foreign trade

Department of Industry, Trade and Commerce, Canada

EFTA Ten Years After

Businessman in Denmark

Canada's Trade with Continental EFTA

January 3/70

In This Issue

"An unbroken success story"—that's how a British periodical described the trading picture in the EFTA countries in the first nine months of 1969. Here, it said, is a market with "exceptionally big imports per head of population, high dependence on manufactures, and plenty of scope for further penetration." And the word to British exporters was, in effect, go, go, go. This issue of *Foreign Trade*, devoted to the EFTA countries, should convey that same message to Canadian businessmen.

The leading article, contributed by Frank Piscopo of the Office of Economics, discusses the economic changes within EFTA in its first decade, including the expansion of production. Leader in this was Denmark, which more than doubled its GNP between 1960 and 1967. As the article from Copenhagen points out, much of this increase stemmed from manufacturing rather than from agriculture, once the leader. But the Danes have managed to achieve this industrial growth without spoiling the beauty of the countryside, as the picture on our front cover proves. It shows the Mariager Fiord in Jutland and in the background (left) the Astrup cement works. The Danes are known all over the world for their expertise in the designing and building of cement plants.

The back cover will bring sighs of longing from the ardent skiers among our readers. It's a picture of the small village of St. Christoph am Arlberg in the Austrian Tyrol, with skiers out on the slopes. Austria has more than snow and sunshine to offer to Canadians—there's business waiting there too. Our Vienna office explains that, following the revaluation of the German mark, Austria lowered tariffs and border taxes on certain imported goods. This should enhance the opportunities for Canadians.

If Denmark is one market that you have not explored personally, don't miss the article on page 24. A businessman's guide to that small but attractive country, the pictures alone should persuade you to start making plans for your visit. We have received a number of letters from readers about this "Businessman Abroad" series. By this time we have covered a large number of countries; coming up soon will be articles on Turkey and Malaysia and possibly on Portugal.

Consulting engineers and suppliers of capital goods and equipment will be interested to know that our January 31 issue will concentrate on the international financing organizations and how to participate in projects that they sponsor. It will also include interviews with eight or nine Canadian consulting firms which have actually won contracts for internationally sponsored projects against stiff competition.

foreign trade

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The Hon. Otto Lang,
Minister without Portfolio

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O. Mary Hill, Editor

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From the EFTA Countries

Departments

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This is the new multi-tower Hotorget complex in Stockholm.

EFTA Ten Years After

What has the European Free Trade Association achieved in the decade since the Stockholm Convention was signed in November 1959? What is its future likely to be?

F. A. PISCOPO
Chief, Overseas Analysis Division, Office of Economics

In 1959 a group of seven countries—Austria, Britain, Denmark, Norway, Portugal, Sweden, and Switzerland—decided to work towards the formation of a free trade area among themselves. Somewhat earlier, when the Treaty of Rome which led to the formation of the European Economic Community was being drafted, Britain had proposed that the EEC should form part of a wider free trade area embracing the 17 countries in the OEEC. But negotiations towards this objective were broken off at the end of 1958, and the seven countries listed above continued their discussions. On November 20, 1959, Ministers of the seven member states gathered in Stockholm and signed the "Convention Establishing the European Free Trade Association." EFTA came into being officially in May 1960, following ratification of the Stockholm Convention by the seven countries. Finland became an associate member of EFTA in June 1961 and Iceland is negotiating for membership.

The long-term objective of EFTA remained that of fostering favorable conditions for the creation of a single free market comprising all countries of Western Europe. In the meantime, however, the seven countries decided to introduce free trade in industrial goods among themselves, by stages, as in the EEC. There was no intention of setting up a common external tariff and each member country retained its own trade barriers vis-à-vis non-EFTA countries. This arrangement was of special importance for Britain because of its participation in the British preferential tariff system.

In abolishing trade barriers between them, the members of EFTA had as their immediate aim "to promote sustained economic activity, full employment, increased productivity and optimum use of resources, financial stability and continuous improvement of living standards." (Preamble of the Stockholm Convention.) As with the EEC, the EFTA countries believed that the fusion of national markets into a larger unit would make the attainment of these objectives easier. At the same time EFTA was attempting to move in the same direction as the EEC to lessen the risk of a permanent economic split in Western Europe.

The Stockholm Convention comprises a relatively limited set of detailed rules. It was not the intention of its authors to legislate in advance for every contingency, but rather to lay down some rules on trade and competition, supplemented by general guiding principles and procedures. The pragmatic and flexible approach which inspired the drafting of the constitutional charter was also evident in the framework of institutions established to assure the proper functioning of the Association.

The Convention formally established only one institution: the Council, which is the supreme body of EFTA. It is made up of national representatives, with one vote for each member country. The Council in its turn has set up a number of committees, each one dealing with a specific sector of work. The activity of the Council and its subordinate bodies is supported by a permanent Secretariat, with headquarters in Geneva, Switzerland. The size of the Secretariat staff and of the budget has been kept small by comparison with other international organizations. The Secretariat itself was not given executive power and, unlike the EEC Commission, has no direct diplomatic links with third countries. **EFTA, in short, was conceived and operates as a multinational and intergovernmental organization at the service of its member states,** but not as a supra-national body with objectives of its own.

The EFTA, including Finland, brought together in a single market for industrial goods eight countries, which in 1959 had a total population of 93.5 million and a total GNP in excess of U.S. $108 billion. The average income per head was then appreciably higher than in the EEC and the value of foreign trade, on a per capita basis, was among the highest in the world. These were the major elements of EFTA's economic strength. On the other hand, some inherent weaknesses were visible in the fabric of EFTA. In the first place, there is no territorial contiguity among member countries. They are scattered in four distinct geographic areas: the British Isles, Scandinavia, the Alpine region, and the western side of the Iberian peninsula. The geographic position of some EFTA countries is such that trade with neighboring countries, non-members of EFTA, has always been larger than trade with EFTA partners. Second, there is little economic balance among the eight partners; by any economic measurement Britain overshadows the other members of the Association. It usually accounts for half or more of all the most significant EFTA totals: population, foreign trade, industrial output, etc.

Despite structural weaknesses and the doubts which surrounded its inception, EFTA has proved to be a useful instrument for the improvement of economic conditions in member states, the dismantling of tariffs and other trade barriers, and keeping alive the expectation of a wider solution to the problem of European economic integration.

Now, ten years after the Convention was initialled in Stockholm, it may be useful to cast a quick look over the past decade to see what changes have occurred and what results EFTA has been able to achieve. **In tariffs, those on industrial products were almost entirely removed within EFTA by successive cuts each year between 1960 and 1967.** For changes in general economic conditions, the tables and diagrams on the following pages show in a succinct way the evolution in the member countries.

It is obvious that not all the members of EFTA are equally well developed economically and not all have benefitted in equal measure from the establishment of EFTA. In the first place, one finds within EFTA the country with the highest GNP per capita in Western Europe and the one with the lowest. In addition, one can see an appreciable difference in the speed of development between Britain on the one side and Continental members of EFTA on the other. Although the rate of growth in the latter countries was well in line with the world average for industrial countries, the pace of advance in Britain was slower than average.

The relatively poor economic performance of Britain was the principal reason for the moderate rise of GNP in EFTA as a whole. At any rate, **EFTA now represents a market of over 100 million people, with an average GNP per capita in excess of U.S.$2,000 a year** and with a value of total visible trade corresponding to about one-third of GNP.

The EFTA countries are heavily dependent on external trade largely because of the relative smallness of the individual national markets, the considerable specialization in production, and the deeply rooted trading tradition. With less than 3 per cent of the world population, EFTA accounts for about 15 per cent of international trade. On a per capita basis it is more dependent on external trade than the EEC and much more than the United States. The creation of EFTA has not only stimulated the imports and exports of member countries but has also modified the geographic pattern of their trade and has influenced its commodity composition.

From 1959 to 1968 the value of total merchandise exports from EFTA countries rose by 83 per cent, and the value of imports by 88 per cent. It must be pointed out that in EFTA countries imports of goods are usually larger than exports. The resulting trade deficit is normally offset by a surplus of non-merchandise transactions and by capital movements. As shown in Table 2, intra-EFTA trade has increased almost twice as fast as trade with other countries. This was, of course, the most immediate effect of the dismantling of internal trade barriers. Nevertheless, intra-EFTA trade still forms a relatively small part of total imports and exports of member countries; it is fair to say, therefore, that EFTA remains essentially an open and outward-oriented group of trading nations.

World trade in general has undergone in recent years a significant change in its commodity makeup. The value of manufactured goods traded internationally has risen much faster than that of basic commodities. This trend manifests itself clearly in the composition of EFTA trade, particularly on the import side. In 1959 the SITC sections 0 to 4, roughly corresponding to crude and partly processed materials, comprised 55.5 per cent of total EFTA imports, but in 1968 the share of the total contributed by the same SITC sections was down to 39.7 per cent. In the meantime, the volume of manufactured goods has increased correspondingly.

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In its ninth year of existence EFTA has experienced some hesitation in the growth of physical output but has recorded a further sharp increase in trade. The upswing in economic activity in much of Western Europe and the high level of demand in North America and Japan have benefitted all EFTA countries. At the same time, the balance-of-payments difficulties experienced by Britain and the need to contain internal demand there as well as in some other member countries have had a dampening effect on the cumulative expansion of GNP. At any rate, 1969 is shaping up for EFTA as a good year in terms of trade and it may also mark a turn towards a more balanced economic progress.

TABLE 1

CHANGES IN GNP IN EFTA COUNTRIES

1954-59	GNP at current prices		Five year change	Average annual increase
	U.S.$ million 1954	1959	per cent	per cent
Austria	3,584	5,539	54.5	9.0
Britain	50,506	67,360	33.4	5.9
Denmark	4,008	5,518	37.7	6.6
Norway	3,161	4,259	34.7	6.1
Portugal	1,675	2,197	31.2	5.6
Sweden	8,171	11,387	39.4	6.9
Switzerland	5,972	7,821	31.0	5.6
Total EFTA	**77,077**	**104,081**	35.0	6.2

1960-67	GNP at current prices		Seven year change	Average annual increase
	U.S.$ million 1960	1967	per cent	per cent
Austria	6,210	10,680	72.0	8.1
Britain	72,370	109,250	51.0	6.1
Denmark	5,960	12,190	104.7	10.7
Norway	4,530	8,320	83.7	9.1
Portugal	2,540	4,600	81.1	8.9
Sweden	12,600	23,920	89.8	9.6
Switzerland	8,580	15,930	85.7	9.3
Total EFTA	**112,790**	**184,890**	63.9	7.3

TABLE 2

TRADE OF EFTA COUNTRIES

	U.S.$ million 1959	1968	Per cent change 1959-1968
Imports (c.i.f.) total	21,099 (100.0)	39,624 (100.0)	+ 87.8
intra	3,664 (17.4)	9,054 (22.8)	+147.1
extra	17,435 (82.6)	30,570 (77.2)	+ 75.3
Exports (f.o.b.) total	18,099	33,176	+ 83.3
Trade Balance	−3,000	−6,448	

TABLE 3

COMMODITY COMPOSITION OF EFTA TRADE

SITC Sections	Per cent 1959 Imports	Exports	1968 Imports	Exports
Food and live animals	24.7	8.8	15.5	6.8
Beverages and tobacco	2.3	1.8	2.0	2.3
Crude materials, inedible, except fuels	15.9	11.4	11.1	7.4
Mineral fuels, lubricants and related materials	11.5	2.2	10.4	2.0
Animal and vegetable oils and fats	1.1	0.6	0.7	0.3
Chemicals	5.5	7.7	7.4	9.6
Manufactured goods classified chiefly by material	19.0	27.7	21.7	25.4
Machinery and transport equipment	15.4	31.8	22.2	34.8
Miscellaneous manufactured articles	4.4	6.7	8.2	10.0
Commodities and transactions not classified according to kind	0.2	1.3	0.8	1.4
Total	**100.0**	**100.0**	**100.0**	**100.0**

TABLE 4

EFTA'S TRADE WITH THE WORLD

U.S.$ million	Full year 1967	1968	January-June 1967	1968	1969
Imports (c.i.f.)	37,498	39,623	18,855	19,482	21,273
Exports (f.o.b.)	30,720	33,175	15,656	15,936	18,242
Balance	−6,779	−6,448	−3,199	−3,556	−3,031

Source: EFTA Bulletin

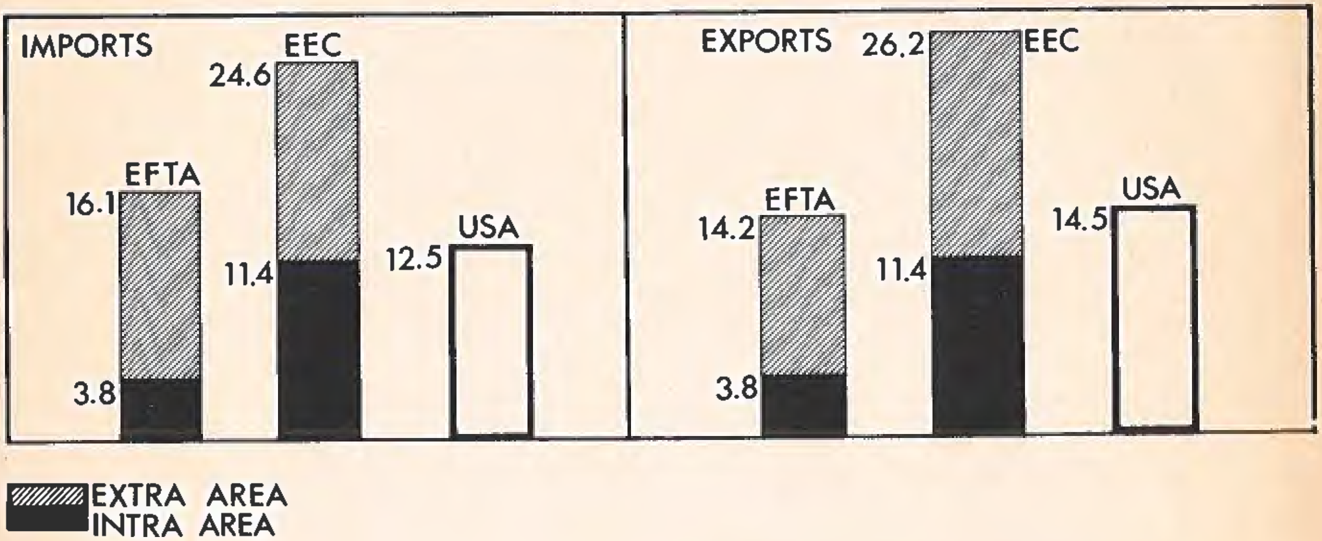
In particular, the management of the British economy is beginning to produce encouraging results; the reduction in the EFTA trade deficit is due to an appreciable extent to the improvement in Britain's trade position. It should be added that trade between the EFTA countries was 16 per cent higher, at U.S.$4.8 billion, in the first half of 1969 than in the corresponding period of 1968. This continuous and rapid growth of trade within EFTA, which has been much faster than the growth of GNP, attests to the effectiveness of the Association and indicates the gradual process of economic integration occurring among its members.

The Kennedy Round has reduced the level of tariffs among GATT member countries, including those in Western Europe. Moreover, economic forces stemming from modern technology and the need for wider markets are forging stronger links among firms, irrespective of national boundaries. At the official government level, however, the process of European integration has not been as rapid as many had hoped. **Britain, Denmark and Norway have renewed their applications for full membership in the EEC and Austria, Sweden and Switzerland have expressed interest in some form of association.** The question of enlargement of the EEC to include these and other applicant countries will be the subject of summit-level meetings among the members of the EEC during late 1969 and early 1970.

