

# foreign trade

IT&C Programs for  
Developing Industries

Malaysia Forges Ahead

Wanted: Manufacturers



Department of Industry, Trade and Commerce, Canada

June 13/70





## In This Issue

Innovation in Canadian industry—Are we doing enough? Government and industry have long debated their proper roles in improving Canada's position in domestic and foreign markets through increased research, development and innovation.

Recently the two met in an unrehearsed televised session at the annual Canadian Manufacturers Association convention in Montreal. Both sides had strong opinions and they called the shots as they saw them. They used as a basis for discussion the ten Department of Industry, Trade and Commerce research, development and innovation programs as outlined on pages 2-5 of this issue.

The front cover shows moderator Clive Baxter, Ottawa editor of the *Financial Post*, with government representatives Dr. S. Wagner (left), General Director, Office of Science and Technology, and A. G. Kniewasser, Senior Assistant Deputy Minister, Department of Industry, Trade and Commerce.

On the left the three industry representatives make their points. They are (from left) J. S. Dewar, President, Union Carbide Canada Limited; J. J. Shepherd, President and General Manager, Leigh Instruments Limited and W. C. R. Jones, President, The E. B. Eddy Company.

On the back cover of this issue you'll see houses being constructed from factory-built components. This is hardly a new innovation, but it is rapidly becoming the means by which Canada is going to maintain or improve lumber sales in the United States. The changing market patterns are described in the reports on pages 14-18.

Making its initial appearance in *Foreign Trade* this month is the new feature "Wanted—Manufacturers" on page 25. This is a listing of foreign companies seeking Canadian manufacturers for their products. This monthly feature should be of considerable interest to Canadian firms.

This is our first issue in the summer series of publishing only once monthly. As subscribers will realize, it is considerably larger than normal issues and has market information covering a wide area of commodities and territories—in fact something for all businessmen.

# foreign trade



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The Hon. Jean-Luc Pepin, Minister

The Hon. Otto Lang,  
Minister without Portfolio and  
Minister Responsible for the  
Canadian Wheat Board

J. H. Warren, Deputy Minister

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O. Mary Hill, Editor

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# IT&C Programs for Developing Industries

Do you qualify for assistance from one of the ten research, development and innovation programs designed to help Canadian firms increase productivity and thereby domestic and foreign sales? Check the outlines of the programs that follow, and if you want more information write to the regional manager of the nearest IT&C regional office, or to the address listed with each program.

## AAA

Automotive  
Adjustment  
Assistance Program

### Objectives

To assist financially Canadian manufacturers of original equipment automotive parts, tooling, specified commercial vehicles and suppliers of material to adjust to the new market environment created by the Canada-U.S. Agreement on Automotive Products.

### Qualifying Activities

Manufacturing original equipment automotive parts or manufacturing specified commercial vehicles and supplying such manufacturers.

### Criteria

It has to be shown that, because of the Canada/U.S. agreement, (1) restructuring is needed to avoid undue injury; or (2) an opportunity exists to expand Canadian sales of automotive parts or specified commercial vehicles and buses; and (3) it has to be shown also that financing through normal commercial channels is not available, although the proposition is viable.

### Form of Assistance

Government loan at current rate of interest.

### Allowable Costs

All costs of plant and machinery involved and working capital requirements.

### Repayment

Principal and interest.

### Mailing Address

Automotive Adjustment Assistance Board, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa 4, Ontario.

## GAAP

General Adjustment  
Assistance Program

### Objectives

To assist Canadian manufacturing industry to adjust to, and to compete effectively in, the new trading environment resulting from the Kennedy Round agreements.

### Qualifying Activity

Manufacturing in Canada.

### Who Is Eligible

Companies may be assisted to finance sound restructuring proposals that: (1) have significant export opportunities arising out of the Kennedy Round agreements; or (2) have suffered or are threatened with serious injury as a result of Kennedy Round tariff reductions made by Canada; (3) are unable to obtain the required financing on reasonable terms.

### Forms of Assistance

(1) Insurance of loans made by private lenders.

(2) Direct loans by the Government only to those who qualify because of serious injury or the threat of serious injury as a result of Kennedy Round tariff reductions made by Canada.

(3) Grants covering up to 50 per cent of the cost of consulting assistance to fully develop restructuring proposals.

### Allowable Costs

(1) Insurance of loans and direct loans: the acquisition, construction or conversion of machinery, equipment, building, land or other facilities and of working capital.

(2) Grants for consulting assistance: all costs related to the development of restructuring proposals but not costs relating to their implementation.

### Mailing Address

General Adjustment Assistance Office, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa 4, Ontario.

# IDAP

## Industrial Design Assistance Program

### Objectives

To improve the competitive position of Canadian industry by achieving improvement in the quality of industrial design for its products and systems.

### Qualifying Activities

Specific projects requiring industrial design services for product and/or system development.

### Criteria

Project: Technical and commercial feasibility.

Applicant: Appropriate organization, facilities and financial resources.

### Who Is Eligible

All individual companies or groups of companies incorporated in Canada. The groups may be organized as consortia or by trade associations.

### Form of Assistance

Financial assistance of up to 50 per cent of industrial design operational and administrative costs.

### Allowable Costs

Salary, wages and other operational and administrative costs for staff industrial design and associated technical personnel, including fees for design consultants and other contractual design services. All costs must be related directly to the specific project undertaken. Capital costs of any kind are excluded.

### Repayment

None required.

### Title to Results

Vested in company.

### Company Obligations

To design and produce the products and systems in Canada and to market results within an agreed period of time.

### Mailing Address

IDAP Office, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa 4, Ontario.

# IRDIA

## Industrial Research and Development Incentives Act

### Objectives

To expand scientific research and development in Canada which is likely to benefit Canada.

### Qualifying Activities

Research and development.

### Criteria

Research and development and determination of benefit to Canada as defined by regulations made under the Industrial Research and Development Incentives Act.

### Who Is Eligible

Taxable companies incorporated in and carrying on business in Canada.

### Form of Assistance

Tax free cash grants or credits against federal income tax liabilities equal to: (1) 25 per cent of all capital expenditures during a fiscal year for scientific research and development in Canada, and (2) 25 per cent of the increase in current expenditures for scientific research and development in Canada during a fiscal year over the average of such expenditures in the preceding five years.

### Repayment

None, but credits to current expenditures or recovery of grants required in certain circumstances.

### Title to Results

Vested in company.

### Company Obligations

The company must undertake to exploit the results in Canada unless it is uneconomic to do so, and must normally be free to exploit the results in all export markets.

### Mailing Address

IRDIA Program Office, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa 4, Ontario.

# MACH

## Machinery Tariff Program

### Objectives

To allow users of machinery to acquire capital equipment at the lowest possible cost and, at the same time, enable machinery producers to derive maximum incentive and encouragement from the tariff.

### Qualifying Activities

Importation of machinery and equipment under Tariff Item 42700-1.

### Criteria

(1) Machinery is not available from production in Canada, and (2) remission of duty is in the public interest.

### Who Is Eligible

Importers of machinery classified under Tariff Item 42700-1.

### Form of Assistance

Remission of import duty.

### Allowable Costs

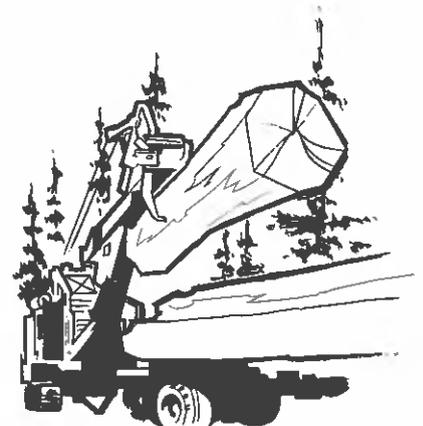
All duty on value in excess of \$500 on approved items.

