967.

Metal Products and Machinery—284 plants employ 6,400 workers (5 per cent of total manufacturing employment) at an average hourly wage of $1.81. The principal exports are metal cans, cutlery and metalworking machinery. Exports to the U.S. totalled $7.8 million in 1963.

Wearing Apparel—431 plants employ 35,755 workers (28 per cent of total manufacturing employment) at an average hourly wage of $1.30. The principal exports are foundation garments, underwear and nightwear. Exports to the U.S. totalled $296 million in 1967.

Electrical Products—90 plants employ 8,500 workers (7 per cent of total manufacturing employment) at an average hourly wage of $1.60. The principal exports are electrical components, electric lighting, and wiring equipment. Exports to the U.S. totalled $86 million in 1967.

Footwear—46 plants employ 7,450 workers (6 per cent of total manufacturing employment) at an average hourly wage of $1.10. The principal exports are leather dress shoes, sandals and baby shoes. Exports to the U.S. totalled $46 million in 1966.

During the last fiscal year, 1968-69, 551 industrial projects were established (an increase of 58 over the previous year), creating an estimated 42,000 jobs. High economic and social goals have been set for the years ahead. Looking to the future, bankers and businessmen as well as government officials foresee a continuation of solid year-by-year growth. There is the utmost confidence that the high labor productivity of Puerto Rican workers and the Commonwealth's liberal incentive program for industrial expansion will continue to attract new investment.

R. A. FAIRWEATHER
Vice-Consul and Assistant Trade Commissioner, San Juan

This Canadian-made Mini Skoot was sold to Howell Engineering Pty. Ltd. of West Heidelberg, Victoria, at the fifth International Engineering Show held in Melbourne, Australia, in August. The Australian firm purchased the Mini Skoot at the opening of the exhibition and used it during the show. Manufactured by Blue Giant Equipment of Canada Ltd. of Brampton, Ontario, the Mini Skoot is a six m.p.h., compact personnel carrier for large plants and offices. It runs on two built-in batteries fitted with overnight chargers. Blue Giant has set up Howell Engineering Pty. as the agent for the Canadian company. Showing the Mini Skoot is one of the attractive hostesses who worked at the Canadian exhibit. She is wearing the Canadian trade fair outfit—a red dress and a red-and-white maple leaf scarf.

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The Queen's Printer, Ottawa, Canada

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The Aluminum Company of Canada's Australian subsidiary, Alcan Australia Limited, has a new smelter at Kurri Kurri, which shipped its first ingots at the end of August. This picture shows part of the complex—a 30,000 ton per year carbon plant.