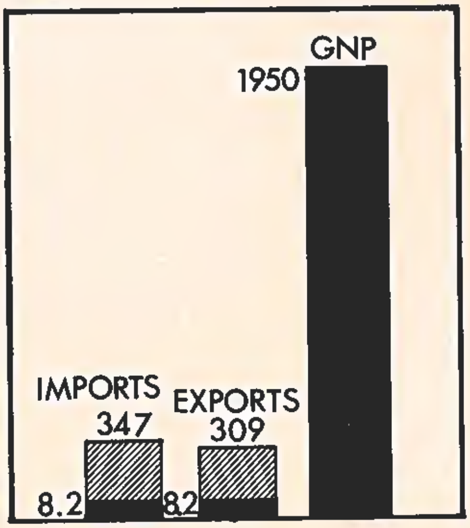
In addition to their initiatives vis-à-vis the EEC, four Scandinavian countries (Denmark, Finland, Norway and Sweden) have been studying for several years the possibility of forming a Scandinavian economic union (NORDEK). There is already a high degree of economic and social co-operation among the Scandinavian countries but the current NORDEK proposals would include a customs union among the four, together with a common external tariff towards non-member countries. Of course, NORDEK trade in industrial products with other EFTA partners would continue as before but import/export trade with the rest of the world would be on the basis of the new common external tariff. The plan for NORDEK has also reached the summit and key decisions will probably be made by early next year.

The future of Western European economic co-operation will depend greatly on the outcome of ministerial meetings which will be held in the coming months. However, barring any early expansion of the EEC, the EFTA will probably continue as a trade group for the foreseeable future.

Comparison of Commodity Imports and Exports as Percentage of World Totals 1967



EFTA Per Capita Comparisons 1967 at Current U.S. dollars



Source: EFTA Trade 1959-67, Geneva, March 1969

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Austria

Several important factors have combined to make the months ahead a most opportune time for Canadian companies to approach the expanding Austrian market successfully.

R. R. M. LOGIE, Assistant Commercial Secretary and
L. N. DECRINIS, Commercial Officer, Vienna

The entrance to busy Kartnerstrasse in Vienna. All Austrians learn English in school and can read your product labels.

Canadian exports to Austria have averaged about $8 million a year over the past five years. The total has fluctuated because of up's and down's in major raw material exports, such as wheat and asbestos, but the range of products exported has broadened continually. And there are strong indications that the coming months hold unusual opportunities to introduce new items to this market.

Austrian buyers have traditionally looked to West Germany as their primary source of an enormous range of goods. Over 40 per cent of Austrian imports come from Germany; the number two supplier, Switzerland, furnishes less than 8 per cent. Consequently the recent upward revaluation of the German mark by 9.3 per cent is expected to have a substantial impact on the traditional trading relationship. After close consideration, the Austrian Government decided against a parallel revaluation of the schilling. Instead, it reduced tariffs and border taxes on a range of consumer goods in an attempt to curb price increases brought on by the higher cost of the mark. Some samples of the tariff reductions are given in the accompanying box. The new tariffs apply to all GATT members, so that **Canadian exporters will benefit botb from the change in the mark and from the lower tariff.**

Transport too will be affected. Following the change in the mark, German port authorities and forwarders raised their prices by almost 20 per cent. Austrian authorities reacted by entering into negotiations with Trieste, Poland, East Germany and Yugoslavia to develop less expensive routes from the seaports. A similar aggressive search for new sources of supply can be expected on the part of Austrian importers who have hitherto been content with their West German suppliers. Canadian exporters should strike now while the iron is hot.

Austria's participation in EFTA has also been important in diversifying the sources of its imports. Following the abolition of tariffs on industrial products, imports from EFTA partners have moved from 14.9 to 18.4 per cent of total imports over the past three years. Britain has made a particularly vigorous effort to attract the attention of the Austrian consumer. In October a "British Week" was staged in Vienna and shops were filled with British textiles, fashions, foodstuffs, and gifts. Five red double-decker buses from London carried shoppers along the main shopping street, Mariahilferstrasse, beneath thousands of Union Jacks. Fashion shows, concerts, and contests competed for attention. The Viennese proved most receptive to the promotion because English styles of clothing, culture and even speech are widely admired by young Austrians. They all learn English in school so that labels in that language cause no problem. Indeed, it has become quite fashionable to salt one's speech with English phrases. This affinity should be noted by Canadian exporters, for it means that there is little prejudice against goods with English names, labels or sizes. On the contrary, these often lend an added prestige. Almost all important importers can conduct business in English.

Austria's Kennedy Round tariff cuts are a further bonus to Canadian exporters. The reductions are being made in five equal steps from January 1, 1968, until January 1, 1972. Many of the cuts are substantial ones of direct interest to Canadian exporters—for example in processed foods, pharmaceuticals, various types of machinery, wood pulp and leather. These changes enable Canadian exports to compete more effectively not only against Austrian production but also against imports from EFTA countries which are already duty-free.

Economic conditions in Austria are increasingly good. Following a mild recession two years ago, the real growth in GNP was 4.1 per cent in 1968 and is expected to top 6 per cent this year. Behind this growth lies a steady expansion in industrial output, which rose 11 per cent in the first half of this year and was accompanied by a steady rise in investment spending. Another driving force is a boom in exports, up 21 per cent in the first three quarters of 1969. Imports rose 12 per cent during the same period to an annual rate of over $3 billion. Thanks to a flourishing tourist industry, Austria is able to import much more than it exports. The country has full employment, the population and the labor force have increased very little during the sixties, and the currency is one of the most solid in Europe. Thus the high rate of growth seems not to threaten the traditional stability of the economy.

Austria's $3 billion worth of imports includes practically the full range of items which Canada exports. A sampling of products currently being imported from Canada is shown in the box. There are many more items which should be sold here. A variety of canned, frozen, packaged and even fresh foodstuffs should find a place on the shelves of the North American-style supermarkets which are starting to appear. Other consumer goods with good prospects range from auto parts to toys and furniture, from baby clothing to ballpoint pens and brushes. There are signs of changing tastes in housing and promising prospects for Canadian construction methods and materials.

In the machinery field, where the bulk of Austria's import requirements lie, there are a number of opportunities. Many of these are in such expanding industries as woodworking, food packing, rubber, heating and cooling, steel, paper and certain areas of mining. Austria's large and expanding tourist industry offers some room for hotel and catering equipment. Certain chemicals and pharmaceuticals offer promise, as do measuring, automation and control instruments of various kinds. The range of Austrian imports is broad, and there are few limitations on Canadian goods except their competitiveness.

Canadian firms interested in exploring the Austrian market should write to the Commercial Counsellor, Canadian Embassy, P.O. Box 190, 1013 Vienna, Austria. He can assist in evaluating the market potential, advise on the best method of attack, and recommend an agent or distributor. Should you be in Vienna, come and see us at our temporary address (until March 1970): Mariahilferstrasse 20, telephone 93-71-26.

SELECTED CANADIAN EXPORTS TO AUSTRIA

	Cdn.$ 1968
Salmon, fresh, smoked and frozen	4,000
Canned sardines	86,000
Sauces, dressings and spreads	8,000
Fur skins, ranch mink	23,000
Copper scrap	42,000
Asbestos	2,530,000
Wood pulp	694,000
Papermakers' felts	66,000
Copper bars, rods and shapes	230,000
Abrasive products	47,000
Hoisting machinery and parts	88,000
Rubber-working equipment	8,000
Laboratory and optical equipment	17,000
Motor vehicles and parts	163,000
Vending machines and parts	8,000
Leather gloves and mittens	14,000
Biological products for humans	29,000
Camera and projection lenses	9,000

SPECIAL REDUCTIONS IN AUSTRIA'S MFN TARIFF

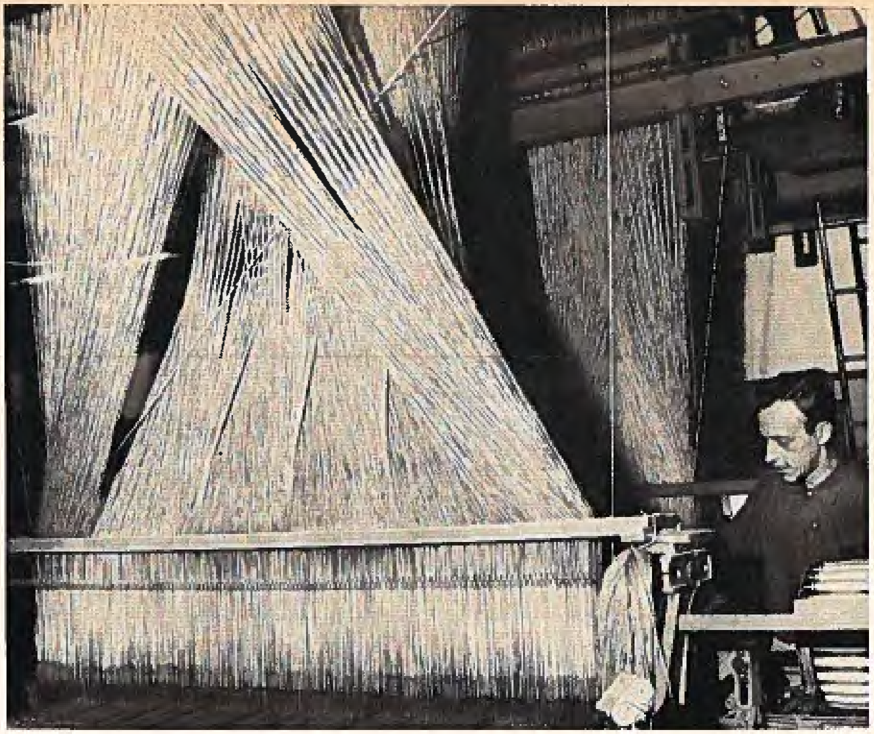
These reductions took effect November 15, 1969, with the aim of combatting price increases caused by the revaluation of the German mark. Following are only a few selected examples which should be of interest to Canadians.

	Old Rate	New Rate
Frozen fruits and vegetables	15 per cent	10 per cent
Soups	16 per cent	12 per cent
Fish canned in marinade	2 cents per lb.	1 cent per lb.
Herbicides and insecticides	5 per cent	free
Lifting equipment	15 per cent	10 per cent
Capacitors	21.8 per cent	10 per cent
Electric ignition equipment	19.8 per cent	14 per cent
Chair parts	16-22 per cent	10-16 per cent
Furniture fittings	22.5 per cent	17 per cent
Freezers	14 per cent	10 per cent
Aluminum household equipment	20 per cent	15 per cent
Toys, plastic, rubber or plush	24 per cent	18 per cent
Furniture, wood	24 per cent	18 per cent
Spraying equipment	17.2 per cent	10 per cent

Britain

This year British trade with EFTA has expanded faster than its trade with EEC. But membership in EFTA has had little effect on our trade with Britain.

G. M. DEYELL
Assistant Commercial Secretary, London



A weaving mill in Kolding, Denmark, produces tablecloths. The Danes are continuing their efforts to secure an even greater share of the British market for home furnishings and accessories and for food products.

The Canadian businessman who wishes to appreciate the relative importance of EFTA in the British trading picture must bear in mind two factors. The first is the more important and in fact is the answer to the question: "What effect will Britain's membership in EFTA have on my sales?" It is that EFTA is now an historical fact rather than a future development.

From December 31, 1966, free trade between the EFTA partners for non-agricultural products has been a reality. Except for some rather minor instances, virtually all protective tariffs on trade in industrial goods have been eliminated. Since 1966 the member states have become involved in discussions about non-tariff trade barriers but these are marginal tidying-up operations which are not likely to have as significant an effect as the reduction of tariffs. Consequently, **Canada's relative position as a trading partner of Britain will not change vis-à-vis the EFTA countries.**

Any change in Canada's relative position would have been reflected in British imports in recent years. An examination of the figures in Tables 1 and 2 reveal that in the over-all picture, the existence of the European Free Trade Area has had little or no effect on our share of the British market. It may be that the figures for the first nine months of this year compared with last may point to a developing trend but it is too early to tell at this stage. In any event it is very difficult to separate the effect EFTA has had on Britain's trading patterns from those other economic measures adopted recently to improve the British balance-of-payments position.

It is worth pointing out that as of September 30, 1969, Britain's trade with EFTA was increasing faster than its trade with the EEC. This has not been true of any previous period.

The second factor to bear in mind in examining EFTA as a trading area is the relative position of Britain in that group. It is the major partner in EFTA. Although the importance of its role has declined slightly in recent years, Britain remained a significant supplier, accounting for 25 per cent of intra-EFTA imports in 1968. But even more important from the point of view of other EFTA countries, Britain is increasing in importance as a market for EFTA goods. In 1968 it purchased a third of the goods exchanged by EFTA partners.

From the Canadian supplier's point of view, it is worth looking at the trading position between Britain and its EFTA partners in more detail. Anglo-Nordic trade is the most important sub-area within the European Free Trade Association for Canadian suppliers. Britain is the major trading partner of each of the Nordic countries; this relationship is historical and did not arise as a result of EFTA. Anglo-Nordic trade represents over 40 per cent of intra-EFTA exports and although the pattern has been one of complementary economies, with Britain supplying manufactured products in exchange for food and semi-manufactured products, **the tendency in recent years has been for the Scandinavian countries to supply a smaller proportion of Britain's food and raw materials and rather more manufactured products.**

The Scandinavian countries are very much aware of the opportunities open to them in Britain and are giving greater attention to direct promotion there, primarily of consumer goods. The Danes are continuing their food promotion as well as their efforts to secure an even greater share of the British market for home furnishings and accessories. Finnish exporters have also been active in promoting consumer products, particularly high-fashion textiles, furs, clothing and jewellery.

In industrial products, Sweden continues to play the dominant role but Denmark is showing increasing strength in machinery and machine tools. This traditional supplier of bacon and butter is also becoming known for its electrical and electronic components, particularly for automated heating and cooling controls.

Wood and wood products undoubtedly were of the greatest concern to Canadian suppliers following the final dismantling of EFTA tariff barriers. Although Sweden and Finland are our major competitors in this area, there has not been a significant readjustment of our relative positions as suppliers to the British market. If anything, the Canadian position has strengthened in recent years. At this period in time, our position in Britain appears to be more dependent upon factors other than tariff preference. Nevertheless Canadian exporters will continue their watch on the pattern of Anglo-Nordic trade, particularly in wood products.

EFTA has not had any significant effect on the pattern of Anglo-Swiss trade but the volume has increased significantly. In the main, the trade is in sophisticated manufactured products, ranging from fine chemicals and pharmaceuticals to precision scientific instruments. The British have expressed some concern recently over the fact that Swiss manufacturing and productive capacity and manpower reserves are being fully employed. As a consequence, there is some feeling that Swiss exporting industries may not be able to maintain their tremendous growth but the situation is not likely to give much comfort to the competitor in the immediate future. For the time being in any event, machine tools and textile machinery are areas where the Canadian exporter can expect to meet stiff competition.

Historically Portugal has been one of Britain's oldest trading allies. The volume of trade between the two countries is small but **it is significant that Anglo-Portuguese trade has increased over 300 per cent since 1959.** As one might expect, Portuguese purchases from Britain have not increased as rapidly as their sales to Britain. Textiles, clothing, footwear, wood and cork products, food and beverages are the principal items exported to Britain.

Earlier it was stated that EFTA was a historical fact and not a development for the future. Within the context of the Free Trade Association as it was originally conceived, this is correct. With the elimination of internal tariffs the European Free Trade Association has gone about as far as it can go. For political and geographic reasons, the members are not likely to attempt to emulate the European Economic Community in formulating common policy.

TABLE 1

BRITAIN'S TRADE WITH EFTA AND CANADA 1968

in millions of U.S. dollars and percentage changes 1967-68

	Imports from	Per cent	Exports to	Per cent
Canada	1,230.7	+10	621.6	+21
EFTA				
Austria	126.2	+25.7	127.1	+13.9
Denmark	544.0	− 4.9	392.9	− 3.3
Finland	336.5	+ 8.3	191.8	− 4.5
Norway	373.2	+11.1	305.9	−14.4
Portugal	146.8	+ 7.9	145.8	+ 8.9
Sweden	727.1	+20.3	630.7	+ 1.8
Switzerland	289.9	+11.0	327.1	+ 1.0
Total	**2,552.7**	**+10.0**	**2,121.3**	**− 1.5**

This is true even though Britain has been repeatedly criticized by its EFTA partners for failing to consult them when making policy decisions that directly affect their trading relationship. They point to the British action in reimposing the 10 per cent import duty on frozen fish fillets, the import deposit scheme, and the British Government's recent initiatives in the establishment of aluminum smelters in Britain.