### Company Obligations

To pass advantages of duty remission to customers.

### Mailing Address

Machinery and Equipment Advisory Board, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa 4, Ontario.



# PAIT

Program for the  
Advancement of  
Industrial  
Technology

## Objectives

To encourage industrial growth and production by supporting the development of new or improved products and processes for commercial markets.

## Qualifying Activities

Selected projects to develop new or improved commercial products or processes.

## Criteria

Products and processes which incorporate new technology and offer good prospects for commercial exploitation.

## Who Is Eligible

Canadian manufacturing and processing companies.

## Form of Assistance

Shared cost, normally 50 per cent, on a grant basis.

## Allowable Costs

Current costs (including special equipment, e.g., prototypes), and non-capital pre-production expenses.

## Title to Results

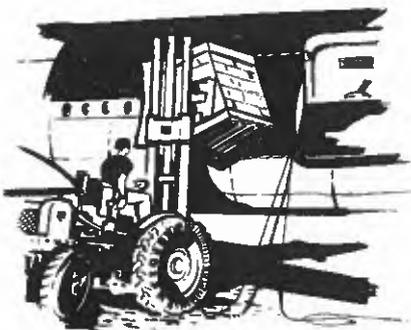
Vested in company.

## Company Obligations

To exploit results to attain maximum benefit for Canada.

## Mailing Address

PAIT Program Office, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa 4, Ontario.



# PIDA

Pharmaceutical  
Industry  
Development  
Assistance

## Objectives

(1) To increase the efficiency of drug production and marketing in Canada, and (2) To assist in lowering drug prices.

## Qualifying Activities

Manufacturing and marketing of prescription drugs in dosage form.

## Criteria

Prescription drugs must be manufactured and effectively marketed at competitive prices.

## Who Is Eligible

Companies which submit suitable plans for expansion, merger, acquisition or reorganization, and which cannot obtain required financing from other sources.

## Form of Assistance

Government loan for expansion, merger, acquisition, or reorganization. Cost sharing on feasibility study.

## Allowable Costs

All costs of expansion, merger, acquisition or reorganization.

## Repayment

Principal and interest on loan. No repayment of government share of feasibility study.

## Company Obligations

To carry out the approved plan to improve its manufacturing, marketing, and management, and effect more price competition.

## Mailing Address

Chemicals Branch, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa 4, Ontario.

# SCSR

Ship Construction  
Subsidy  
Regulations

## Objectives

(1) To lower protection in the ship-building industry to a level comparable to that in similar industries and to achieve this with the minimum disruption of activity and employment and (2) To encourage the rationalization of the industry.

## Qualifying Activities

Ship and trawler construction.

## Criteria

A new vessel or fishing trawler above certain minimum sizes when built for a Canadian owner for Canadian registry.

## Who Is Eligible

All builders of commercial vessels and fishing trawlers.

## Form of Assistance

(1) Commercial vessels: subsidy of 23 per cent until May 31, 1970, reducing by  $\frac{1}{2}$  per cent quarterly until it reaches 17 per cent in March 1973. (2) Fishing trawlers: subsidy of 35 per cent.

## Allowable Costs

All costs of building a commercial vessel or fishing trawler.

## Repayment

None, except for pro rata recovery of subsidy for vessels taken off Canadian registry within five years.

## Mailing Address

Aerospace, Marine and Rail Branch, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa 4, Ontario.



# BEAM

Building  
Equipment,  
Accessories and  
Materials Program

## Objectives

To increase productivity and efficiency in the manufacture and use of building equipment accessories and materials, thereby realizing economic gains from domestic and foreign activities. The program is being implemented by the Department in co-operation with industry, chiefly through the Construction Industry Development Council.

## Key aspects of the program include:

- (1) Establishment of a comprehensive National Construction Information System to provide the industry with a means for storing, retrieving and disseminating information vital to the effective conduct of its business.
- (2) Encouragement of modular dimensional standardization and co-ordination.
- (3) Encouragement of accelerated industrialization of the building process through an understanding and application of the systems approach to building concepts.
- (4) Development and expansion of export markets for Canadian buildings, building components and expertise.
- (5) Promotion of nationwide acceptance and use of the National Building Code, more adequate standards and improved means of assessing new products and systems.
- (6) Encouragement of building design excellence through awards programs, research, development and innovation.

## Mailing Address

BEAM Program, Materials Branch,  
Department of Industry, Trade and  
Commerce, 112 Kent Street, Ottawa 4,  
Ontario.

# DIP

Defence  
Industry  
Productivity  
Program

The Defence Industry Productivity Program combines the former Industry Modernization for Defence Exports Program and the Defence Development Sharing Program.

The Program is designed to enhance the technological competence of the Canadian defence industry in its export activities by providing financial assistance to industrial firms for selected projects. Emphasis is placed on those areas of defence technology having civil export sales potential. Assistance may cover the development of products for export purposes; the acquisition of modern machine tools and other advanced manufacturing equipment to meet exacting military standards; and assistance with pre-production expenses to establish manufacturing sources in Canada for export markets.

Projects initiated under this program have played a major role in helping industry to develop its skills on a specialized basis in fields of technology which have defence and civil applications and which Canada is favorably situated to exploit. Costs of these projects are shared by the Department and the Canadian firm concerned and, in some instances, by the governments of other NATO countries. Manufacturing equipment projects are selected for assistance on the basis that the machinery acquired will make a significant contribution to increased productivity. Generally this means that the machinery is the most advanced of its type, such as numerically-controlled metal working equipment.

## Mailing Address

Program Office—External Services,  
Department of Industry, Trade and  
Commerce, 112 Kent Street, Ottawa 4,  
Ontario.

## Jamaica's Bauxite and Alumina Industry Growing

The growth of the Jamaican bauxite and alumina industry from its start in 1952 is demonstrated in statistics released recently by the Government. Total bauxite mined and shipped as bauxite up to December 31, 1969, amounted to 81.4 million tons. Total bauxite mined and converted into alumina up to the same period amounted to 23.1 million tons. Total alumina up to the same period amounted to 9.6 million tons.

Bauxite producers paid royalties amounting to Cdn.\$24.5 million up to the end of last year. Income tax paid amounted to Cdn.\$122.9 million and other taxes came to Cdn.\$11.3 million, or a total of Cdn.\$159.9 million for 81.4 million tons of bauxite, approximately Cdn.\$1.93 per ton. Alumina royalties amounted to Cdn.\$5.9 million, income tax, Cdn.\$75.2 million and other taxes and payments to Government of Cdn.\$12.5 million for 23.1 million tons, or approximately Cdn.\$4 per ton.

Investment by the industry to date in facilities in Jamaica amount to approximately Cdn.\$432.1 million. The industry's permanent labor force, including agricultural workers but excluding construction workers, totals 6,484 people.

Predictions are that the bauxite mining capacity, which is now 9.7 million short tons per annum, will increase to 11 million tons by 1973. Alumina installed capacity, which at December 31, 1969, amounted to 2.18 million short tons, will increase to 3.2 million short tons by 1973, and when all plants reach maximum capacity, total capacity will be 4.87 million short tons. At that time annual bauxite production will be doubled to approximately 20 million tons, with about one half of this amount being converted into alumina and the remainder exported as bauxite.

It is estimated that the industry's contribution to export receipts in 1973 will reach Cdn.\$361.2 million, as compared with the present figure of approximately Cdn.\$129 million. The Government's direct revenue receivable from the industry is expected to be approximately Cdn.\$67 million per annum in 1973. Total investment in the industry, when all present plans are completed, will be about Cdn.\$690.1 million.