One of the objectives that EFTA originally adopted was to work towards achieving a wider association with the EEC. Although three EFTA members, Norway, Denmark and Britain, have applied for full membership in the Common Market, the British application has more far-reaching consequences for all concerned. Even though EFTA is often described as a ready market of 100 million people, or 3 per cent of the world's population, and accounts for 14 per cent of all world trade, from the British point of view this is a very different story. Britain represents half of that 100 million people and consequently EFTA versus EEC becomes a question of a market of 50 million people as opposed to the Common Market population of 180 million. It is therefore easy to see why, from a trade point of view, Britain is interested in acceding to the EEC.

In the longer term, the relationship of the EFTA countries with the EEC will have much more significance for the Canadian exporter. The view of the EFTA countries clearly is that, having achieved the dismantling of the tariff barriers between the present EFTA members, these cannot be re-erected whatever the outcome of the Common Market negotiations. This would imply that the other EFTA countries would have to negotiate associate status covering industrial tariffs with the EEC by the time full membership for Britain, Norway and Denmark enters into force.

TABLE 2

BRITISH TRADE WITH EFTA

	$ million Nine months ended September 1968	1969	Per cent Increase
British Imports f.o.b. from			
Finland	308.6	346.8	
Sweden	608.6	645.3	
Norway	308.6	344.5	
Denmark	463.8	471.9	
Switzerland	284.4	329.6	
Portugal	143.2	141.7	
Austria	112.8	125.2	
Total EFTA	**2,232.1**	**2,385.2**	7
Canada	1,005.6	1,014.7	1
EEC	3,028.7	3,091.1	2
British Exports f.o.b. to			
Finland	149.1	186.9	
Sweden	468.4	561.3	
Norway	235.5	258.4	
Denmark	312.0	369.9	
Switzerland	239.4	317.9	
Portugal	113.3	148.9	
Austria	97.2	129.2	
Total EFTA	**1,636.7**	**1,972.8**	20

This is the Plumrose meat packing plant in Denmark.

Denmark

This small but sophisticated market needs materials and equipment for its industries, hotels, hospitals, and homes. Personal investigation is first step to success.

A. W. EVANS, Commercial Counsellor, Copenhagen
J. M. HILL, Assistant Commercial Secretary, Copenhagen

Prosperous Denmark with its expanding industrial base offers a small but rewarding market for Canadian businessmen. Over the past ten years Danish salaries and wages have risen faster than in any major country in Europe, creating a rapidly growing consumer market. At the same time a virtual industrial revolution has been taking place, transforming the agrarian economy into one in which manufacturing and the service industries play the major role.

This is a remarkable achievement because, with the exception of agriculture and the yet undeveloped resources of Greenland, Denmark has virtually no natural resources. Danish industry buys its raw materials from the most competitive sources and this has been reflected in enhanced imports from Canada.

With the service industry, manufacturing is the most dynamic sector of the Danish economy. It is made up mainly of small but highly specialized units in many of which (such as furniture) design is a key factor. The traditional industries such as shipbuilding, food processing and beverages continue to expand, and metalworking, particularly the fabrication of machinery, has become important. The newer industries—including pharmaceuticals, plastics, chemicals, office machinery and electronics—are thriving. High wages have necessitated large and continuing investment to increase productivity and remain internationally competitive because Denmark, with less than five million people, does not provide a large enough domestic market to support its burgeoning industry which must export at least one third of its production.

This industrial expansion and high rate of investment make Denmark an excellent market for machinery and all types of capital goods. The need for large imports of this type imposes an unremitting strain on the balance of payments, yet the Danes have not resorted to import control nor attempted to stem the expansion other than by tight credit and high interest rates. At the moment the latter are the highest in Europe. A change in the method of collecting income tax to a "pay-as-you-earn" system, starting at the beginning of 1970, is expected to dampen consumer demand and ease the pressure on the balance of payments.

Danish agriculture continues to decline in importance as a contributor to the gross national product. Two thirds of its output is exported. It is encountering difficulties in both major markets, Britain and Germany—in the former because of domestic policies and in the latter because of the Common Agricultural Policy of the EEC. Lagging sales to the EEC are a matter of major concern and no viable alternative is in sight.

The outlook for 1970 is for further prosperity and continued growth, though perhaps at a slower rate. Fiscal and monetary restraint will be exercised to avoid over-heating of the economy and to preserve Danish competitiveness in world markets. Import demand induced by the industrialization of the Danish economy will continue to put pressure on the balance of payments.

Even though the volume of potential sales is limited by Denmark's small population, **Canadian exporters have made significant sales to this market**, totalling $15.6 million in 1968 and $10.6 million in the first eight months of 1969. Although the Commercial Division of the Embassy can do a preliminary market assessment on your behalf, it is important for you to visit the market and make a first-hand judgment of conditions there with potential agents, distributors and wholesalers. The accompanying article on a business visit to Denmark can help you plan your trip.

With the exception of some raw and semi-processed materials in which Canada enjoys a natural advantage, Canadian businessmen must be prepared to face competition both from Denmark's EFTA partners, Britain and Sweden, and from Germany and the United States, Denmark's fourth largest trading partner.

We can help you to assess the competitive situation. Prices c.i.f. Copenhagen are a prerequisite for a meaningful market assessment. You should also ensure that we receive ample supplies of product literature and technical brochures, both for a pre-visit assessment and for your use during your trip to Copenhagen. Full information on the end uses of your product and preferred channels of distribution, plus the names of your competitors, will facilitate our investigation. Samples can make a sales call much more effective; we can advise you about arranging that your samples arrive at the appropriate time.

Both as businessmen and consumers, Canadians are aware of Denmark's remarkable success in export markets. By keeping tabs on changes in their major markets, the Danes are aware of the importance of introducing new production equipment and technology and are responsive to offers of distinctive and competitive equipment. Selling consumer products in Denmark is more difficult because exporters are often unwilling to invest the necessary time and money in such a small market. However, consumer tastes and the channels of distribution are changing, and Canadian exporters may find greater receptivity to their offers of consumer goods than in the past. **No matter what product you are selling, you should reassess its potential in Denmark's rapidly changing, high standard of living economy.**

Here are some specific examples of market opportunities.
Scientific, Laboratory and Medical Market—Prospects for selling highly specialized measuring equipment, instrumentation and medical equipment are excellent. Although Denmark produces and exports equipment of this type, it does not meet all its own requirements. Sophistication of product design and high standards of performance are more important than price.

We strongly urge all Canadian manufacturers of specialized equipment to send us at least six copies of their product brochures, including as much technical description as possible, and an indication of c.i.f. Copenhagen prices. The best market assessment for highly specialized equipment often comes directly from the end user. Given enough lead time and sufficient information on the end uses, we can usually unearth valuable information from the end users of your equipment in laboratories, hospitals and institutions, and comments from the officials responsible for the actual purchasing decisions.

Given a favorable initial assessment, you should come to Copenhagen, bringing your equipment with you if possible. Your first step should be to call on a number of local importers of specialized equipment to assess their suitability for representing you in this market and to give the chosen firm the opportunity to become familiar with your equipment and with the best sales approach. These import firms are intelligent, aggressive and forthright, and you should have little trouble in selecting a suitable one. If we have sufficient notice of your visit, we can canvass a number of them and compile a short list for your consideration.

If a number of agency firms have expressed interest in your product, or if your equipment is either not easily transported or takes time to set up, we can give you office space and invite eight to ten interested agents and/or end users on your behalf. A number of Canadian companies have established agencies here in the past two years. We are confident others can achieve similar success.

Airport Equipment—Danish authorities are assessing preliminary plans for a new airport on the island of Saltholm to be linked with Copenhagen by a road tunnel. Total estimated expenditures on this airport will be over $400 million by 1985. Four Scandinavian engineering firms are now at work on preliminary designs for this airport which is expected to handle 19.6 million passengers by 1985. Additiona investment at the current Kastrup airport will amount to $150 million up to 1985.

Canadian consulting engineering firms with experience in designing airports would be well advised to get in touch both with the civil air authorities in Denmark and the engineering firms now involved in preliminary studies. The number and magnitude of design problems to be faced in this ambitious project should ensure good opportunities for Canadian consultants.

The 1975 target date for the start of construction may seem a long time away, but it is not too early for Canadian manufacturers of airport equipment to do some initial work here. From our discussions with a number of officials responsible for purchasing and equipment selection, it is evident that interested Canadian firms should appoint a local Danish agent who will be able to undertake the bulk of the selling required, maintain close contact with local officials, and provide the all-important after-sales service. Considerable material on the Saltholm project has been assembled and interested exporters are advised to contact either the Electrical and Electronics Branch, Department of Industry, Trade and Commerce, Ottawa, or the Commercial Division, Canadian Embassy, Copenhagen.

Building Materials—Denmark represents the fastest growing, and possibly largest, European per capita consumer market for Canadian construction-grade plywood. From $19,000 in 1964, sales of Canadian plywood rose to $2.4 million in 1968 and are currently running at a rate of $2.5 to $3 million a year. Danish architects, engineers, prefabricated housing firms, and the local timber trade have been quick to grasp the advantages of using plywood in construction.

The medium-term outlook for construction in Denmark is extremely bright. Even though a substantial number of apartment units have been built since the Second World War, there is still a shortage of single-family houses. There is also a rapidly expanding market for small wooden cottages located away from the major urban centers.

The increasing acceptance of timber construction in the Danish market opens great opportunities for Canadian suppliers of building material and hardware. In the first eight months of 1969, a diverse group of Canadian exports, including building paper, hardware, structural and architectural products, files and rasps, hand tools, plumbing fixtures and prefabricated building structures and parts, were running at a rate of approximately $135,000 a year. Canadian suppliers should be able to expand this figure many times over. The Commercial Division in Copenhagen can give guidance on how to approach the hardware trade, on industrialized builders who use wood extensively, on building materials research and code authorities, etc. There are opportunities to display your company's products through the permanent display facilities of the Danish Building Center "Byggecentrum" in both Copenhagen and Middelfart. The Building Center also organizes a major trade fair every two years; you should investigate the possibility of exhibiting at the 1971 fair to be held March 26 to April 4.

Hotel, Restaurant and Catering Equipment—Each year it is generally conceded that large increases in Denmark's tourist trade will only come with new hotel facilities and a restraining of costs in this labor-intensive industry.

The market for hotel and catering equipment is extremely competitive, with a broad range of items produced within the EFTA group. A close examination of products on display at a specialized local trade fair "All for Guests" reveals that a number of European and U.S. companies are selling in this market. More Canadian suppliers should be able to sell here too. If your labor-saving equipment is competitive in Europe, contact us for guidance on local import firms.

Apparel and Textiles—There are opportunities to sell top quality, well designed outerwear. Winters in Denmark are more moderate than in other Scandinavian countries, but winter clothing is still a necessity; good design and top-quality durable fabrics should facilitate the sale of children's clothing. A number of specialty items are well accepted and this may open up opportunities for Canadian firms. Furs and fur-trimmed goods, disposable one-time-use paper garments, and women's accessories should sell here.

Canadian exports of fabrics, yarn and thread have risen rapidly over the past 18 months. Product innovation in Canada, coupled with changing tastes in Denmark, underlie this rise. The market intelligence you gained on your trip two or three years ago may be out-of-date and you should consider reassessing the Danish market.

Canadian exporters can overcome the psychological distance barrier by using telex and air freight. It is important to meet your delivery commitments on time. Fashion fairs held each spring and fall will enable you to survey the market quickly. Prices c.i.f. Copenhagen are a prerequisite. Some Canadian exporters have gained a foothold in the market by doing direct selling to large retail outlets, quoting a duty and tax-paid delivered price to the retail outlet, and then turning the administrative side of the business over to a local forwarding agent.

There are good sales possibilities in other market sectors, particularly for production machinery. Readers may wish to consult the September 27 and October 25 issues of *Foreign Trade* for reports on opportunities in plastics, fish and food products. If you would like a preliminary market assessment undertaken on your behalf, contact either the Commercial Counsellor, Copenhagen, or the European Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

WHAT CANADA SELLS TO DENMARK

Cdn.$'000	1967	1968	1969 Jan.-Aug.
Total	**15,730**	**15,579**	**10,611**
of which			
Minerals and metals	**5,197**	**6,233**	**4,165**
of which			
Asbestos	1,698	1,618	1,054
Copper	1,980	3,016	891
Aluminum	1,111	1,600	2,221
Agriculture and fisheries	**5,540**	**3,229**	**2,223**
of which			
Grain, oilseeds, and forage seed	2,055	38	232
Tobacco	856	252	316
Irish moss, sea grasses	602	979	644
Milk powder	—	1,142	77
Maple sugar	119	96	—
Fresh, frozen and canned fish	989	496	429
Fresh and processed fruits and vegetables	220	142	466
Distilled beverages and spirits	90	86	60
Forest products	**1,759**	**2,582**	**2,066**
of which			
Lumber	463	5	—
Plywood	1,261	2,421	1,981
Pulp and paper	35	156	84

Cdn.$'000	1967	1968	1969 Jan.-Aug.
Machinery and appliances	**2,599**	**1,463**	**1,013**
of which			
Electrical apparatus, instruments	1,088	714	389
Industrial machinery and equipment	430	421	273
Motor vehicles and parts	471	160	156
Office machines, computers	206	57	59
Commercial and domestic appliances	133	112	135
Chemicals and pharmaceuticals	**643**	**522**	**267**
of which			
Plastic resins, film and sheet	121	58	145
Other industrial chemicals	121	435	52
Vitamins and biologicals	401	29	71
Textiles and apparel	**175**	**196**	**188**
of which			
Fabrics, yarns and thread	67	94	107
Garments (foundation, etc).	62	91	72
Fur apparel	46	12	10
Sporting and recreational equipment	**54**	**54**	**21**
of which			
Ice hockey equipment	19	33	3
Other sports, games, toys	35	20	17

Finland

Import demand is changing as more Finns move into industry and the cities. Canadians should push sales of machinery, capital equipment as well as needed raw materials.

NORMAN PARSONS
Commercial Officer, Stockholm

This is a section of the harbor in Helsinki. As Finland is in the process of transition from a rural to an industrial economy, Canadian machinery and raw materials could help meet the needs of new industrial plants.

A country the size of Newfoundland (including Labrador) and in the latitude of Baffin Island, but with an almost Canadian standard of living for its 4½ million people (in the towns at least)—this is Finland. Finns look both east and west. Members of EFTA, like Britain and Sweden, they obtain two-thirds of their imports from Western Europe, but also 17 per cent from the U.S.S.R., 3.5 per cent from the U.S. and 0.5 per cent from Canada. The Finnish economy too is mixed, with a basic reliance on market supply and demand but a complete acceptance of the need for state planning and control of economic activities and 11 per cent of its industrial production derived from state-owned companies.

Unlike most of Europe, Finland is still in the process of transition from a rural to an industrial economy. It is establishing factories for the rural population to work in and engineering and chemical plants to remedy the over-dependence on pulp and paper. Industrial changes such as this are inevitably accompanied by a chronic shortage of capital, a need to import foreign capital, and a continuous strain on the balance of payments. The growing deficit in the balance of current transactions in 1967 was met by a 24 per cent devaluation of the Finnish mark in October of that year, followed by a notably successful stabilization program. The balance on current account swung from a $120 million deficit in 1967 to an $80 million surplus in 1968, and gold and foreign exchange reserves were nearly three times as large as in 1967. Industrial production, the gross national product and exports have all been expanding impressively, and private consumption and prices remained steady until the latter half of 1969. There has never been any doubt about Finland's being basically prosperous and stable and just now it is in a phase of expansion.

Finland has a special relationship with the U.S.S.R. economically as well as politically, and co-operates with it on matters of electric power, nuclear power and natural gas, in forest and industrial development, and in five-year trade agreements. These trade pacts originated in 1944, when the Soviet Union demanded reparations amounting to 6½ per cent of Finland's gross national product for a period of six years. The Finns, far from being broken by these demands, proceeded to build up new industries, especially in engineering. Today bilateral trade with the U.S.S.R. is regarded as strengthening Finland's economic stability.

A fairly steady 15 to 18 per cent of Finnish foreign trade is carried on with the Soviet Union. During 1969 a new five-year trade agreement was concluded, the main difference from preceding ones being the increasing diversity of goods exchanged. Fuels account for about half of Finland's imports from the U.S.S.R. and raw materials for a quarter; raw materials formerly consisted mostly of farm produce and feedingstuffs, but a demand is developing now for materials for industry. Capital and consumer goods together account for 15 per cent of imports from the U.S.S.R. and this share is increasing, though not as much as each party wishes.

Of Finnish exports to the U.S.S.R., half come from the metal and engineering industries. Those of farm products and consumer goods are also increasing, but not pulp and paper.

At the beginning of 1969 Finland became the twenty-second member of OECD, thereby undertaking to conform to a number of liberalization measures.

Canada's exports to Finland in 1968 totalled $7.1 million (f.o.b.). According to Finnish statistics, Canada supplied 0.45 per cent of the country's total imports of $1.8 billion (c.i.f.). In comparing these figures with those for previous years, account must be taken of wheat, imports of which fluctuate between zero and $3 million a year, depending upon the Finnish harvest. Excluding wheat, Canada's exports to Finland decreased slightly between 1966 and 1967 but more than recovered in 1968 when, at $4½ million, they were half as much again as in the early 1960's. (These figures are at current prices.)

End products accounted for 40 per cent of 1968 exports from Canada (excluding wheat), and chain saws and aircraft engines and parts for 40 per cent of this. Larger exports of pulp and paper machinery partly compensated for lower Finnish purchases of packaging machinery and auto parts. **The most expansive sector of Canada's 1968 sales to Finland was fabricated materials.** Papermakers' felts doubled to $650,000 and non-ferrous metals and a new product—synthetic yarn and thread—increased sharply. Among crude materials, plastics resins remained the most important at $188,000 (though far less than in previous years) followed by asbestos and another new item, concentrated iron ore.

Other interesting imports from Canada were fish offal for mink kitchens (which should increase) and flaxseed (another fluctuating import). There was a further recovery to $313,000 in tobacco shipments, but imports of fish (mostly whitefish) and apples fell.

In the first half of 1969 Canadian exports to Finland, at $3.6 million (f.o.b.), were one-third higher than in the previous year, even though purchases of wheat and flaxseed were down to zero from $718,000 for the first half of 1968. (Using Finnish statistics, the total value and the increase over the previous year were even more striking.) The big increases were in pulp and paper mill machinery ($837,000), papermakers' felts ($430,000), concentrated iron ore ($314,000), pharmaceuticals, and chain saw parts.

Canada's imports from Finland, at $4.2 million f.o.b. in 1968, approximately balanced our exports to that country, if wheat and flaxseed are excluded. The biggest items were mink, auto parts, machinery, veneers, hardboard, cheese and a great variety of finished consumer goods. **Finland is also active in Canada through investment**—the Eurocan pulp and paper mill was started in British Columbia in 1968 with Finnish capital providing a third of the $100 million investment, and the Wiik & Hoglund plant for plastic pipe was set up at Huntsville, Ontario.

One way of measuring the potential market in Finland is to compare it with Sweden. Finland has slightly more than half as many people as neighboring Sweden, but less than a third as much foreign trade. Its imports from Canada are only one-seventh as large as Sweden's when wheat is excluded (Finnish imports of this, as already pointed out, fluctuate between nothing and $3 million).

Does this discrepancy indicate neglected export opportunities? Several facts suggest this. The standard of living in Finland, though behind Sweden's, is ahead of other highly developed countries, and rising rapidly as Finns move from farming to industry. The fact that the country only recently started its industrial advance makes it easier for a new supplier to enter this market compared with older industrial markets with a more rigid pattern of suppliers. The same fact points to the likelihood of increased imports of machinery and other capital equipment. Freight services have improved. **There is a direct shipping connection every two to three weeks between April and December from the Great Lakes to Helsinki** and direct sailings from the eastern seaboard all the year round, not to mention daily air freight. Duties will be halved by the end of 1971, when tariffs (including levies) will average only 5 per cent on all imports and 13 per cent on fabricated materials and end products—about twice as high as Swedish tariffs.

It is certainly true that **Canadian exporters could do more in Finland,** but the market is none the less far from having its neighbor's potential. Duties are often high enough to give a duty-free supplier within EFTA a distinct price edge when competing with duty-paying suppliers from Canada.

It is a sign of the times, however, that 14 Swedish companies have announced plans to move part or all of their production to Finland over the next five years. One reason is lower wages for their 2,500 employees, but Finnish wages have been lower for decades and a broader explanation must be sought. Perhaps it is a dawning realization that Finland has reached a stage of economic development which promises a big step forward. Several new industries are developing rapidly, the infrastructure is there for more advanced and diversified manufacturing, Helsinki's population has passed the half-million mark, and industry still has a labor reserve of half a million in agriculture on which it can draw—a reserve, moreover, that is ready for technical education. There are many who look forward to a "Finnish Wonder".

This, however, is in the future. For the present the four Scandinavian countries form a marketing area with much the same population and GNP as Canada. Canadian exporters have usually tackled this important area by starting in Sweden or—depending on the product—in one of the other Scandinavian countries and have subsequently reached out to Finland. This still seems to be the right approach for most products and companies.

It is especially to the company already established in Scandinavia that we would recommend an excursion to Finland. Both industrial and retail customers are conveniently concentrated in the south and southeast of the country, so that a relatively brief visit to its capital city, Helsinki, can open up a rewarding market.

WHAT CANADA EXPORTS TO FINLAND

	Cdn.$'000 f.o.b. 1966	1967	1968
Total Canadian exports to Finland	**7,078**	**4,661**	**7,058**
Wheat	2,898	660	2,534
Total, excluding wheat	**4,180**	**4,001**	**4,524**
Food excluding wheat	515	639	615
Tobacco	19	234	313
Seeds			
flaxseed	202	—	128
clover and grass	61	43	18
Fish offal	—	—	155
Fish including shellfish	130	188	70
Apples, fresh	75	172	45
Materials, crude and fabricated	1,676	1,714	2,346
Papermakers' felts	207	300	654
Non-ferrous metal semis	15	235	356
Yarn and thread, synthetic	—	—	251
Plastics resins, synthetic rubber	245	407	188
Asbestos fibres	99	124	137
Iron ore concentrate	—	—	127
Wood pulp	61	46	86
Hides, raw	104	116	64
End products	1,989	1,648	1,479
Machinery	1,738	1,440	1,299
of which			
pulp and paper machinery	37	53	104
hoisting machinery	166	91	40
packaging machinery	—	119	—
Chain saws and parts	341	286	308
Aircraft engines and parts	278	275	321
Automobiles and parts	—	147	209
Pharmaceutical and other medical products	—	60	152
Ice skates	48	51	49

Source: DBS

Norway

My name is Jean Réol Caux and I am the Commercial Secretary at the Canadian Embassy in Oslo. The other day, I had the pleasure of an unexpected visit from a Canadian consulting engineer who was making a tour of the EFTA countries so that he could produce a general market survey when he returned to Canada. To preserve his anonymity, I shall call him Mr. X. I thought that you, as a Canadian exporter anxious to broaden your markets, would be interested in following our conversation.

Mr. X—*To begin with, can you tell me a little about the underlying economic structure of Norway?* We in Canada are often tempted to think of it as a small country whose only industries are fishing and the exploitation of forest resources.

J. R. Caux—It is true that the population of Norway is only 3.8 million, or less than the population of Montreal and Toronto combined. But it would not be true to say that the country is poor. In fact, with a gross national product of $9.7 billion in 1968 (or $2,400 per inhabitant) Norway ranks among the world's most prosperous countries.

Since the last century, Norwegian manufacturing has become diversified. The advances made in the textile, food products, electro-chemical and electro-metallurgical industries, in shipbuilding and in the manufacture of metal products and machinery, are particularly noteworthy. It is safe to say that Norway has progressed beyond the takeoff stage and can look to world markets to sell standard consumer products and capital goods. But the base of the Norwegian economic structure is still relatively narrow. For instance, there is no local motor-vehicle production, and Norway depends largely on foreign trade to obtain the equipment and plant necessary to sustain a modern industrial economy.

Mr. X—*Obviously there is a close tie between the state of a country's economy and its capacity to import. How has the Norwegian economy performed over the past twelve months?*

J. R. Caux—The year 1968 and the early months of 1969 stood out as a landmark for the Norwegians. Their balance of payments was transformed from a record deficit of $219 million in 1967 to a record surplus of $177 million last year. This trend continued in 1969, because the surplus at the end of July was already $160 million compared with $92 million for the first seven months of 1968. This improvement was due primarily to full employment in the merchant

Tracked snow vehicles are very popular in Norway, and this makes for interesting prospects for Canadian snowmobiles.

fleet and to the noticeable decline in imports of ships. There was also an appreciable upswing in domestic production in 1969, especially in consumer products, metals, wood and furniture. A reduction is nevertheless expected in the balance-of-payments surplus for 1969 as a whole. The final figure should stand at some $146 million. Because of an increase in imports of ships in 1970, a deficit of $125 million is expected next year. This means that the Norwegian position on imports will be less favorable.

Mr. X—*Earlier you implied that the Norwegians are great importers. In which sectors are these imports concentrated?*

J. R. Caux—In 1968, Norway imported merchandise worth upwards of $2.5 billion—or very nearly $750 per capita. When we remember that per capita imports in the United States amount to some $150, we get a better idea of the size of the Norwegian import trade. Industrial materials and machinery are the largest imports but with annual retail sales of over $1,300 per inhabitant, considerable quantities of consumer goods are imported, especially clothing, domestic appliances and automotive vehicles. Foodstuffs are the exception, because Norway imposes strict control on these imports in order to protect local agriculture. But not all opportunities in this field are automatically eliminated.

Norway's principal trading partners, naturally, are the EFTA countries, because of the lower internal tariffs among these countries and the shorter delivery time, thanks to the small distances which separate them. In 1968, Norway's imports from EFTA totalled 8.3 billion kroner compared with 4.7 billion from the Common Market and 2.5 billion from North America. Nevertheless, it seems there was a trend towards an increase in imports from North America in the first few months of 1969.

Mr. X—*You talk about North America. Does Norway constitute a sizable market for Canada?*

J. R. Caux—More than the size of its economy would suggest. In 1968, the Norwegians bought products from Canada worth more than $116 million—$29 million more than in 1967—and in the first six months of 1969 our sales had already reached $62 million compared with $47 million for the same period in 1967. Don't you find this encouraging?

Mr. X—*What do we mainly sell to Norway?*

J. R. Caux—Statistics for 1968 show that we sold the Norwegians 250 different products. Of course, because of the small population, some of these products were imported in very limited quantities. In addition, Canadian exports of copper and nickel ingots for refining purposes comprise a very large percentage of our total sales. However, in 1968 we exported over $23 million worth of various products in addition to these ingots and the outlook for 1969 appears even better. We have a worthwhile market here for peas and dried beans, tobacco, hides, rapeseed, asbestos, plywood and mineral salts. In addition, we are selling substantial quantities of the following: carbon electrodes, cranes, aircraft, navigation instruments and, believe it or not, antiques and collectors' items.

Mr. X—*In your opinion, which fields ought Canadian businessmen to concentrate on in selling to Norway?*

J. R. Caux—Let's take foodstuffs first. There are surely opportunities for increasing our sales of frozen salmon and canned or frozen crab and shrimp, because the Norwegians are interested in our seafoods even if they do export such products themselves in large volume. I have already mentioned the interest in our dried lima beans. The market formerly enjoyed by Canadian apples could be built up again if the date on which imports become permissible were advanced even by a few weeks. Lastly, I think we could sell more Canadian whisky.

Mr. X—*And what are the best prospects in the industrial and consumer sector?*

J. R. Caux—Let's differentiate here. In semi-finished products, there are certainly possibilities of selling more Canadian plywood and lumber. Perhaps our sales of pigments and dyes could also be expanded. I see interesting prospects for Canadian snowmobile exporters because Norway has as much snow in winter as Canada does. True, there are regulations to limit the use of snowmobiles, but these might possibly be modified in the comparatively near future.

As you know, Norway has the third largest commercial fleet in the world and possesses large shipyards. Therefore it is probably an attractive market for marine plant. Lastly, I might mention other sectors, such as logging equipment and medical supplies. But I was forgetting sporting goods. Norwegians are a very sports-minded people and I am certain that our sales in this field could be substantially increased.

Mr. X—*What are the Norwegians like to do business with?*

J. R. Caux—The Norwegians are industrious. They are traditionally a thrifty people so price is most important. They will buy at the lowest price but, naturally, only if the quality is suitable. Many Norwegian firms are small and cannot take the chance of storing large stocks. That is why delivery dates have to be observed meticulously. After-sales service is also a major consideration when selling to the Norwegians.

Mr. X—*Do you believe that Canadian companies should be represented by an agent or distributor?*

J. R. Caux—This depends, obviously, on the type of product they wish to sell. The Norwegian market does present several problems, such as communication between the different parts of the country. These difficulties give the agent a more than usually important function and most foreign firms selling to Norway do make use of an agent. Commissions to be paid amount generally to about 5 per cent but vary with the commodity and with arrangements made with the agent about local sales and distribution costs. Many of these agreements are concluded through the Commercial Section of the Canadian Embassy, and I always take pleasure in assisting any Canadian firms that call upon me for help.

At that point, since it was already midday by the Town Hall clock, I invited Mr. X to enjoy a Norwegian sandwich at Frascati's with me. Perhaps you will join me for one on your own visit to Oslo.

Portugal

Cattle being unloaded in Lisbon. The first shipments of Canadian Holstein-Friesians to Portugal began in 1968; sales of this breed in 1969 have proved to be even larger.

Emphasis on industry should favor sales of capital equipment. Canadian exports in 1969 bid fair to exceed the 1968 figure of $6.3 million, with raw materials, fish in the lead.

P. A. SAVARD, Commercial Counsellor, Lisbon

The encouraging feature of economic performance in Portugal this year has been its steadiness, despite a hectic period of devaluation, revaluation and uncertainties in a number of Portugal's principal European markets. Gold and foreign exchange holdings were maintained at the substantial figure of U.S.$1,300 million, sufficient for 15 months of imports at current rates. As usual, income from tourists and remittances from abroad more than made up for the unfavorable balance on visible trade.

There is some reason for disappointment in the GNP rate of growth which tends to slacken when agriculture is adversely affected, as it was this year by prolonged inclement weather during the winter and spring.

Industrial growth, at 6 per cent per annum, was satisfactory but not sufficient to boost the over-all GNP increase to 7 per cent, the goal set under the Third Development Plan (1968-1973). Pulp and paper and textiles were notable exceptions to the general trend, with production up substantially at the end of April 1969 over the first four months of 1968.

Recent government measures establish new priorities for the development of industry. Fiscal incentives and more credit facilities are to be made more readily available to capital goods and export-oriented industries.

Commodity trade plays an important part in the Portuguese economy. Exports in 1968, at U.S.$730 million, represented 15 per cent of the gross national product and imports, at U.S.$1,040 million, represented 21 per cent.

The first six months of 1969 showed a 16 per cent increase in exports over 1968 but imports decreased slightly, narrowing the unfavorable balance by almost half compared with 1968. The figures, as reported by the Instituto Nacional de Estatistica are given in Table 1, and show the continuation of a trend that began in 1966.

The EEC countries, headed by Germany, continue to be Portugal's principal suppliers, providing 35 per cent of its total imports during the first half of 1969, 2 per cent more than in the same period of 1968.