# Year-Round Farm Equipment Market



*The California farm market calls for specialized machinery such as this Johnson "Tree Crop Harvester" that can put eight men in the air to prune, thin or harvest.*



*This machine can trim top and sides of a tree at the same time. California leads the world in development of specialized equipment for the tree-fruit industry.*

**E. P. RIGBY**  
Consul and Assistant Trade Commissioner, San Francisco

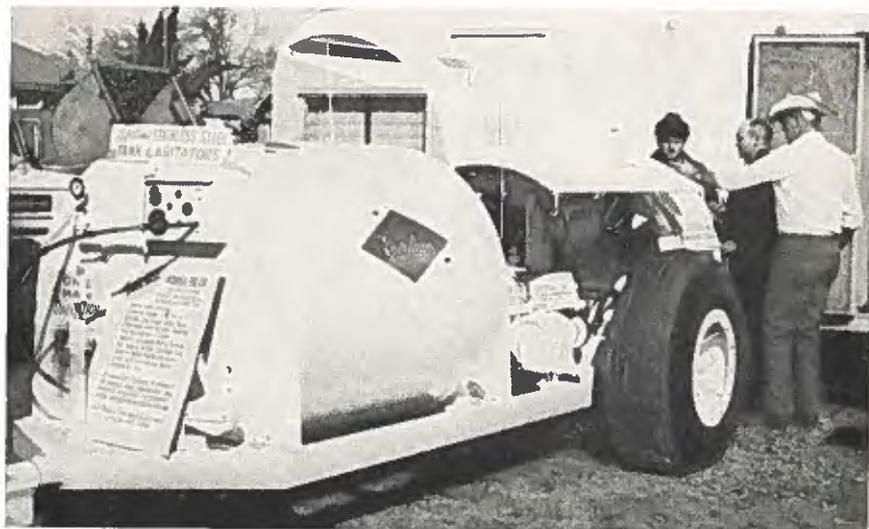
Canadian farm equipment in California? This may seem like an unlikely place for it. There are certainly many major agricultural equipment markets in the United States much closer to home than California. And, with a population equivalent to Canada's squeezed into one state less than half the size of British Columbia, you would think there couldn't be much room left for farming. Also, the state has very little rain.

But California is in fact the largest agricultural producer in the United States. The gross dollar value of California's agricultural production in 1969 was slightly over U.S.\$4.5 billion. Almost anything will grow here, but



*Steve Turbis of B.C. House, San Francisco, inspects the "Girette" pruning platform manufactured in Oliver, B.C. by Highway Trailers Industries, Inc. This was one of the Canadian machines displayed at the California Orchard Equipment Show.*

California, largest agricultural producer in the U.S., offers opportunities to manufacturers of sophisticated farm equipment, particularly from Western Canada, and at times when home demand is low.



*M. J. Cassidy (right), California distributor for Okanagan Turbo Sprayers, Ltd., describes one of the firm's products to potential customers at a trade show.*

the leading crops in order of importance are: grapes, hay, tomatoes, cotton, lettuce, oranges, rice, peaches, sugar beets and almonds. The value of these crops in 1969 ranged from over U.S. \$200 million for grapes and hay to over U.S.\$70 million for almonds and sugar beets.

**Farming in California is big business.** The high cost of land and labor has forced most of the small operators to sell out to larger units. In 1940 the state had 144,000 farms, but in 1969 only 59,000. The average size of a California farm is 617 acres, compared with a U.S. national average of 389 acres.

The size of farms, the high cost of land, and the scarcity and high price of farm labor have encouraged farm operators to concentrate on intensive



*Another Canadian specialized product, from Versatile Manufacturing Ltd., in Winnipeg, on display at the Farm Equipment Show held this year in Tulare.*



*California is the largest agricultural producer in the U.S., but the market calls for highly specialized and sophisticated equipment such as this harvester for "snap" beans. State farm production last year was worth more than \$4.5 billion.*

mechanized operations. The shortage of water means that most farm land has to be irrigated, entailing an even greater investment in equipment. The average total investment per farm in California is more than U.S.\$300,000 exclusive of any investment in dwellings. This compares with the national United States average of \$69,500.

**The necessity for efficient mechanized operations encourages the introduction of specialized, and sometimes sophisticated, equipment designed to do specific jobs.** For instance, California is the world leader in the development of tree-fruit harvesting equipment. At a recent orchard equipment show I saw a number of different types of machines designed to shake fruit out of trees and collect it on a padded surface from which it rolls to a conveyor system and directly into field boxes. This equipment has been developed to the point where even peaches can be harvested with a shaker. In other fields you can see specialized harvesters for sweet corn, beans, cotton, etc.

At first glance it might appear difficult for Canadians to compete in this very sophisticated market. In fact, we can do so in fields where we have specialized capabilities. At the Orchard Equipment Show, sprayers and pruning platforms manufactured in British Columbia were attracting considerable attention. These were machines that Canadian manufacturers had developed for a specialized capability in Canada and had then adapted to the unique requirements of the California market. For instance, spraying equipment had to be re-designed to enable it to reach the tops of the very high walnut trees found in parts of this state.

**Canadian short line manufacturers, particularly those located in Western Canada, should be in the best position to take advantage of opportunities in the California market.** Those who can presently compete with United States producers in the Midwest should be able to do so in California. There is, however, more to selling in this area than simply moving equipment down and setting up distribution.

California is, in many cases, a unique market for agricultural equipment because of its specialized production of

different crops and because of climatic conditions that permit cultivation throughout the year. For instance, local hay producers can cut on an almost continuous basis all year, with as many as seven cuttings per year. This means that equipment must be designed to withstand continuous use over long periods.

Canadian exporters interested in this market must study it at first hand to learn what requirements are in their particular field. In certain cases they will have to re-design their equipment to meet local requirements. If a market does exist, it will probably be large enough to justify the investment in time and re-tooling.

One of the best ways to study this market is to attend the California Farm Equipment Show, held annually during the second week in February at Tulare, about 50 miles south of Fresno. The Tulare Show gives the visitor an opportunity to see at first hand most of the equipment presently being used in California. The 1969 show drew more than 56,000 visitors of whom about 90 per cent would be prospective customers—either dealers or farmers. Equipment displayed last year was valued at approximately \$5 million. The 1970 show was larger. Canadian equipment is not unknown at this show. This year we saw tractors, spraying equipment, combines and pruning platforms all manufactured in Canada.

**Canadian manufacturers entering the California market must be prepared to meet stiff competition.** Money is scarce and customers, both dealers and farmers, are usually well educated and sophisticated buyers. They want machinery that is precisely suited to their requirements, at reasonable prices. There are many corporate farms in California with very high investments in machinery, and a buying power that forces suppliers to cut prices as much as possible.

In this article we cannot analyse the specific market for each piece of Canadian machinery, but hay harvesting equipment, tillage equipment, and heavy duty tractor accessories are all items which sell here in significant volume.

There are a number of ways of approaching the distribution of agri-

cultural equipment in California. The most common practice is to use distributors who will stock merchandise and spare parts for sale to dealers throughout the state. Some of the larger distributors also cover other parts of the Pacific Coast, and sometimes Nevada and Arizona. Some of the major distributors who carry a full line of equipment are not very interested in additional lines unless a product is unique. But there are a number of smaller distributors who cover all or part of the state and who are more interested in additional products. From the supplier's point of view the use of a distributor means that he sells only to one firm in the state.

**Alternatively, it is possible to sell through a manufacturer's representative** who carries no stock but maintains contact with dealers who place orders through him for direct shipment. Many California dealers are very large and capable of stocking and servicing equipment themselves. A representative works on a smaller margin than a distributor, but the supplier has the disadvantage of dealing with each dealer as a separate customer. Although the representative will usually help in the collection of accounts, problems can sometimes arise.

**Some manufacturers prefer to sell direct to the large dealers.** This means that the supplier can retain the markup normally given to a distributor or representative, but this is usually offset to a large extent by the additional travelling costs for company salesmen to and from this area. The problem of collecting accounts can also become more difficult without a resident representative in the area to chase delinquents. Selling direct to dealers in California is easier than in some other parts of the United States because a supplier can work with a relatively small number of large dealers and establish coverage throughout the state. About 12 strategically located major dealers would cover most of the California market.