The EFTA countries, headed by Britain, on the other hand, took 36 per cent of Portugal's exports in the first six months of 1969 as against 33 per cent in the first half of the previous year.

The traditional exports of foodstuffs and industrial raw materials continue to provide the big items in Canadian shipments to Portugal but a growing number of specialized manufactured products are being sold to the Portuguese and the market for these products continues to expand with the efforts put forth under the Third Development Plan to rationalize and extend domestic industrial production. In the agricultural sector, government planning and incentives have favored diversification and a broad program of subsidies has been initiated for this purpose. Increased dairy production is an important part of these plans.

On the whole, Canadian exporters have taken advantage of these conditions and have maintained their sales to this market during 1969. Total exports to Portugal for the first eight months of the year amounted to $4.44 million and appear to be headed for a better year than 1968, despite a slower start.

Exports of dairy cattle have put on a creditable performance. By the end of 1969, Canadian Holstein-Friesians will have consolidated and extended the position established in 1968 when the first shipments were made to Portugal.

TABLE 1

PORTUGAL'S FOREIGN TRADE

	million escudos		
	Imports c.i.f.	Exports f.o.b.	Deficit
1966	29,406	17,812	11,594
1967	29,135	19,685	9,450
1968	29,880	21,051	8,829
Jan.-June 1968	13,607	8,815	4,792
Jan.-June 1969	13,006	10,245	2,761

Some export fields that merit attention in the following months are given below.

Tourist and Hotel Equipment—In 1968, the number of visitors to Portugal reached 2.5 million and the figures for 1969 will show a still greater influx. There is still a shortage of adequate accommodation and services, even in the southern Algarve, which so far has been the center of tourist development. There are a good many other areas along Portugal's 1,000-kilometer coast that have not yet been developed and tourist expansion is a basic element of the Third Plan.

Timber and Logging Machinery—The relatively large stands of pine and eucalyptus in the northern half of the country are being harvested to meet the growing demands of the pulp and paper industry. Efficient harvesting requires more machinery of a kind not yet available in Portugal.

Farm Equipment—Government grants to assist farm mechanization and increase agricultural production were introduced in 1968. These grants may be used to buy farm machinery and implements.

Specialized Aircraft—As the pulp and paper industry has increased its operations, the protection of the forest reserves has acquired new importance. Portugal's long dry summers have always brought forest fires in areas hard to control by land crews. Canadian aircraft specially equipped for this type of operation could do the job.

Airports—In the longer term, one project at present in the early planning stage is the new international airport at Lisbon. It is still too early in its development for active Canadian participation but it warrants study now by Canadian interests.

Although Portugal's chief suppliers, the EEC countries, enjoy the advantages of cheaper transportation costs and greater proximity compared with Canada, they have no tariff advantages. The EFTA countries do have tariff advantages and in certain commodities these advantages can be decisive. Nevertheless, the experience is that there is room for maneuver over a wide range of commodity imports. It would be unrealistic to suggest that the above advantages are of no account but it is equally unrealistic to write off the possibilities without investigating them.

Portugal's trading position, backed by a solid currency, is sound. Import restrictions are not a factor. Lisbon is on the direct route of major European and North American airlines. **One of the smaller markets in Western Europe, its potential has still to be realized.** The majority of business firms can correspond in either French or English and welcome the opportunity of establishing new contacts.

TABLE 2

WHAT PORTUGAL BUYS AND SELLS

	million escudos 1967	1968
Imports c.i.f.		
Non-electrical machinery	4,100	3,938
Cars, trucks, tractors and parts	1,882	2,040
Electrical machinery	1,480	1,560
Raw cotton	1,341	1,526
Crude petroleum	1,167	1,215
Iron and steel	1,345	1,168
Refined oil products	938	1,009
Corn	400	669
Manmade fibres	467	454
Sugar	642	450
Wheat	633	385
Exports f.o.b.		
Cotton textiles	1,285	1,784
Wines	1,471	1,659
Preserved fish	1,295	1,187
Cork manufactures	937	999
Timber	673	710
Electrical machinery	412	673
Raw cork	587	554
Non-electrical machinery	401	395
Sisal products	337	353
Rosin	343	334
Olive oil	192	202

Source: Instituto Nacional de Estatistica.

TABLE 3

WHAT CANADA TRADES WITH PORTUGAL

	Cdn. $ 1968
Total exports	**6,309,680**
of which	
Cod	984,819
Copper refinery shapes	777,874
Aircraft engines and parts	668,445
Aluminum (pigs, ingots, shot, slabs, bars, rods, plates, sheet)	527,847
Cattle hides, raw	321,732
Asbestos (milled fibres and shorts)	296,235
Cattle, dairy, purebred	270,400
Flaxseed	263,511
Commercial communication equipment	249,879
Steel sheet and strip	230,560
Total imports	**12,321,284**
of which	
Tomato paste, canned	3,844,531
Baler twine	1,596,518
Grape wines, still, table and dessert	1,128,133
Cork in primary forms and cork fabricated materials n.e.s.	462,692
Telephone apparatus, equipment and parts	344,474
Anchovy, canned	339,128
Sardines, canned	313,097
Cotton yarn single over 20 under 40 n.e.s.	249,594
Sea fish, fresh or frozen n.e.s.	199,353
Ferrotungsten	186,011

Sweden

Boom continues; demand for components, equipment for industry high. Canadians are selling mainly foodstuffs, metals and minerals, motor vehicle parts, and some consumer products.

Conodion window gloss is being installed ot the Volvo plont in Gotlienburg, Sweden. Conodion exports of motor vehicle parts ond accessories to Sweden reoched $5.2 million in the first nine months of 1969 compored with $5 million in 1966.

EDWARD C. H. SHELLY
Assistant Commercial Secretary, Stockholm

The present economic situtation in Sweden is described as "a boom at zenith with fully exploited resources". A 4.5 per cent GNP increase has been predicted and, if realized, will be the largest rise in five years. Exports and imports for 1970 will be up by an estimated 8 and 7.5 per cent respectively. At present the only check to the boom is a lack of resources, notably manpower. With this in mind, the Government has tightened the money market. An even more important reason for doing this is that the inward flow of capital experienced during most of the postwar years has now been reversed. Currency reserves dropped this year by about $340 million; a year ago they rose by $97 million. A large part of the drain is attributed to changes in payment procedures adopted by importers and exporters. Another factor is investments abroad by Swedish companies. These were estimated at about $200 million in the first half of 1969. The official discount rate is higher now than it has been since the thirties and for the first time ever, commercial banks have had a ceiling placed on credit available from the Central Bank (Riksbanken).

The possibility of Sweden successfully applying for EEC entry is more difficult to assess than ever, but membership in the Nordic Economic Union (Nordek) is a distinct possibility within the next few years. Negotiations over Nordek appear to be running into difficulties, however. Customs union and agricultural policy are two main points of contention and the chances of achieving the proposed Nordek inauguration date of January 1, 1971, are in question.

Swedish trade patterns can be expected to change during the next year. Ways of increasing trade with the U.S.S.R. are being examined and both countries have appointed committees and exchanged trade delegations for this purpose. The products under discussion are primarily manufactures. A 30 per cent increase in Swedish-Soviet trade was recorded during the first eight months of 1969.

The recent revaluation of the German mark will bring about noticeable changes too. Last year 11.7 per cent of Sweden's exports went to West Germany and 18.7 per cent of its imports came from that country. Automobiles are one major product that will certainly be affected by the new exchange rate.

Canada's exports to Sweden in 1968 amounted to $31.7 million, an increase of 14 per cent over the previous year's $27.8 million. This is still considerably below 1966's $36.6 million. More than one third of the increase resulted from improved sales of raw materials—notably metals, their ores, concentrates, and salts (inorganic). The leading manufactured product was motor vehicle parts and accessories which continued a spectacular climb. (In 1966 only $5 million worth of auto parts were sold to Sweden.) Sales of card punch and related equipment, papermakers' felts, ice skates, sports equipment (especially snowmobiles), and chain saw parts and accessories also improved considerably. Semi-manufactures, with the exception of construction-grade plywood, were not strong. Canadian exports of foodstuffs in general improved, with the biggest gains in shellfish, whisky, and frozen and smoked salmon.

Figures for the first eight months of 1969 of $26.3 million, compared with $31.7 million for all of 1968, indicate that our exports will probably increase this year. The most interesting manufactured item again will be auto parts. Swedish cars should be more competitive in Germany but fewer imports into Sweden of German makes can be expected following revaluation of the mark. A further one fifth of the negotiated Kennedy Round tariff concessions will be put into effect on January 1, 1970, but this is unlikely to help Canadian exporters much, because import duties are already very low on most products.

Raw materials account for a large portion of our sales to Sweden. This dependence on one sector could become a weak point within the next few years. The proposed increase in Soviet-Swedish trade mentioned above is directed primarily towards manufactured goods but some major Soviet products are not as saleable in Sweden, mainly because of specification differences, as Swedish ones are in the U.S.S.R. As a result, **the Soviet Union could conceivably end by selling raw materials to Sweden in return for manufactured goods. This would probably reduce the demand for our raw materials considerably.**

Construction-grade plywood, shrimp, frozen salmon (especially the Atlantic variety), certain botanical drugs, lingon berries, horsemeat (frozen) and hockey equipment continue to be in immediate demand. The factor prohibiting increased imports of some of these items is shortage of supply in Canada. Sales of raw materials, on the other hand, are regulated primarily by local demand. The present boom is expected to last until at least mid-1970, so imports of Canadian raw materials should remain strong in the foreseeable future.

Sweden has the second highest standard of living in the world, and naturally **there is a good demand for consumer products.** Snowmobiles, outboard motors, clothing, toys, and games are some of the products currently being sold. Newly developed products offer the best possibilities for exporters interested in selling in this area.

Swedish industry is engaged in producing many specialized, highly technical products, thus creating a voracious demand for new components, subassemblies and, in some cases, instruments. **Our biggest opportunity lies in selling to industry,** yet the market for auto parts is the only one Canadian manufacturers have exploited to any extent. Virtually all our sales have been made to one auto manufacturer. Recently two other firms have merged into one large competitor but few if any parts are being sold to the new firm.

The fastest way for Canadian exporters to assess the marketing potential of their products is to send several copies of literature with price lists to the Commercial Counsellor, Box 14042, 104 40 Stockholm, Sweden. He will put the exporter in touch with appropriate agents, importers, distributors or retailers. Exporters would be well advised to visit the market personally if interest in their products is aroused. Very few Canadian visitors to Sweden leave without appointing a representative.

SELECTED CANADIAN EXPORTS TO SWEDEN

	Cdn. $'000 1967 (12 mos.)	1968 (12 mos.)	1969 (Jan-Aug)
Copper in oxide concentrates and matte	4,117	5,718	3,597
Parts and accessories for motor vehicles	2,328	3,003	4,428
Metal-bearing ores and concentrates n.e.s.	566	2,954	1,710
Molybdenum in ores and concentrates	1,024	2,302	1,989
Nickel in oxide	2,121	1,700	522
Zinc blocks, pigs and slabs	1,400	1,204	835
Papermakers felts, textile	430	1,102	881
Card punch sort tab computers and parts	393	704	461
Salmon, frozen	561	605	685
Sausage and similar meat casings	746	567	719
Asbestos	588	507	771
Plywood, Douglas fir	227	422	536
Metallic salts of inorganic acids	—	369	203
Plastic and synthetic rubber not shaped	699	338	70
Lobster and products, canned	335	319	197
Apples and crabapples, fresh	376	317	82
Hoisting machinery and parts	1,038	313	412
Passenger automobiles, chassis	352	307	300
Other motor vehicles, motorcycle parts	8	300	236
Fur goods, apparel	352	273	123
Skates, ice	111	269	227
Components for communication equipment	271	267	205
Shellfish, fresh or frozen	12	264	258
Fish offal and waste n.e.s.	260	240	254
Measuring and testing equipment and parts	187	230	155
Whisky	167	229	67
Fuel oil	—	213	—
Parts and accessories for chain saws	105	194	120
Printing and bookbinding machinery and parts	118	190	70
Sheet and strip steel	151	183	207
Sowing seed, timothy	105	168	56
Cattle hides raw	182	152	169
Works of art	6	141	4
Bearings and parts	15	136	97
Motor vehicle engines and parts	86	136	53
Salmon, smoked	123	134	46
Copper, refinery shapes	799	133	453
Sporting recreation equipment and parts	69	115	86
Meat, cured	168	115	70
Horsemeat, fresh or frozen	265	111	270
Pears, fresh	73	109	—
Shipping containers	—	105	38
Trucks and chassis	166	104	34
Total, this group	21,100	27,262	21,696
Total exports, including all others	27,808	31,744	26,251

Source: DBS

A young Swiss hockey player tries on Canadian pants and knee pads, known for their quality, in a well appointed Berne sporting goods store.

Switzerland

Canadian sales rose by $7 million between 1967 and 1968; need for labor-saving devices and the rising family incomes make this an attractive but highly competitive market.

HOWARD E. CAMPBELL
Commercial Counsellor, Berne

Switzerland has much to offer to Canadians seeking outlets in EFTA countries. It is a compact nation of six million with the second highest per capita income in Europe. Industrial production, particularly in the export-oriented industries, has been moving ahead at an ever quickening pace and this, combined with increased consumer demand, has boosted imports to the equivalent of Cdn.$5 billion* per annum. These buoyant conditions are expected to continue for the next 12 months.

Alert Canadian exporters have already increased their sales to Switzerland from $23.8 million in 1967 to $30.8 million last year and at the present rate should book $35 million worth of business by the end of 1969. Canada is Switzerland's primary source of such items as wheat, asbestos and fur garments. It is also an important supplier of copper, flaxseed, horsemeat, lobster and aircraft engines. These items —together with raw furs, rubber products, lead, machinery, automobiles, wood pulp, sporting equipment and apparel— make up the bulk of Swiss purchases from Canada.

In turn Canada purchases from the Swiss large quantities of machinery, watches, chemicals, instruments and apparatus, dyestuffs, cheese, clothing, pharmaceuticals and textiles. The accompanying table shows this two-way trade.

Switzerland is rich in natural beauty and hydroelectric power but has no mineral resources. As a consequence,

*All figures shown are in Canadian dollars.

the Swiss are obliged to import the raw materials they need to produce the high-precision machines, timepieces and instruments for which they are famous. They must also import raw materials for their highly developed chemical and pharmaceutical industry. Because of increased demand for their products in world markets, **the Swiss are buying even more industrial raw materials than they bave in the past.**

For some time now, Switzerland has suffered from a shortage of labor. To meet their manpower requirements, Swiss industrialists have brought in foreign workers from Italy, Spain, Yugoslavia and other countries. But even the 600,000 foreign workers now in the country are unable to keep pace with the demands of expanding industries. This has forced employers to rationalize production and to take advantage of labor-saving devices wherever possible. They are in the market for automatic packaging machinery, computers, electronic components needed for industrial controls, and labor-saving devices of all types.

In addition to their demand for raw materials and labor-saving devices, the Swiss are also looking for recreational equipment, luxury apparel, educational equipment and medical supplies. According to studies made of consumption patterns, more of the Swiss family's rising income is being spent on luxuries, health care, education, recreation and travel than ever before.

Canadians are already selling a wide range of consumer goods and industrial raw materials in Switzerland, but many new opportunities for business have not been explored. The market is wide open to those Canadians who can compete with suppliers on the Continent.

Canadians who have sold consumer goods in Switzerland know that good design and finish are important. The Swiss produce quality goods themselves and look for quality and value in the things they buy. They expect prompt deliveries, strict compliance with delivery undertakings, and after-sales service when it is needed.

Most Canadian goods can be imported freely, but agricultural goods require import licences and some are subject to quotas. Swiss duties are normally assessed on gross weight including packing, and the use of unnecessarily heavy packaging should be avoided. All goods sold in Switzerland—local or imported—are subject to a turnover (or sales) tax of 5.4 per cent. For imported goods, the tax is levied on the duty-paid value. Imported goods are also subject to a statistical tax of 3 per cent of the duties levied.

Samples of no commercial value are not liable to duty when brought into or mailed to Switzerland for the purpose of obtaining orders. Samples of commercial value are liable for duty which may, however, be recovered provided the article is re-exported within one year.

Imports of foodstuffs and beverages are subject to control by the Federal Office of Health (Eidgenossisches Gesundheitsamt) Bollwerk 22, 3000 Berne. Because some food additives which are permissible in Canada may be prohibited in Switzerland, it is advisable for Canadian exporters of such products to obtain copies of the health regulations, *Ordonnance Réglant le Commerce des Denrées Alimentaires et de Divers Objets Usuels*. The regulations are available in French and German from the *Bundeskanzlei, Bundeshaus*, 3000 Berne, for SF5.50 (Cdn.$1.40).

Imports of fresh and frozen meat, poultry and fish are regulated by the Federal Veterinary Office (Eidgenossisches Veterinaramt) Birkenweg 61, 3000 Berne. Copies of the regulations, which also give details of the marking, labelling and specified dates for consumption of meat and meat products, are also obtainable in French or German from the Bundeskanzlei. The relevant law is the *Ordonnance Fédérale sur le Contrôle des Viandes* which costs SF2.27 (57 cents Canadian).

Commercial travellers soliciting orders from Swiss merchants, manufacturers and other businessmen are required to carry a green identity card, known in Switzerland as an *industrial legitimation* card. These cards are issued by the following offices: Statthalteramt, Obmannamtsgasse 21, 8000 Zurich; Polizeidepartement, Bewilligungsburo, Spiegelgasse 6, 4000 Basel; Regierungsstatthalteramt, Amthaus, Hodlerstrasse 7, 3000 Berne; Département de l'Industrie, du Commerce et du Travail, 14, rue de l'Hôtel de Ville, 1200 Geneva.

To obtain a card, the applicant has to present himself at one of these offices and prove that his company is legally entitled to transact business in his own country. Before leaving Canada, it is advisable for businessmen intending to offer their goods to customers in Switzerland to arm themselves with an affidavit from their local Chamber of Commerce to the effect that their company is entitled to transact business under the laws of Canada. When applying for the "industrial legitimation" card, they must pay a fee of SF2 (50 cents Canadian) and submit passport photographs. The card is normally issued immediately.

Seventy per cent of the Swiss speak Schweizer-Deutsch, 19 per cent French and 9 per cent Italian. This diverse linguistic pattern is reflected in the varying tastes and preferences in different parts of the country. For example, half a million dollars worth of Canadian horsemeat is sold annually for human consumption in the French-speaking part of Switzerland but this type of meat cannot be sold in the German- or Italian-speaking sectors. Tastes in these linguistic areas are akin to those in the immediate neighboring country, that is, Germany, France or Italy. Although a good many Swiss businessmen can speak English, a knowledge of French and German is advantageous when doing business in Switzerland.

Foreign products can be introduced into the Swiss market most effectively through an agent who can cover the whole country. Many agents import on their own account and carry stocks. Commissions vary from 5 to 45 per cent, depending on the article.

All agents prefer to deal directly with manufacturers. Before taking on a new line they want full information on the product, including prices c.i.f. North European ports. For some consumer goods an agent is unnecessary because sales can be made direct to Swiss department stores and grocery chains without their help.

The importance of personal visits by Canadians intending to sell in Switzerland cannot be over-stressed. The Swiss market is highly competitive and a firsthand knowledge of local conditions and business practices can mean the difference between success and failure.

The fact that five United Nations agencies have their headquarters in Switzerland makes a visit even more attractive to Canadian manufacturers of educational and vocational equipment needed by the agencies and to Canadian consulting engineers (especially those with French/English language capabilities) who can assist with the studies on water supply and sewage disposal the World Health Organization is working on. The names and addresses of the various UN agencies that have their headquarters in Switzerland are shown below. A description of the function of each agency and the procedure to be followed by Canadians wishing to work with them is contained in the special report on "The UN Agencies in Switzerland" which appeared in the September 28, 1968, issue of *Foreign Trade*. Interested Canadian engineers and manufacturers of educational equipment should write directly to the agency they feel they can assist.

TABLE 1

WHAT CANADA BUYS FROM SWITZERLAND

	Cdn.$ million			
	1965	**1966**	**1967**	**1968**
Non-electrical machinery	7.5	11.4	10.8	13.9
Electrical machinery	3.9	3.8	4.2	4.3
Instruments and apparatus	2.7	3.2	4.0	4.4
Watches	12.5	10.05	10.0	9.3
Aluminum	0.27	0.32	0.47	0.47
Iron pipe	0.45	0.42	0.42	0.20
Pharmaceuticals	0.45	0.7	0.8	1.07
Dyes	2.6	3.3	3.1	3.5
Chemicals, n.o.p.	8.2	9.5	10.4	10.6
Silk and synthetic textiles	0.8	0.8	0.77	0.82
Woollen textiles	0.17	0.32	0.27	0.25
Cotton textiles	0.6	0.7	0.5	0.6
Embroideries	0.4	0.4	0.5	0.45
Knitted fabrics	0.45	0.47	0.37	0.42
Clothing	0.82	1.0	1.15	1.35
Cheese	1.6	1.7	2.0	2.17
Chocolate	0.32	0.35	0.4	0.5
Soup, bouillon	0.5	0.5	0.6	0.87
Braided material for hats	0.4	0.4	0.3	0.3
Other imports	3.52	5.54	10.3	8.63
Grand total	**48.15**	**54.87**	**61.35**	**64.10**

TABLE 2

WHAT CANADA SELLS TO SWITZERLAND

	Cdn.$ million			
	1965	**1966**	**1967**	**1968**
Meat	2.3	1.4	1.1	1.5
Wheat	12.4	11.7	10.8	10.3
Oats	2.9	1.8	1.6	0.25
Oilseeds	0.7	1.05	0.3	0.32
Steel alloys	0.27	0.6	0.27	0.10
Raw copper	1.2	1.6	2.1	1.55
Copper bars and wire	3.2	2.9	3.5	3.5
Raw lead	1.3	1.0	1.4	1.07
Raw zinc	0.9	0.4	0.2	0.2
Non-electrical machinery	1.9	1.6	1.4	1.97
Electrical machinery	0.3	0.27	0.5	0.12
Instruments and apparatus	0.7	1.7	1.0	0.37
Vehicles	3.0	2.3	1.2	1.17
Chemicals n.o.p.	0.25	0.5	0.4	0.32
Clothing, including furs	2.3	2.1	3.2	5.15
Asbestos	1.9	2.4	1.8	1.87
Rubber	0.22	0.17	0.17	0.10
Rubber products	0.3	0.27	0.25	0.40
Wood and wood pulp	0.7	0.5	0.3	0.62
Semi-manufactured wood products	0.35	0.42	0.6	0.75
Other exports	5.61	4.94	3.48	6.04
Grand total	**42.70**	**39.62**	**35.57**	**37.67**

Source: Swiss Department of Finance and Customs, Trade Statistics Division.

The UN Agencies in Switzerland

Director General
International Labour Organization (ILO)
154 Route de Lausanne
1211 Geneva, Switzerland

Secretary General
International Telecommunication Union (ITU)
Place des Nations
1200 Geneva, Switzerland

Director General
World Meteorological Organization (WMO)
Avenue Guiseppe Motta 41
1200 Geneva, Switzerland

Director General
World Health Organization (WHO)
Route de Pregny
1200 Geneva, Switzerland

Universal Postal Union (UPU)
Schosslhaldenstrasse 46
3000 Berne, Switzerland

Canadians wishing to do business with UN agencies should advise each agency of their interest and special qualifications. They should also register with the Department of Industry, Trade and Commerce in Ottawa.

Businessman in Denmark

The view from Our Saviour's Church of Copenhagen, Denmark's capital city, major port and largest industrial area. Behind the Knippel's Bridge is King Christian IV's Stock Exchange building, with its famous spire of four intertwined dragon's tails.

T. W. HARBOE
Commercial Officer, Copenhagen

Danes enjoy one of the highest standards of living in the world. Gross domestic product at factor cost in 1968 totalled Cdn.$12.8 billion, imports reached Cdn.$3.5 billion and exports Cdn.$2.8 billion. Traditionally an agricultural country with relatively little industry, Denmark has shifted its economic emphasis to meet world market conditions and during the last ten years industrial production and exports have become dominant factors. Danish industry relies heavily on imports for the raw and semi-processed materials and the capital goods it needs.

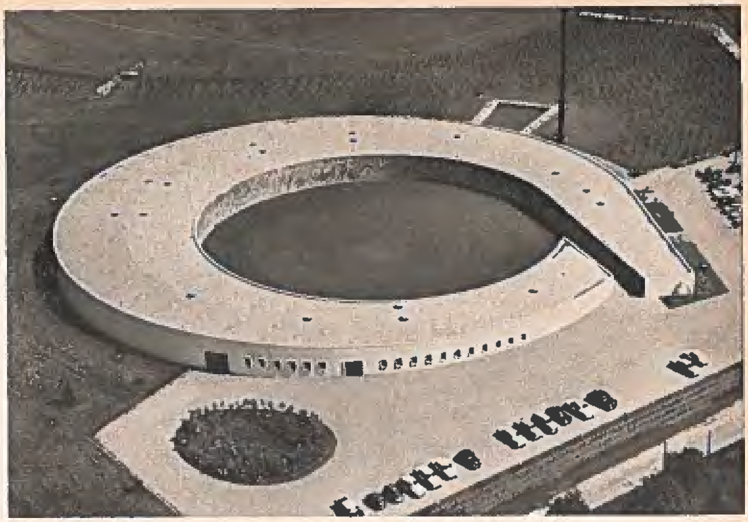
Mainland Denmark covers 16,619 square miles and comprises the peninsula of Jutland and some 500 islands, of which only about 100 are inhabited. The main islands are Zealand, Fun, Lolland and Falster. **Of the total population of about 4.8 million, 1.3 million people live in the greater Copenhagen area** which is the largest industrial center. Copenhagen, the capital city, also has the largest port and a free port. Other important industrial towns are Aarhus and Aalborg in Jutland and Odense on Fun; some comparatively large industries are of course found in other parts of the country. The Danish language is closely related to Norwegian and Swedish. Most businessmen and government officials are able to speak and write English and German, but the knowledge of French is limited at best.

If you want to learn more about Denmark before your visit, the most comprehensive source is *Denmark*, published by Danish Ministry of Foreign Affairs in 1961 and available in English. A new edition will come out during the spring of 1970. More recent publications are the Ministry's *Economic Survey of Denmark 1969*, and the OECD's 1969 report on Denmark. The most useful guidebook is *Tourist in Denmark*, sold by Denmark's Tourist Council for Cdn. $2.20.

When should you come, and for how long? Two or three days are usually adequate for your visit. The best months are September to May, but of course the Christmas, New Year and Easter holidays should be avoided. Danish holidays in 1970 are New Year's Day (January 1), Easter (March 26-30), Great Prayer Day (April 24), Ascension Day (May 7), Whitsun Bank Holiday (May 18), Christmas (December 24-26). Annual vacations are usually taken in June, July or August, and many businessmen take additional holidays during the second or third week of October when there is a week-long school holiday.

The Commercial Counsellor and his staff will be pleased to give you every possible assistance with your itinerary, in-

This radical building design permits a logical production line from raw material to the finished product at the Angli men's shirt factory at Herning. The inner wall is decorated by the Danish artist, Carl Henning Pedersen, and many paintings by internationally known artists hang inside the factory.



The Danfoss factories which employ more than 5,000 people and export to more than 100 countries are located at Nordborg, formerly a small village, on the island of Als. This employee is using instruments to check thermostat components.

At the Burmeister and Wain yard in Copenhagen, a propeller is fitted to another new ship. Shipbuilding is a leading Danish industry.

Danish agriculture made possible the pharmaceutical industry, which has grown from its start 50 years ago to become one of the country's major export industries. Livestock slaughtered for meat provide organs used in many drugs, such as insulin. The photo shows the sanitary precautions taken in packaging.

Danish furniture, textiles, pottery and silver are world-renowned for design and craftsmanship. This chair is being made in the Johs. Hansens Mobelfabrik plant.

cluding setting up appointments. Please let us know as far ahead as possible—Danish businessmen often have a fairly heavy schedule—and give the exact date and time of arrival and departure and the types of companies you wish to visit. Four calls a day are usual but of course more can be arranged, depending on the anticipated length of each. Usually, there is no need for an interpreter, but we can supply this service for your calls when necessary. Our office will also be glad to provide information about Customs and other regulations.

Your travel agent should make all your travelling and hotel reservations well in advance as hotel accommodation usually is difficult to obtain. In fact, if you plan to come during May-September, you would be well advised to arrange for hotel accommodation several months in advance. Most business visitors find that they can confine their hotel reservations to Copenhagen because visits to provincial towns can be made within a day by using internal flights.

You can fly to Copenhagen from Montreal via Air Canada at a cost (round trip) of \$854 first class, and \$516 economy class The 21-day excursion rate (requiring a minimum stay of 14 days) is from Montreal \$370, from Ottawa \$392, Toronto \$413, Winnipeg \$508, Edmonton \$590 and Vancouver \$634. The new 22-day excursion rate from Edmonton is \$503, from Vancouver \$547 and from Winnipeg \$421. These latter rates are in effect only for departures before March 31 and returns not later than midnight May 15, 1970.

Canadian visitors require a valid passport, but there are no visa, vaccination or inoculation certificate requirements for stays of up to three months.

When you pack, include an appropriate adaptor since only a few hotels have 110-volt shaver outlets; the current here is 220 volt, 50 cycles. Bring your own medicine because in Denmark medicines can be bought only on prescription of a local doctor. Temperatures average 32°F to 62.6°F in this coastal country but can go below freezing in the winter months, December-March. If you are coming then, bring warm clothing and a topcoat and don't forget rubbers and an umbrella.

Canadians can bring in duty-free 400 cigarettes or 500 grams of tobacco and 2 litres of spirits or wine, as well as all personal effects. Keep in mind that cigarettes and spirits are very expensive in Denmark; a pack of 20 cigarettes costs about Cdn.\$1.15, and a ¾ litre bottle of whisky about Cdn.\$10. Some businessmen find it useful to bring their own dictating equipment or typewriters. However, English language secretarial services can be obtained through most hotels. Business cards are a must.

Any amount of foreign or Danish currency can be brought into this country. However, only up to 2,000 Kr. per person in Danish notes may be taken out in addition to any amount of foreign currency and any Kroner brought in on entry or acquired by the sale of foreign currencies in Denmark. Danish and foreign securities may be imported and exported only with the permission of the National Bank of Denmark. The Krone (Kr.) is divided into 100 Øre. Notes of 10, 50, 100 and 500 Kroner, and coins of 1, 2 and 5 Kroner and 1, 2, 5, 10 and 25 Øre are in circulation. The current rate of exchange is Cdn.\$0.1434 = 1 Kr.

You will find that samples convey a more eloquent sales message than even the most handsomely printed literature, so whenever practical bring them along. Samples of minor value can be imported duty-free. Customs duty is payable on all other samples at the relevant Customs tariff rates. The duty is refundable on re-export provided that, when imported, samples were declared as such and the duty reserved and that they are re-exported under Customs control within one year. Local forwarding agents will undertake all clearance procedure and pay the Customs duty for a fee of Cdn.\$3 to \$4 plus 1 per cent of the Customs duty.

We strongly recommend that you come prepared to quote c.i.f. Copenhagen prices, terms of payment and delivery, agent's commission and other relevant figures. This may not lead to business on the spot (Danes like to take their time in studying offers) but it will provide a basis for matter-of-fact discussions and save a good deal of subsequent correspondence. The normal terms of payment are sight draft and demands for payment by letter of credit usually tend to discourage business.