**One factor sometimes over-looked by Canadian suppliers in selling to the U.S. is the requirement for dealer financing.** Regardless of the channel of distribution selected the dealer will require financing from some source, and usually he will not want to arrange this himself. When selling direct

to dealers it is obviously the responsibility of the supplier to arrange financing as required. This would also be the case when sales are made through a manufacturer's representative. Some suppliers think they can pass on the responsibility for financing to their distributor. It is true that most large distributors have facilities for arranging financing, but this is not always the best way to approach the marketing of a new line of equipment. The arranging of financing can present some problems for a distributor and,

therefore, a new line of equipment financed by the supplier is usually more attractive to him.

The California market has one particular advantage for Canadian suppliers when compared with other markets in the United States. In terms of seasons and products it is completely different from the Canadian scene. This means that the pressures that influence farm profit and, therefore, demand for agricultural equipment are different here from those in Canada or in the

Midwest United States. This does not mean that California is not subject to cyclical fluctuation in demand, but that demand may be strong at a time when it is weak in the Midwest and Canada. Because farming is a year round operation in California, the marketing season for some equipment can be different from that in Canada. Selling in this market, therefore, has the advantage of spreading the risk of losses due to extreme market fluctuation and, in certain cases, of extending the marketing season.

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## International Loans

**Cambodia has received a U.S.\$1.67 million loan from the Asian Development Bank to improve the electric power supply system in the Phnom Penh area.** It will be used to finance the foreign exchange costs of building a 110-kv. power transmission line round the city of Phnom Penh and to construct three new substations. A fourth substation will be modified and all four will be linked together. A technical assistance grant of U.S.\$80,000 will be used to provide consultant services.

This is the first loan made by the ADB to Cambodia. It will allow the present northern and southern supply systems to be inter-connected and will bring in power from the dam being built at Prek Thnot, which will have an installed capacity of 18 MW. The whole project is due for completion in 1972 and is expected to meet all demands for power in the Phnom Penh area and to promote industrial activity.

The project will be handled by the Société Nationale des Grands Barrages, a government agency responsible for generation of hydroelectric power and transmission to the capital city.

**Railway facilities in Korea will benefit from a \$40 million loan from the World Bank and a credit of \$15 million from the International Development Association.** This \$55 million will be used to finance specific goods procured through international competitive bidding. These include 50 diesel locomotives, 2,740 freight cars, telecommunications equipment, and mechanized track maintenance equipment. The cost of foreign consultant services to study the specialized technical aspects of the Korean National Railroad's operations will also be covered.

The rapid expansion of production in Korea has placed severe pressure on the

transport system, and the railroad is still the most economic method of moving coal, cement, grains, oil, iron ore and many other commodities. It is the only efficient connection between rural areas and the large commercial and industrial centers of Seoul and Pusan, and with the ports handling foreign trade.

This is the bank group's fourth operation to support Korean transportation. Two IDA credits totalling \$25 million were given for the railroad, and one of \$3.5 million was given in 1968 for highway studies

**Mexico's largest privately owned steel company will be assured an adequate iron ore supply for its expanded operations** as a result of the International Finance Corporation's \$1.5 million loan to the company. It will be used to help develop iron ore deposits in northern Mexico. The project will cost approximately \$4.6 million.

**Panama will more than double its electric generating capacity with the assistance of a World Bank loan of \$42 million.** First stage of the Bayano project includes building a main and an auxiliary dam, a powerhouse with two 75 MW units, 84-miles of transmission lines and a receiving substation. Added to this is the installation of a 40 MW steam unit and 6 MW of diesel capacity, substation facilities, expansion of isolated distribution systems, a survey of future power needs and overseas training for the utility's staff.

**A World Bank loan of \$11 million to the Singapore Telephone Board will nearly double the capacity of the local telephone system over the next four years.** During this period five new exchanges will be built including one with 10,000 lines to go into service this year. The progressive installation of the new exchanges and extension of existing ones will allow the

connection of 70,000 additional subscriber for a total of about 164,000.

**The Government of Barbados will continue its study of the use of sugar cane as animal feed** with a \$650,000 grant from the Canadian International Development Agency. The grant will finance consulting and laboratory services, equipment and materials, local labor, travel, and staff resident in Barbados during the three-year study.

**Improvement and expansion of Guatemala City's water supply system will be undertaken by the Republic of Guatemala with the assistance of a \$15.5 million Inter-American Development Bank loan.** The loan will finance the major portion of a two-stage program to tap the waters of the Pixcaya and Xaya Rivers to increase the daily per capita consumption of water from 188 to 220 liters by mid-1975. The major portion of the current project will be the construction of the Xaya-Pixcaya aqueduct, a supply system which will include a diversion dam, a desilting plant, covered canals, metal siphons, two major and 10 minor tunnels and 69 transition boxes. Other works will include the construction of a purification plant and expansion of the storage system.

**The electric power system in two economically important departments of northern Peru will be improved and expanded with a \$9 million loan from the Inter-American Development Bank.** Completion of the project will raise the capacity of the area's hydroelectric plant to 160,000 kilowatts. This will be done by installing turbojet gas turbines of from 15 to 20,000 kilowatts at Chimbote and Trujillo, the two major cities in the areas. The project includes the building of 128 miles of 138-kv. power lines and the reconditioning of the power lines and plants within the existing system and which parallels the Pan-American Highway.

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# Israel Educates for Export and Opens Markets for Canada

Israel's new outlook requires development of science-based industries and the training of people to run them. The planned educational system holds possible selling opportunities.

JOHN H. SUGGITT  
Commercial Secretary, Tel Aviv



*Israel is restructuring its education toward science-based industries. Shown here is the University Medical Center, Jerusalem.*

The recently-established Israel Science Teaching Center (ISTC) in Jerusalem will create the environment and prescribe the new pedagogical tools to be used throughout the Israeli educational system during the coming decade. New science teaching programs will demand a vastly increased supply of science and technological teaching aids as well as equipment.

Selective opportunities will be created in the beginning for the introduction of sophisticated systems, and the permanent marketing of Canadian science teaching equipment on a licensed manufacturing basis. The new programs will also result in a broadened market for specialized sophisticated products that have insufficient demands to induce local production.

An understanding of the background responsible for the creation of this new institution as well as its functions will be useful to determine the corporate role for effective participation. This report will deal with that background.

Most of the two million immigrants to Israel over the past 20 years were from countries with slow economies and they were unprepared to take a full role in a modern economy. The occupational training of those from developed nations was not adapted to the needs of a new nation.

Pressures of a rapidly growing population of limited skills on limited physical resources generally leads to a decline in standards of living and to unemployment. That this did not occur in Israel was primarily due to massive capital assistance amounting to some \$4,500 million over the 20-year period, and the vigor of the people. The result was a rapid rise in the standard of living, with the GNP increasing at an average annual rate of 10 per cent.

The manufacturing industry that developed was oriented toward the domestic market, mainly in the fields of food, clothing, engineering and building industry components. Rapid development also took place in agriculture, transport, electricity and tourism. But the vast imports of foreign capital created a large external debt and as imports still exceed exports by a wide margin the country must enlarge its resource combination to expand exports and thus meet the mounting overseas

debt, or vastly reduce its standard of living.

Israel is now restructuring its economy to make the country more export oriented and to increase the competitiveness of Israeli goods and services in foreign markets. New industries like fuel refining, manufacturing and processing of diamonds, chemicals, pharmaceuticals, aircraft, fine mechanical instruments, electrical and electronic appliances, are needed.

**Much Government investment is now being directed towards science-based industries.** Under present Israeli conditions such industries demand an increase in the scope of industrial research and rather radical changes in the educational system, because these industries demand highly trained expert manpower. More chemists, physicists, biologists, mathematicians, and engineers are needed, as are better-trained technicians. The establishment of the Israel Science Teaching Center recognizes that a supply of scientifically trained manpower must be available to meet the growth aspirations.

That educational needs are recognized is well demonstrated by a review of budget figures. In 1970/71 the Government plans to spend \$162 million on education, representing a 16 per cent increase over 1969/70, and 40 per cent over 1968/69. Next to defence, debt servicing and housing, education is the most important single budgetary item and represents  $\frac{8}{11}$  per cent of total Government expenditure for the new fiscal year April 1, 1970. However, **the total outlay for education is actually much greater** as a significant proportion of capital development and operating costs is underwritten by institutions and private support.

While education is one of the fastest growing budget items and although the largest single component is still primary education, there is increasing emphasis on teacher training and secondary education.

Since the establishment of the State of Israel in 1948, the country's population has more than trebled. Total school enrolment has risen from 100,000 to 900,000 over the same period. Naturally the first priority of education was to cope with the enormous population growth. The emphasis lay on the pri-

mary levels. Today Israel has a primary system which graduates 91 per cent of the eligible 5-13 year age group, with an adequate supply of trained teachers from a well-developed training program that is sufficient to meet anticipated needs.

There are three broad types of secondary schools: academic, agricultural and vocational. The ratio of enrolment is 3, 1 and 2. Academic schools are generally those in the university education stream. Vocational and agricultural schools are aimed mainly at immediate labor market entry. Some vocational school graduates continue their education at the Technion, Israel's Institute of Technology, the Hebrew University School of Agriculture, and at three other university level institutions. Post graduate science instruction is only available at the Weizmann Institute. Total university enrolment now approaches 30,000, but significantly, a majority is outside the natural sciences area. Teacher training for secondary schools is accomplished within the major universities and consists of one-year post graduate courses in education, supplementary to a minimum BA.

**The big problem today, at the secondary level, is construction of a modern curriculum adapted to Israel's social and economic needs and to improve the skills of the population.** The problem derives from the mass immigration outlined earlier and is highlighted by high dropout rates in secondary schools and the bias towards humanistic studies at university level.

In 1948 newcomers from Asian and African countries constituted 10 per cent of Israel's population. Today this figure has risen to more than 50 per cent. However, the representation of this group in secondary education does not reflect its importance in the population. In 1966/67, for example, within the 14-17 age group of the Afro/Asian population 38 per cent attended secondary schools of some type or other while the corresponding figure for the European/American group was 70 per cent. Afro/Asian pupils had a dropout rate of 20 per cent from the 9/10th grade, 29 per cent from the 10/11th and 39 per cent from 11/12th. Stated another way, out of every 1,000 students entering grade 9 only 346 reached grade 12. The corresponding

figure for the European/American pupil groups was 654.

A detailed analysis shows that failure in science was the principal causative factor. Analysing science education at secondary levels showed obvious reforms necessary, because the total number of hours devoted to science subjects in classrooms was low, facilities were inadequate, curricula and teaching methods outdated. The last curriculum revision was in 1957.

Furthermore, a survey conducted in 1967 showed that in terms of existing curriculum requirements, one quarter of the academic schools and over half of the vocational schools had no laboratory facilities whatsoever. Many of

the schools with facilities had only demonstration rooms and where schools had special laboratories for each different science subject, their use was restricted to senior students.

**The survey also found the equipment to be largely inadequate to fair, and when rated good was insufficient for individual experimentation.** These physical limitations were augmented by an acute shortage of qualified science teachers. It was against this background, in relation to the serious economic needs of Israel forecast for the 70's, that the Israel Science Teaching Center was established.

Its purpose is to arrange, in as short a time as possible, a substantial im-

provement in the study of science, primarily at the secondary education level. The ISTC will be a permanent institution actively introducing new course materials developed abroad into the Israeli environment. This involves much more than mere words; in the case of biology, for example, the center will adapt the teaching aids to local flora, fauna, endemic and typical diseases. The development of new curricula involves the training of the new teachers—their course of study, their in-service training and the establishment of hot-house pilot schemes. The creation of new course materials at university levels to increase the number of better-qualified science teachers will receive top priority by the ISTC.

To fully implement the new secondary science curriculum the center will guide development of Israel's infant education industry so that most of the learning aids required will be available locally at low costs. As the new curriculum will emphasize student participation in the learning process, equipment must be geared to this approach.

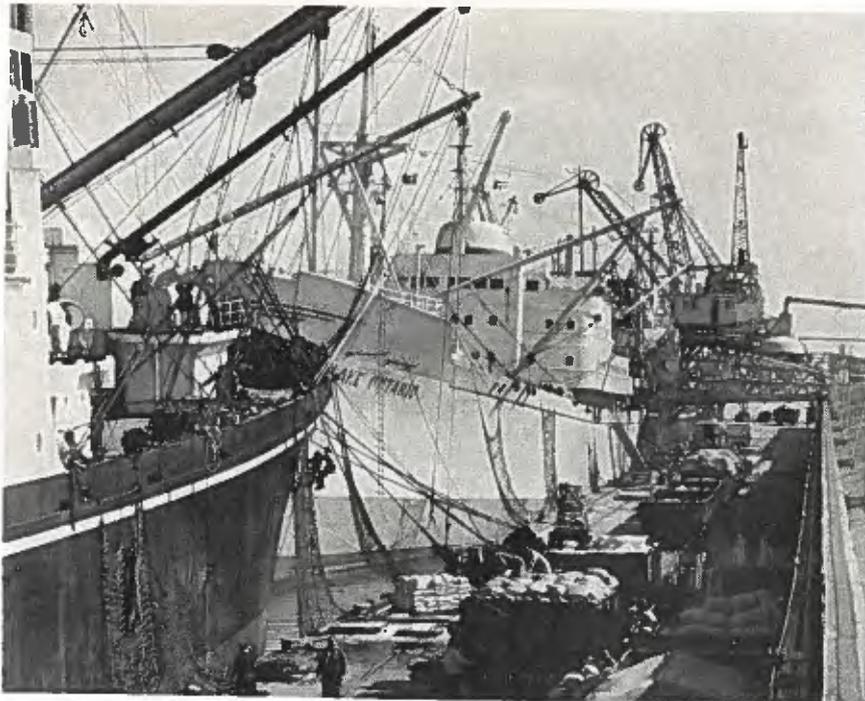
In short, the ISTC will build a new complete system for science and technological instruction, pioneer the system through the pilot stage and prepare it for large-scale implementation. Participation in all phases of this program will create the opportunity for the markets of the 70's. Canadian firms interested in the world market for their equipment and systems will find contact with the center a necessity for the Israel market and a valuable experience toward attaining their global objectives.

The center has been given a free hand by the Ministry of Education to decide in which direction its research and development will proceed, and complete discretion to implement pilot school programs. Naturally, the Ministry of Education has the final say on the inclusion of any completed material in its curriculum. However, as the Ministry is a full partner in the center, a smooth transition from pilot stage to implementation is assured.

The Commercial Division of the Canadian Embassy in Tel Aviv would welcome the opportunity of hearing from Canadian firms and organizations interested in exploring the possibilities of this market.



*The educational system in Israel has been found to be deficient in the teaching of science, and a greatly increased supply of technological teaching aids are needed to produce scientists and technicians capable of running sophisticated equipment such as this fluid catalytic cracker used in the oil refinery business.*



*Busy scenes like this at the Melbourne docks may become less familiar in time as Australians try to cut back on imports in an effort to encourage local manufacturers. In 1967-68 Australian imports were worth approximately Cdn.\$218 million.*

# Australians Push Protection

K. F. OSMOND  
Commercial Counsellor, Melbourne

There are pressures developing in Australia from certain segments of the business and industrial communities to have the Commonwealth Government encourage departments to obtain a larger proportion of their requirements from local sources. A question was recently raised in the Australian House of Representatives on whether the Government was making full use of resources of Australian manufacturers in the purchase of Government stores. A reply was given as follows:

"In following normal tendering practices, (Australian) Commonwealth purchasing authorities aim to provide opportunity to all interested suppliers to

submit offers. If overseas goods are in competition with local supplies, ordering authorities are required to add the cost of freight and insurance and the appropriate amount of any duty (although no customs duty is paid on Government imports) and primage which would apply if the goods were being imported commercially. In this way, Australian manufacturers are afforded the preference to which they are normally entitled under the tariff.