"Wonderful" Copenhagen is one of the more expensive European capitals. A single room with bath in a first class hotel is likely to cost not less than Cdn.\$20 per night with continental breakfast; this includes service and 12.5 per cent added value tax. More reasonably priced and adequate accommodation is available, and some hotels reduce their rates from November to March. Meals can easily run up to Cdn.\$15 per person per day, but there are restaurants where can you get a meal for Cdn.\$3 to \$4.

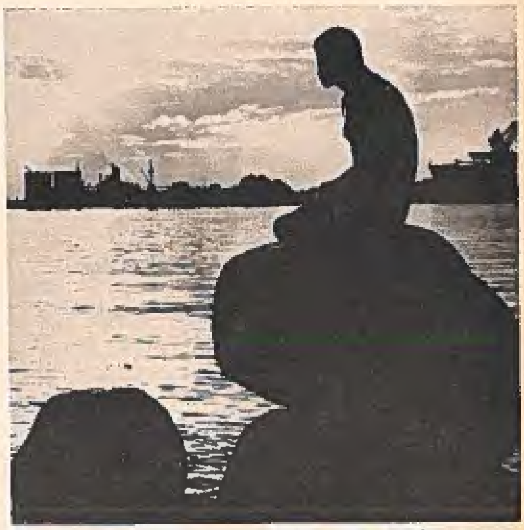
Denmark is a land of bicycles and they flood the streets in Copenhagen, dismaying the foreign visitors but providing cheap rapid transport for the Danes themselves.

You will find that the most practical way to get around Copenhagen is by taxi and that normally you can go from one appointment to the next in 15 to 20 minutes at the most. The meter starts at 42 cents Canadian and ticks up at 21 cents per kilometer. Keeping the taxi waiting costs Cdn.$2.52 per hour. It is customary but not obligatory to tip the driver 10 per cent of the fare. Most Danish taxi-drivers are unusually polite and you can enjoy the now too rare delight of the driver actually getting out of his cab to open the door.

For visits out of town there are scheduled air flights, quite comfortable night ferries, and train connections, depending on the destination, but it is more practical and saves time to use the rent-a-car service. Return air fares from Copenhagen to provincial airports are approximately Cdn.$30. Renting a Volvo car costs Cdn.$7.43 per day, plus 14 cents per mile, plus 12½ per cent added value tax. Gasoline sells at 86 cents an imperial gallon.

When you get there we suggest you call at the Commercial Counsellor's office for a briefing before starting on your round of calls. It is a must to arrive punctually for the appointments arranged. Arriving late or not keeping appointments at all reflects badly on the image of Canadian businessmen. Should it not be possible to keep an appointment, you should cancel it by telephone or advise the Commercial Counsellor's office. The program of appointments set up by our office (a copy will usually be waiting for you at your hotel) lists the telephone numbers of the Danish companies.

Copenhagen claims that this street, Stroget, is the largest pedestrian-only street in Europe. It's the city's chief location for stores.



The famous Little Mermaid by Edv. Eriksen overlooks the entrance to Copenhagen Harbor.

Greet your Danish colleagues with the normal handshake; hearty back-slapping will induce a state of severe shock. When addressing Danes you are not expected to adopt the local habit of using business titles such as Mr. Director Hansen (Smith). Plain Mr., Mrs., or Miss followed by the surname will suffice. Presenting a giveaway will be accepted as a pleasant gesture by many, but is likely to embarrass managing directors of major companies.

Whether negotiations are proceeding smoothly or running into difficulties, you will find that lunching with your Danish opposite number helps to promote a more personal relationship and a more informal exchange of views. You should beware, however, if Aquavit is served during the meal. More than two glasses can make for an uncomfortable afternoon! All tipping in restaurants has been abolished since October 1, 1969. The prices shown on menus include 15 per cent service and the 12½ per cent added value tax. Additional gratuities are not required and should not be offered.

Should you be invited to a private house for lunch or dinner, you may want to follow the local custom of sending or bringing the hostess flowers. Also, if you have purchased tax-free spirits in the duty-free shop at your previous embarkation point, you can make your host a happy man.

Normal business hours in Denmark vary from 8 a.m. to 4 p.m. to 9 a.m. to 5 p.m.; almost all companies are closed on Saturdays. Normal banking hours are 10 a.m. to 3 p.m. The Canadian Embassy is open from 9 a.m. to 5 p.m. Monday through Friday and closed on Saturday. Shops are open from 9 a.m. to 5:30 p.m. Monday through Friday and close at 2 p.m. on Saturday. A number of stores stay open until 7 p.m. on Fridays.

What to do in your free hours? *This Week in Wonderful Copenhagen*, a booklet published weekly by the Tourist Association of Copenhagen and available at your hotel, is a good guide. It also lists the various restaurants, with or without music and dancing, the discotheques, and the few cabarets. We suggest a walk through "Stroget", said by the Danes to be the longest pedestrian shopping street in Europe and centrally located off the town hall square. Here you can see an excellent selection of housewares, silver, china and jewellery. A visit to Den Permanente and Illums Bolighus is a must for those interested in examining the best of Scandinavian design in furnishings.

Only two tours are available to visitors spending a weekend in Copenhagen during the winter months. They are the Copenhagen Tour (2½ hours at Cdn.$3), and the Castle Tour of North Zealand (7 hours at Cdn.$5.50). The latter includes a visit to Elsinore Castle where one may hope to meet the ghost of Hamlet's father!

Canada's Trade With Continental EFTA

In 1968, Canadians sold goods worth $466 million to the seven continental EFTA countries. Here is a brief analysis of that trade.

N. R. CUMMING
European Division, Office of Area Relations

The establishment of free trade in industrial products among the members of the outer ring of European countries around the EEC is such an important factor in the commercial life of these countries that it is useful at times to discuss Canadian trade with the group as a whole. It must be borne in mind, however, that each member maintains a separate tariff against non-EFTA countries and it is therefore important to study each EFTA market carefully to determine the terms of access for Canadian goods.

As 1969 comes to a close, several EFTA countries are pressing hard for membership in the European Common Market. The importance of the EEC to the economic life of the EFTA countries is shown in the table. In 1968 and during the first six months of 1969, the value of total exports and total imports between these two groups increased substantially and the trend is steadily upward. **If EFTA members should associate with the EEC, access to such markets for Canadian products could be affected.**

Canada's total export-import trade with continental EFTA (Austria, Denmark, Finland, Norway, Portugal, Sweden and Switzerland) has risen from $189 million in 1959 to $466 million in 1968. This represents a substantial increase of $277 million (146 per cent) in the decade. This impressive growth, however, has generally been in favor of the EFTA members. The exception is Norway, where our exports of crude materials tip the scale in Canada's favor and in Finland, where we continue to maintain a slight advantage.

Over-all, our trading position has shifted from a favorable balance of $57 million in 1959 to a deficit of $38 million in 1968. This trend appears to be continuing, as evidenced by the figures covering the first six months of 1969.

In recent years, Canadian exports to EFTA have increased in four of the five commodity groupings of DBS statistics. The one exception is in the "Foods, feeds, beverages and tobacco" section and this reflects our smaller sales of wheat and wheat flour to this area. The most significant growth in Canadian exports is in the "Crude materials, inedible" section, mainly to Norway. Here it is our exports of nickel and copper in the form of ores, concentrates and matte that account for this increase.

Austria is the only member state to which our exports have decreased and this may be related to the slowing down of economic activity. However, as the accompanying article in this issue shows, the time seems opportune for increased activity by Canadian exporters in this particular market. The main source of Austria's imports over the years has been West Germany and following the recent revaluation of the German mark, the competitive position of German products is being reassessed. New opportunities may appear for enterprising Canadians.

The combined continental EFTA market has a population of some 43.5 million, approximately twice that of Canada. The standard of living in most of the EFTA countries is very high; Sweden and Switzerland are surpassed in GNP per capita only by the United States.

The growing demand for North American goods—whether industrial materials or end products—is an indication of the higher standards of living and the apparent willingness to spend on higher-priced articles which have appeal.

Reports from the Trade Commissioners resident in these countries consistently indicate good markets for a wide range of imported products. And although these cannot rival that of the U.S. in size, nevertheless they could and should be exploited by more Canadian producers of quality products.

EFTA'S TRADE WITH THE EEC

Year	U.S.$ million and % change from previous period Imports	Exports	Balance
1966	11,023 (+5.7%)	7,738 (+4.4%)	−3,285
1967	11,469 (+4.1%)	7,558 (−2.4%)	−3,911
1968	12,121 (+5.9%)	8,287 (+9.8%)	−3,834
January-June			
1967	5,702 (+3.8%)	3,790 (−1.8%)	−1,912
1968	5,893 (+3.3%)	4,009 (+5.9%)	−1,884
1969	6,461 (+9.4%)	4,718 (+17.8%)	−1,743

Source: EFTA Bulletin

One aspect that is continually being pointed out by the Trade Commissioners is the hesitation on the part of Canadian exporters to promote their products in these countries. Are *you* selling in Western Europe? A letter to our trade offices may reveal surprising opportunities for *your* products.

CANADIAN TRADE WITH CONTINENTAL EFTA
(excluding Britain)

CANADA'S EXPORTS TO

	Cdn.$ million				
	1959	1967	1968	1968 Jan/June	1969 Jan/June
Austria	8	8	6	3	4
Denmark	6	16	16	8	8
Finland	3	5	7	3	4
Norway	62	87	116	47	62
Portugal	3	7	6	3	3
Sweden	15	28	32	15	20
Switzerland	26	24	31	14	18
Totals	**123**	**175**	**214**	**93**	**119**

CANADA'S IMPORTS FROM

	Cdn.$ million				
	1959	1967	1968	1968 Jan/June	1969 Jan/June
Austria	6	20	29	9	14
Denmark	9	27	26	12	16
Finland	1	3	4	2	4
Norway	4	34	39	19	22
Portugal	3	14	12	6	6
Sweden	18	76	78	36	44
Switzerland	25	66	64	29	39
Totals	**66**	**240**	**252**	**113**	**145**

Source: DBS

CANADA'S TRADE BALANCE

	Cdn.$ million		
	Exports to	Imports from	Trade Balance
1959	123	66	+57
1967	175	240	−65
1968	214	252	−38
Jan/June			
1968	93	113	−20
1969	119	145	−26

Source: DBS

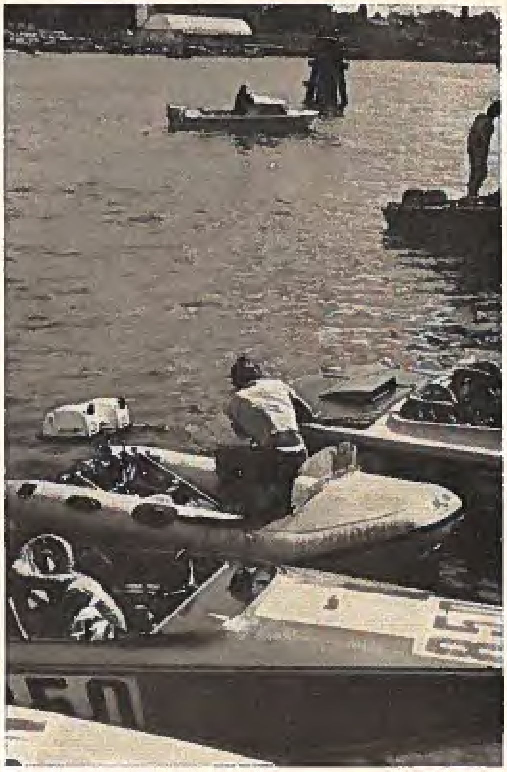
PATTERN OF CANADIAN EXPORTS

	Cdn.$'000				
	1960	1961	1967	1968	1969 Jan/Sept
Scandinavian countries (Denmark, Finland, Norway, Sweden)					
Live animals	19	28	89	13	5
Food, feed, beverages, tobacco	11,569	12,136	16,785	13,916	7,868
Crude materials	54,920	59,262	81,324	116,300	95,329
Fabricated materials	17,140	19,566	19,275	21,895	17,417
End products	8,046	7,026	17,863	18,393	19,557
Austria					
Live animals	14	—	4	—	—
Food, feed, beverages, tobacco	2,734	2,727	3,823	809	977
Crude materials	1,390	2,361	2,026	3,115	2,834
Fabricated materials	3,070	2,262	1,036	1,190	2,028
End products	518	522	892	582	668
Portugal					
Live animals	—	—	58	345	101
Food, feed, beverages, tobacco	1,204	1,690	3,651	1,262	1,830
Crude materials	715	746	1,190	1,163	859
Fabricated materials	1,094	1,865	1,565	1,919	1,640
End products	317	409	617	1,593	1,364
Switzerland					
Live animals	1	1	1	—	1
Food, feed, beverages, tobacco	11,182	8,703	4,703	7,166	6,369
Crude materials	1,913	2,403	4,439	4,048	5,119
Fabricated materials	10,753	8,707	6,829	7,716	6,734
End products	2,242	2,580	7,682	11,877	8,399

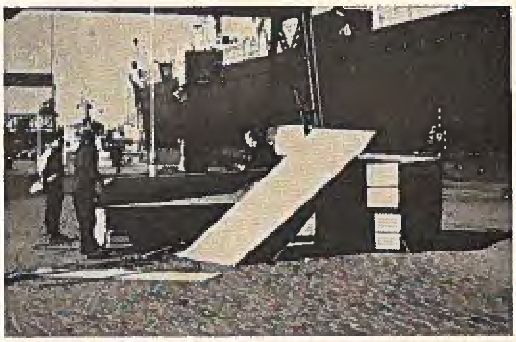
Source: DBS

Canada sells a variety of products to the Scandinavian countries, some for the consumer and some for use in industry or construction. Some of these are pictured below.

Papermakers' felts from Ayers were flown to Finland from Montreal earlier this year. Finland bought Canadian felts to a value of $654,000 in 1968, and 1969 sales were expected to be substantially higher.



A Canadian outboard motor manufacturer shows his product during a boating event in Stockholm. He had previously exhibited at the SPOGA fair.



The largest shipment of Canadian construction-grade Douglas fir plywood to arrive at a Scandinavian port—more than 5,000 cubic metres—is being unloaded from the Belmar at Aarhus, Denmark. This is the first time a charter vessel was used to bring Douglas fir plywood directly from Vancouver to a Danish destination.

Canadian snowmobiles have virtually changed the Laplander's way of life. Here, two of Sweden's weekend sportsmen find these fast machines much to their liking.

Foreign Tariffs and Trade Regulations

Libya has announced new regulations governing transfer of currency. As of September 13, 1969, Libyan banks are authorized to transfer funds abroad to pay for contracts concluded before September 11, 1969, and to open letters of credit and to effect transactions against documents for the import of the following commodities:

Wheat, wheat flour, semolina and barley
Rice and rice flour
Live cattle, poultry and meat
Canned tomatoes
Milk and dairy products
Tea, coffee and spices (not including canned coffee, roasted coffee and coffee extracts)
Olive oil and fat
Fuel
Medical and pharmaceutical products, medical and scientific equipment
Cattle feed
Fertilizers, authorized by the Ministry of Agriculture
Pesticides
Clothing and textiles
Shoes
Baby food products
Stationery articles
Spare parts
Raw materials for local industries

For all other commodities, import permits are necessary.

Trade Lines

A $600,000 sulphuric acid plant at Spanisb Town, near Kingston, Jamaica, has recently been completed by Industrial Chemical Company (Jamaica) Limited. ICC's $600,000 salt plant is also about to go into production. The sulphuric acid plant has an annual capacity of 35,000 tons compared with 10,000 for the former plant. Initial production is expected to be 20,000 tons a year, of which 10,000 will be used locally. The salt plant will refine crude salt from Venezuela and supply the local market. The hope is to export some 15,000 tons of salt a year—Kingston.

Australia's building industry hopes to use the wide range of building techniques, processes, and materials employed by the construction industry in North America. The industry is looking to high-rise home units and office complexes as an alternative to the increasing sprawl in major Australian cities. Planners, architects and contractors are adopting modern building techniques but want further knowledge about high-rise building technology, such as the use of computers and management planning techniques, and more information on modern building materials and supplies—Melbourne.