"Except for minor purchases—less than A\$6,000 (Cdn.\$7,200)—those cases where the local products are still more expensive than the overseas products after adding the duty, are decided

at Ministerial or Cabinet Committee level. Thus, it will be seen that the Government's purchasing policy procedures ensure that the very closest consideration is given to each case before any suitable Australian product is passed over when Government stores are being purchased."

In 1968/69 total Australian Commonwealth Government purchases amounted to A\$273.4 million; of that amount, purchases from Canada were less than 1 per cent or A\$1.9 million. This represented slightly more than 1 per cent of Canada's total exports to Australia. (Australian Commonwealth imports from the U.S. were \$164.8 million and from the EEC \$34.1 million.) During the period 1965/69 the value of Commonwealth Government purchases, which are free of duty, increased by 52 per cent. The accompanying table presents a breakdown of the items for 1967-1968 indicating commodities most frequently obtained from overseas sources.

Australian State Governments vary in their policies concerning the buying of foreign manufactured products. There are unofficial policies in most states that goods manufactured in Australia will be purchased even though their prices may be up to 10 per cent higher than those of foreign manufactured goods; some states even give this approximate 10 per cent preference to goods manufactured in their particular state.

## AUSTRALIAN GOVERNMENT'S OVERSEAS PURCHASES 1967-68

|  | A\$ million  |
|--|--------------|
| Aircraft and aircraft parts (other than engines imported separately), aircraft launching gear and ground flying trainers | 84.6         |
| Electrical machinery and equipment   | 57.7         |
| Other machinery, mechanical appliances   | 37.6         |
| Arms, ammunition   | 18.3         |
| Measuring, checking, precision, etc., instruments  | 11.2         |
| Vehicles (other than railway rolling stock)  | 8.7          |
| Other  | 44.2         |
| <b>Total</b>   | <b>262.3</b> |

# U.S. Housing Need Changing Lumber Requirements



Ability to supply cut-to-size components necessary for industrialized housing programs.

J. A. DOYLE

Consul and Trade Commissioner, Chicago

Indications that the pace of residential construction in the United States will accelerate through 1970 gives the Canadian lumber industry cause for optimism, but producers must be aware of changing trends if they expect maximum sales from the greater building activity.

Tight money policies and high interest rates seriously retarded U.S. residential construction in 1969 and the result was reflected in the sales of Canadian lumber. Prices for dry white spruce fell from a high of \$156 per thousand board feet on March 1 to a low of \$97 per thousand on October 15.

The wood products industry can now look forward to healthy growth over the next five years according to the 1970 outlook recently published by the Business and Defense Services Administration of the United States Department of Commerce. Substantial increases in the demand of lumber, plywood, particle board and other forest products are forecast because of eight million expected household formations over the next five years mainly because of exceptionally large increases in the population in the 25-35 age group. An expanded demand for furniture and other wood products will be another obvious result of the growth in this high consumption age group.

Another important factor that should contribute to the improvement is the rise in disposable personal income to \$950 billion in 1975. This compares with an estimated \$628 billion in 1969 and is based on an annual average increase of 7 per cent.

The growing backlog of demand for housing must result eventually in increased new home construction and in rising production of mobile homes. Growth in the latter industry has been and is expected to continue to be spectacular and shipments of mobile homes should increase by 19 per cent in 1970 to 475,000 units.

For the immediate future—1970—many observers forecast moderate increases in the demand for lumber and other wood products. The United States Department of Commerce recently forecast a 38.5 billion board feet lumber consumption for 1970, an increase of 5 per cent. It further expects the annual volume consumed to increase 10 per cent by 1975. The achievement in the United States of a national goal of 2.6 million housing starts annually could add substantially to this total.

The Presidential action taken to free \$1.5 billion in funds as an aid to slumping construction industry and the recent cutting of the prime interest rate from 8½ per cent to 8 per cent by major banks in many of the large metropolitan areas throughout the United States encourages the belief that a change in fiscal policy making more money available for residential construction purposes is coming. Once steps are taken to ease the housing demand, the consumption of lumber will rise sharply and with it the sale price for construction lumber.

Although present indications are that the United States will continue to maintain its position as Canada's most important market for construction lumber,

Canadian producers should appreciate that the U.S. building industry faces its biggest challenge since World War Two because in the course of a single generation it must duplicate the current total inventory of shelter of all types—houses, schools, offices, storage—to meet the basic needs of a growing nation. Accepting this challenge, industry has introduced innovations in building practices, many of which are of considerable significance to Canadian lumber manufacturers and wholesalers. Many new building methods employing wood and non-wood materials are being widely used where the principal emphasis is placed on industrialization of the building process. The spectacular growth of the mobile home industry has been a forerunner of these developments, which in recent months has resulted in much activity in the organization of large companies to produce factory housing.

Systemized industrialized building, whereby modular housing is produced in factories employing assembly line practices, holds much promise of effectively producing housing at substantially reduced costs. The attractiveness of the application of these techniques to the building industry is dramatically illustrated by the fact that by the end of 1970 it is expected there will be some 200 new producing plants in the United States. The fact that industrial giants such as Ford Motor Company, Westinghouse, Inland Steel, Leavitt Homes, Boise Cascade, National Gypsum, Ling-Temco-Vought, Aluminum Company of Canada, Freuhof Trailers, to mention a few, have strong interests in this rapidly growing industry indicates its potential.

The advent in the United States of systemized industrialized building techniques with their use of cut-to-size or specially prepared components may have important implications for Canadian lumber manufacturers. To take full advantage of these new building methods producers should give careful consideration to whether they should install, or acquire at other market serving locations, cut-to-size manufacturing equipment. This would permit lumber producers to compete with the manufacturers of other building mate-

rials such as steel and aluminum, who supply pre-engineered components to the customer's specifications. Failure on the part of Canadian lumber manufacturers to react to these new developments may, in the long run, prove to be costly.

Although most observers believe that during the next five years there will be an unprecedented demand in the United States for construction lumber, new building techniques, presently in their infancy, may have an important

impact on the use and merchandising of Canadian lumber.

The development of factory housing employing production line techniques will require the manufacture and sale direct to large corporations of cut-to-size components made to the customer's specifications. Canadian producers should now ensure that they are fully conversant with these new developments and take appropriate steps in order to continue to be competitive in their largest market.

## The Southern Viewpoint

R. C. LEE

Vice Consul and Assistant Trade Commissioner, Dallas

It is expected that when the monetary restraints are relaxed the volume of house building activity will be such that the lumber industry will be pressed to meet the demand.

Unlike the forest lands of Western Canada, most of the southern U.S. stands of timber are privately owned and concern is being expressed that the supply may not be sufficient to meet the requirement when the pressure comes.

The south has produced more timber products than any other section of the United States during the past century and is currently the chief U.S. source of pulpwood, poles and pilings. Forests of the western United States are supplying a larger share of the total cut timber, but in the long run when the western old growth reserves have been cut it will be the lot of the south to again become the number one supplier.

The southern states have 39 per cent of the United States commercial forest land and nearly half of the timber growth. However, it is estimated that the forests are reproducing at only half their capacity and more than one million forest acres are contributing very little.

In the south some 70 per cent of the 198 million acres of forest land is in private non-industrial ownership and it remains to be seen how quickly this unproductive land can be harnessed.

Forest management has, and is, being improved in the South and plantations have been set up. Forest land ownership patterns are gradually shifting from the small land owners to private land investment groups and large industrial concerns. A "third forest" plan has been implemented by the industry in co-operation with the private land-owners to double the rate of timber growth by the year 2000. Hardwoods in some areas are taking over from pine dominated forests and timber volume is on the increase, while timber size is on the decrease. Saw milling is shifting to the production of particle board, pine plywood and laminated beams and arches—and to supply what is reportedly to become the largest paper industry in the world. There are now more than 100 pulp and paper plants consuming 33.1 million cords of wood annually and 21

particle board plants with an annual production of 682.5 million square feet of board, ¾-inch bases. There are also approximately 400 pine veneer and plywood plants with an annual capacity of 315 billion square feet of plywood, 3/8-inch bases.

On the timberlands of the national forests of the South, sales of one billion board feet were reached for the first time in 1969 fiscal year—a record volume that had a stumpage value of more than U.S.\$29 million. If the National Forest Timber Conservation and Management Act, HR 12025, does not become operational and if the unproductive lands are not brought into production under the "third forest" plan, the two billion mark will not be achieved for a long time. The expected housing "spurt" could then affect the Canadian industry significantly.

*Production line assembly of houses as typified by these electricians installing wiring in an Alcan house, is increasing rapidly in the U.S., partly because of the lower costs and partly because of the greater speed of erection.*



# Housing Grows Big in Texas

ROBERT C. LEE

Vice Consul and Assistant Trade Commissioner, Dallas

Of the five states covered by the Canadian Consulate in Dallas, growth in Texas is much more pronounced than in Kansas, Oklahoma, Arkansas or New Mexico.

Despite a tightening of funds all over the United States, 1969 statistics for Texas indicate an over-all 7 per cent increase in building permits issued. This is of major importance to the suppliers of lumber and building materials because much of the new construction was in housing for a total of \$950,750,000. Almost half of this total was multi-unit residential building, particularly apartments, of frame construction. Erection of buildings containing three or more residential units has grown more rapidly than single family dwellings, particularly in the metropolitan areas and if current trends continue predominance of multi-unit dwellings lies in the state's future. It is estimated that within 50 years, most city dwelling Texans will live in multi-unit structures.

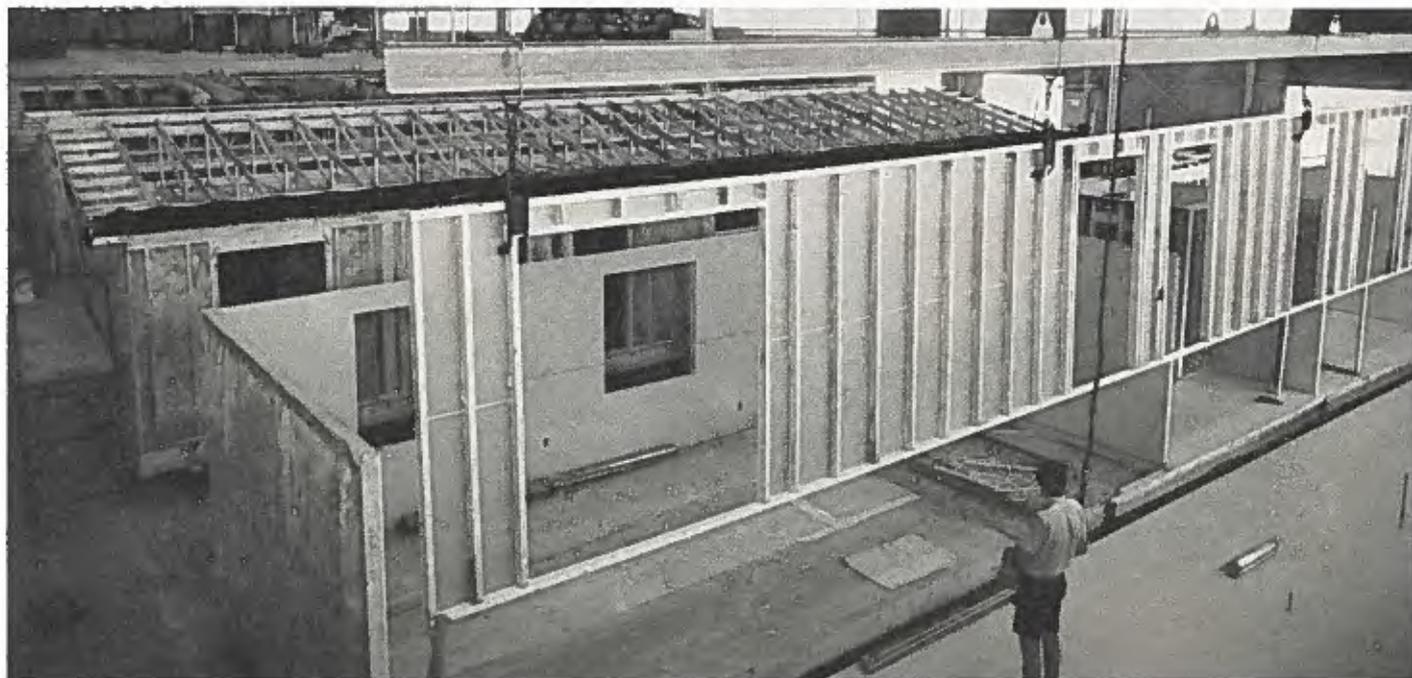
This creates potential markets for many types of building materials from floor joists to plumbing fixtures and kitchen cabinets. Although all Canadian equipment and supplies will not be competitive, there is a definite market for others. The most recent National Association of Home Builders Show in Houston substantiated this. All the Canadian participants reported an excellent response to their products although some were in a more competitive position in the Southwest than were others. To sell this market it is essential to either have a distributor or be prepared to visit at frequent intervals since service is a must. No market is "easy" and Texas is not an exception, but don't disregard it. However, it may be easier to manufacture under license than to ship, unless a unique product is involved.

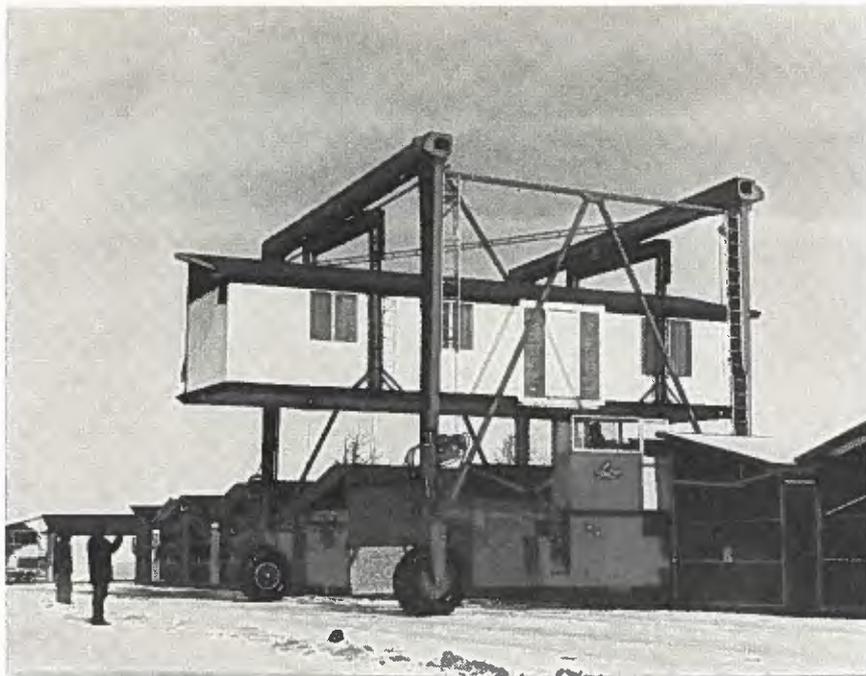
Marketing of lumber in this area is unique and this article will concentrate on the potential and cover the problems associated with selling here.