Fifty enterprises are involved in research and development projects in Israel, an increase of 100 per cent in the number of science-based industries since 1966. The emphasis is now on increasing production, mainly for export. This year some $4.7 million is being spent on industrial research in electricity, electronics, chemistry and food products, but there is still a shortage of funds and qualified personnel—Tel Aviv.

The Brazilian Government has offered financing to farmers who will plant beans among their sugar cane and coffee on plantations to combat the shortage and high price of beans during the dry season. The financing consists of approximately Cdn.$103,000 and Cdn. $154,000 (per 12 acres) for fertilizers and soil additives in sugar cane and coffee plantations respectively. The 1969/70 wheat crop is expected to reach 693,224 tons, a 90 per cent increase over the 1968/69 crop which totalled 364,876 tons—Rio de Janeiro.

W. R. Grace & Company of the United States has acquired Antilles Chemical Company of Jamaica and Aruba Chemical Industries, two affiliates of Esso Chemical Company Incorporated in the Caribbean. The two companies represent Esso's fertilizer manufacturing and distributing activities in Jamaica, Puerto Rico, St. Lucia, the Dominican Republic and Aruba. The Antilles Chemical plant in Kingston is part of the Esso Industries complex which includes an oil refinery and a distribution center for petroleum products. The $3 million plant became operational in 1966 and has been supplying the Jamaican market and exporting to the Caribbean area—Kingston.

Australia is focusing attention on all phases of education, witb particular emphasis on language laboratory equipment. An Australian national committee has been set up to determine standards for this equipment. The Government is studying ways to promote the study of Asian languages in Australian schools and university language departments are anxious to increase the size of their language laboratories. The potential for sales is therefore said to be promising—Melbourne.

Peru bas recently received a shipment of 100 bead of beef cattle for slaughter from Colombia under a contract signed by the Peruvian Ministry of Agriculture and IDEMA of Colombia last July. The contract calls for the delivery of 72,000 head of cattle over the next 12 months. These are the first imports under new regulations that establish the Peruvian Government as the sole importer of meat or live animals for slaughter—Lima.

The Babamian balance of payments for 1968 indicates a surplus in excess of B$28 million (B$1.00 = Cdn. $1.04 to $1.07), an increase of more than B$8 million over the previous year. Although imports rose by 10 per cent to B$185 million, (against B$51.5 million for exports) the trade deficit was offset by investments and a new peak in the number of tourists—Kingston.

Bahamian imports in 1968 followed traditional patterns: 70 per cent manufactured articles, 25 per cent foodstuffs, 5 per cent raw materials. Imports from Canada jumped by more than 60 per cent—from B$8 million in 1967 to B$13 million in 1968, increasing our share of the market from less than 5 per cent in 1967 to 7 per cent in 1968. Exports of industrial equipment made substantial gains—Kingston.

A Venezuelan group is seeking foreign capital to build a $3.6 million plant to produce asbestos cement. Full production is expected to be under way by November 1970—Caracas.

The Venezuelan subsidiary of two large U.S. steel companies—United States Steel and Bethlebem Steel—expects to export more than 12 million tons of iron ore in 1969. This represents a contribution of $130 million to the trade surplus. Next to petroleum, iron ore is still Venezuela's most important export—Caracas.

Foreign companies can now be represented by an agency in Czechoslovakia. Several agency firms have been set up in the last year and offer clients market research, followup and technical services. The most recent, Rephachem, represents foreign chemical producers and has signed up a number of major Western European and U.S. chemical manufacturers. It is said to offer day-to-day liaison with chemical end users and with Chemapol, the chemical foreign trade monopoly. Rephachem has expressed an interest in Canadian suppliers, with one man representing several non-competing Canadian chemical producers who share the costs—Prague.

A fertilizer plant will be built in Guatemala by Guanos y Fertilizantes de Mexico S.A., a major fertilizer firm owned by Nacional Financiera S.A., the Mexican Government's Development Bank. The plant will supply fertilizer requirements in Guatemala and other Central American countries. It will produce the NPK type of fertilizer and is expected to be in operation within six months. Mexico will supply the raw materials such as sulphur and acids. Capital will be provided by Guanos y Fertilizantes (49 per cent) and Guatemalan investors (51 per cent)—Mexico, D.F.

A German mission arrived in Peru recently to study the country's national power plan under an agreement between Peru and the German Federal Republic. The three and one-half year study will be done in co-operation with the Peruvian Ministry of Mines and Energy and will investigate unexplored hydraulic and natural gas resources and coal reserves—Lima.

The World Bank has become Tunisia's chief supplier of capital. Its loans to Tunisia total some $100 million and are expected to double in the next four years. They are used for projects such as the purchase of road vehicles, road improvement works, tourist development, agricultural machinery, new road construction, town sanitation, phosphate mining, the supply of drinking water and education. IBRD contracts are awarded by the recipient through international competition and Canadians are eligible to compete for all Bank-financed business—Berne.

A $30 million uranium extraction plant will be built in South Africa in a joint project involving three mining companies—President Brand, Free State Saaiplaas and Welkom Gold Mines. The plant will treat the slimes from all three mines and will have a monthly capacity of 200,000 tons. It will be built by President Brand—Johannesburg.

A contract for the access ways and the international port on the island of Margarita in Venezuela has been awarded to a local firm, Edificia C.A. The new port will cost Cdn.$3 million and will be used primarily for improving tourist facilities on the island—Caracas.

Shell's fifth oil-distillation plant recently became operational at Pernis near Rotterdam. The Shell Nederland Raffinaderij N.V. plant has a processing capacity of 7.5 million tons of crude oil a year (150,000 barrels a day). The refinery at Pernis will now have a primary distillation capacity of 25 million tons a year (500,000 barrels a day), making it the largest in the world. It cost about Cdn. $30 million and took two years to complete—The Hague.

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
C. D. Caldwell, Assistant Commercial Secretary in Bonn, Germany:

Montreal: January 19-20
Toronto and Ontario: January 21-26
Winnipeg: January 27-30
Calgary: January 31-February 3
Vancouver: February 4-6

Temporary Duty in Ottawa

Trade Commissioners on temporary duty in Ottawa may be contacted through the Trade Commissioner Service, phone 992-9930 (area code 613).

M. A. Brault
Assistant Trade Commissioner
Johannesburg, South Africa
February 1–7

C. D. Caldwell
Assistant Commercial Secretary
Bonn, Germany
January 12-16

In Territory

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

Afghanistan
H. W. Guy, Assistant Commercial Secretary in Islamabad, Pakistan, will visit Kabul March 23–27.

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.

Colombia
J. A. Elliott, Commercial Secretary in Bogota, will visit Cartagena, Barranquilla and Santa Marta January 26–30.

Costa Rica
A. L. Lyons, Assistant Commercial Secretary in Guatemala City, will visit Costa Rica February 2-7.

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.

El Salvador
J. D. Tennant, Assistant Commercial Secretary in Guatemala City, will visit El Salvador March 16-20.

Guyana
Officers of the Port-of-Spain, Trinidad, office will visit Guyana as follows:

J. M. C. Lavoie, Assistant Commercial Secretary, January 26-30.

D. J. McJanet, Commercial Secretary, February 16-20.

D. Hobson-Garcia, Commercial Officer, March 16-20.

Honduras
S. G. Tregaskes, Commercial Counsellor in Guatemala City, will visit Honduras February 23-28.

Nicaragua
W. Kuhn, Commercial Officer in Guatemala City, will visit Nicaragua January 26-31.

Pakistan
Officers at the Islamabad office will make the following visits:

Karachi—M. Y. Farooqui, Commercial Officer, January 19-23.

Lahore—J. E. G. Gibson, Commercial Secretary, March 2-4.

Dacca—H. W. Guy, Assistant Commercial Secretary, March 9-13.

Panama
S. G. Tregaskes, Commercial Counsellor in Guatemala City, will visit Panama January 11-15.

Taiwan
D. S. Baker, Consul and Assistant Trade Commissioner in Manila, Philippines, will visit Taiwan February 22-March 8.

Trinidad
Officers of the Port-of-Spain office will visit North and South Trinidad as follows:

North Trinidad

D. J. McJanet, Commercial Secretary, February 25.

South Trinidad

J. A. Ahow, Commercial Officer, March 25.

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 December 4	Value of Canadian dollar in foreign currency units
Algeria		
Dinar	.1946	5.13
Argentina		
Peso (free)	.0030	333.33
Australia		
Dollar	1.204	.8340
Austria		
Schilling	.0415	24.03
Bahamas		
Dollar	1.054	.94
Belgium and Luxembourg		
Franc	.0216	46.72
Bermuda		
Pound	2.572	.39
Bolivia		
Peso	.0906	11.06
Brazil		
Cruzeiro (official free)	.2510	3.98
Britain		
Pound	2.572	.38
British Honduras		
Dollar	.5369	1.86
Burma		
Kyat	.2255	4.43
Ceylon		
Rupee	.1804	5.54
Chile		
Escudo (bank rate)	.1086	9.20
(free)	.0942	10.61
China, Republic of		
New Taiwan Dollar (official)	.027	37.04
Colombia		
Peso (fixed)	.062	15.87
Congo (Kinshasa)		
Zaire	2.154	.4651
Costa Rica		
Colon	.1627	6.14
Cuba[1]		
Peso	....	....
Czechoslovakia		
Koruna	.1491	6.70
Denmark		
Krone	.1434	6.98
Dominican Republic		
Peso	1.078	.93
Ecuador		
Sucre (official)	.0599	16.72
(free)	.0536	18.65
El Salvador		
Colon	.4295	2.32
Fiji		
Pound	1.232	.81
Finland		
Markka	.2557	3.91
France, Monaco, etc.[2]		
Franc	.1929	5.18
Franco-African Republics[3]		
Franc	.0039	256.4
French Pacific[4]		
Franc	.0107	93.44
Germany		
D Mark	.2926	3.41
Ghana		
New Cedi	1.056	.94
Greece		
Drachma	.0359	27.93
Guatemala		
Quetzal	1.073	.93
Guyana		
Dollar	.5395	1.85
Haiti		
Gourde	.2148	4.65
Honduras		
Lempira	.5369	1.86
Hong Kong		
Dollar	.1772	5.64
Hungary		
Forint (official)	.0921	10.85
Iceland		
Krona (official)	.0122	81.96
India		
Rupee	.1425	7.01
Indonesia[5]		
Rupiah	....	....

	Value of			Value of	
Country and Currency	foreign currency unit in Canadian dollars at December 4	Canadian dollar in foreign currency units	Country and Currency	foreign currency unit in Canadian dollars at December 4	Canadian dollar in foreign currency units
Iran Rial	.0142	70.42	**Peru** Sol (free)	.0248	40.65
Iraq Dinar	3.006	.33	**Philippines** Peso (free)	.2748	3.63
Ireland Pound	2.572	.38	**Poland** Zloty (fixed basic rate)	.2700	3.71
Israel Pound	.3068	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	1.502	.66
Lebanon Pound (free)	.3329	3.00	**Spain & Dependencies** Peseta	.0155	64.93
Malaysia Dollar	.3508	2.85	**Sweden** Krona	.2083	4.80
Mexico Peso	.0859	11.64	**Switzerland** Franc	.2495	4.00
Morocco Dirham	.2218	4.50	**Syria** Pound (free)	.2819	3.55
Netherlands Florin	.2980	3.35	**Thailand** Baht (free)	.0523	19.15
Netherlands Antilles Florin	.5694	1.75	**Trinidad & Tobago**[7] Dollar	.5392	1.85
New Zealand Dollar	1.204	.82	**Tunisia** Dinar	2.055	.48
Nicaragua Cordoba	.1534	6.51	**Turkey** Lira	.1199	8.35
Nigeria Pound	3.017	.33	**United Arab Republic** Pound (official)	2.482	.40
Norway Krone	.1502	6.65	**United States** Dollar	1.078	.92
Pakistan Rupee	.2255	4.43	**Uruguay** Peso (free)	.0043	232.56
Panama Balboa	1.073	.93	**Venezuela** Bolivar (official free)	.2405	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.

Marketing Data Sheet

Denmark

Area
16,619 square miles.

Climate
Temperature fluctuates from 32°F to 63°F. Mean temperature is 46°F. Humidity averages 82 per cent. Centigrade scale is used.

Population
4,855,346 at the beginning of 1968. There were 413,012 males and 392,630 females aged between 15 and 24, 309,329 males and 302,303 females between 25 and 34, and 1,093,613 males and 1,189,846 females aged 35 and over.

Households
In 1965, there were 564,050 private residential dwellings and 1,014,350 apartments. The number of units per dwelling ranges from one to five or more.

Income
In 1968, the national income was D. Kr. 89,390 million.* Per capita income D.Kr. 12,728. Average hourly wage D.Kr. 13.16.

Banking
Bank account deposits totalled D.Kr. 43,119 million in 1968.

Retail Sales
In 1967, the value of retail sales was D.Kr. 18,192 million. Per capita retail sales D.Kr. 3,747.

Motor Vehicles
December 1968, 942,258 passenger vehicles, 271,157 commercial vehicles, 57,475 motorcycles and scooters.

*One krone equals Cdn. $0.1433.

Telephones
283 per thousand inhabitants.

Radio and Television
235,732 radio licences and 1,227,613 television licences, 625 lines per picture. TV and broadcasting facilities are publicly owned.

Water Supply
Safe to drink. Average pressure approximately 40 m. (equals four atmospheric pressure). Mineral content and hardness of 20° (one Danish hardness degree is equivalent to 10 mg./lt. as calcium oxide).

Electric Power
50-cycle a.c. Cost is D.Kr. 9.115 per kwh. or D.Kr. 10 per room annually, plus D.Kr. 12 annually in measuring fee and 12.5 per cent added value tax. Two- and three-phase for domestic supply. R.S.T. zero for commercial and industrial supply. 380/220 volts available. Frequency stability varies according to individual requirements. Grounding conductor is required in the electrical cord attached to major appliances. Some distribution systems have a ground wire. National capacity in 1968 was 3,020 mw.

Coal
Types available are Ober-Schleswig singles, Dombraua singles and anthracite bricks. Consumption in 1968 was 4.36 million metric tons. Production nil. Reserves in December 1968 were 1.93 million metric tons.

Gas
Manufactured gas supplemented by LPG is available. Production in 1968 1,600 million kcal. Reserves of liquid gas in December 1968 10,722 metric tons. Thermal content 4,000 kcal/cubic meter. Operating pressures 200 mm. water column. Gas is distributed through pipes. Gas meters numbered 758,583 in 1967/68. Cost is D.Kr. 0.42 per cubic meter for cooking purposes, D.Kr. 0.17 per cubic meter for heating and industrial purposes, and D.Kr. 300 or D.Kr. 190 annual fee depending on the volume consumed plus 12.5 per cent added value tax. Consumption of gas for heating and industry is increasing.

Petroleum
All grades, imported and/or locally produced are available. In 1968, production included light fuel oil (2.4 million metric tons), fuel gas oil (1.3 million metric tons), gasoline (1.1 million metric tons).

Weights and Measures
Metric system.

Screw Thread
All threads are used. Metric is increasing. Right hand is generally used and left hand for special purposes.

Standards
Official approval is mandatory for electrical and gas appliances and oil burners. The address of the approvals organization for electrical appliances: DEMKO, Tyskaer 8, 2730 Copenhagen-Herlev; for gas appliances: Danmarko Gasmateriel Prouning, Sionosgade 5, 2100 Copenhagen ø; for oil burners: The Ministry of Justice's Test Committee for Oil Burners, Nygaardsplads 9, 2610 Copenhagen-Rodovre.

Step up and try a Canadian pickle!—the lady on the right is doing just that. This picture might have been taken in any big store in Canada. Actually, it shows a promotion of Bick's Pickles in one of Helsinki's leading department stores. It proved so successful that it will be repeated this year. The same technique will also be used to promote other Canadian foods and consumer goods in Finland.

Bick's began exporting ten years ago, with an exhibit in a trade fair in Jamaica and Trinidad. Today their pickles are sold all over the world.

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