As in Canada, there is no uniform building code and each major Texas city has its own unique code while many unincorporated areas have no codes or inspection of any type. Most cities allow frame construction of apartments to three stories and most of those built are in this category since the "garden" type of apartment is extremely popular. Consequently, there is a big demand for studs and joists mainly in standard or better 2" x 4" and 2" x 6" sizes. For greater widths, the builders use southern pine. In the metropolitan areas of Texas, excluding San Antonio, utility grade is the minimum allowed, while in San Antonio there is a slight variation. Utility is allowed except for the white species where standard or better is required.

With the exception of the west and northwest areas of Texas, green western species are acceptable. Since Texas and Arkansas grow and harvest vast amounts of southern pine, it is natural for the product to realize a large segment of

*The U.S. has set a goal of 2.6 million housing starts annually, which could add substantially to the expected 10 per cent increase in the consumption of board feet lumber. Much of the new housing will consist of factory finished modules and sections such as this entire wall seen being lowered into position on the Alcan Universal Homes assembly line.*





*Many large industrial firms have recognized the changing trends in the U.S. housing industry and have developed assembly line techniques. Canadian lumber manufacturers must also adapt to these trends to share in growing U.S. market.*

the market. Nevertheless, Canadian western woods are competitive. It has been estimated that 35 per cent of the wood consumed in Houston is west coast stock and 55 per cent of the Dallas-Fort Worth requirement.

It is not possible to pinpoint the percentage of Canadian timber but it is thought that Canadian Douglas fir accounts for from 15 to 20 per cent of the total consumption of Douglas fir. Some 90 per cent of the Douglas fir comes into Texas green, much of it in winter months, since inland fir does not yard well due to the extreme summer heat. As yet, there has not been a large demand for kiln dried stock, but hemlock, larch and spruce are only acceptable in this form due to the tendency to warp, crack and check if not properly dried. Canadian cedar is well known in the south, and is sought in many forms, including shakes and shingles, rough timbers, boards and dimension stock.

Since the advent of tight money, mobile homes have taken a large jump in production. Some 410,000 units were shipped in the U.S. in 1969 and 475,000 are expected to be manufactured this year. The Southwest expects to produce 12 per cent of the total. Although local woods seem to be a natural for these homes, Canadian western white spruce is considered to be the best because it

is light, strong, and easier to work with than other available woods. Although a number of companies have indicated that they would prefer to use the local woods, labor has dictated the use of spruce because of the ease of handling. While dado-ad stock is preferred in many instances, increased duties preclude this and so the standard sizes are perfectly acceptable.

Eastern soft wood species are not competitive in the Southwest due to the long freight haul and unfavorable rates, but Canadian eastern hardwoods, including maple, basswood and birch, can sell. Local hardwood wholesalers are always looking for additional sources and manufacturers should not overlook this market. Sales of eastern wood are naturally not as large as those from the west, but a market exists for specialized functions, including furniture parts and gymnasium floors. Hardwood plywood is also competitive since this is a standard item for panelling in mobile homes and one Ontario mill sells to a mobile home manufacturer in Kansas.

Competition from southern woods is ever present and stock ordered one day is often delivered the next, often sorted and palletized. Since the trade is now starting to demand sorted, packaged and palletized shipments, the Canadian industry should gear up to this trend

or face a price disadvantage in the near future.

Lumber is bought and sold as a commodity and, over a period of time, the Canadian Consulate is attempting to work closely with the larger wholesalers. When there are problems with an order, the Consulate is in contact for the local wholesalers and the Canadian mills. Should mill representatives be calling in this territory, they should call on the Consulate staff. Should any assistance on follow-up be required with local sources we are your "man on the spot". The Consulate is at the service of the industry, and if the "Canada Room" in our office can be useful for an industry function, it is at Canadian industry's disposal.

### **Canadian Participants in National Association of Home Builders Show—Houston**

Building Products of Canada Limited  
P.O. Box 6063  
5 Place Ville Marie  
Montreal 2, Quebec

*Synthetic rubber floor covering, corrosion resistant integrated drainline systems*

Crestwood Kitchens Ltd.  
1182 River Road  
Richmond, British Columbia  
*Kitchen and bathroom cabinets*

Cultique Marble Products Ltd.  
P.O. Box 184  
29 Shaft Road  
Rexdale, Ontario  
*Vanity tops*

Gregg Cabinets Ltd.  
2000 Bedard Boulevard  
Chambly, Quebec  
*Kitchen cabinets*

Newman Millwork Ltd. of Canada  
400 Des Meurons Street  
Winnipeg 6, Manitoba  
*Decorative wood panelling*

P. H. Plastics Inc.  
C.P. 220  
Levis, Quebec  
*Extruded vinyl window hardware*

Universal Sections Limited  
100 Canadian Road  
Scarborough 733, Ontario  
*Polystyrene building blocks, prefinished aluminum fascia, metal lath, drywall and steel stud systems*

# Trinidad Harvests **Black Gold**



\$30 million continuing market for valves and sucker rods is provided by offshore drilling operations at Trinidad, but current exploratory work in oil gives indications that future machinery and equipment markets could experience marked increases there.

JOHN A. AHOW  
Commercial Officer, Port-of-Spain

The discovery of "black gold" and gas off the southeast coast of Trinidad by Amoco, and the geologically interesting features shown by a recent UN survey over a 3,000-square-mile area off the north coast of Trinidad, have brought new hope to the Trinidad oil industry which, for the past three years, has been in a gentle decline.

Oil production has been decreasing over the past two years. As oilfields on land are depleted, any new wells brought in are not as productive and attempts at secondary recovery are expensive. Most new wells drilled recently are, in fact, in marine areas off the southwest coast—in the Gulf of Paria—between Trinidad and Venezuela.

To encourage the development of additional resources, the Trinidad Government last year established the National Oil Company, which bought out British Petroleum (Trinidad) Limited's exploration, extraction and refining interests in Trinidad, and has worked out a management arrangement with Tesoro Petroleum Corporation of Santiago, Texas. The new operating company—Trinidad-Tesoro Petroleum Co. Ltd.—is expected to work over about 160 wells during the next two years, and to begin marine exploration later this year off the southeastern point of Trinidad—nearer to shore than the present operations of Amoco.

Texaco (Trinidad) Inc., the largest oil company in Trinidad, with a refinery capacity of 500,000 bbl. per day, has recently been granted an exploratory and producing licence for 176,000 acres off the south coast. Texaco is expected to begin work in this area later this year.

Shell Trinidad Ltd., the third of the older oil companies operating in Trinidad, has been experiencing a high success ratio in its recent work-over jobs. It has a small refinery for the processing of its crude oil.

Because of fading reserves in the 1960's, the three oil companies, Texaco, Shell and British Petroleum, found it more economic to form an operating company—Trinmar Limited—to perform all drilling works, rather than each company drilling on its own. Each company has a one-third interest in Trinmar. With the

purchase of British Petroleum's interests last year by the Trinidad Government, B.P.'s share in Trinmar was transferred to the National Oil Company and is being monitored by Trinidad-Tesoro, the operating company.

During the past few years there has not been much requirement for oilfield equipment and machinery, and expansions have been centered on the oil refining end of the business and the development of petro-chemicals. Of the 34 drilling rigs in operation in 1960, only about seven are operating today.

The oil and gas finds by Amoco (with headquarters in Chicago, Illinois) off shore from the south-east of Trinidad, are considered to be of major proportions, although still being delineated. Drilling works are being done by Sante Fe Drilling Co. of South America (with headquarters in Santa Fe Springs, California) in depths of 160 to 300 feet of water, 30 to 50 miles from shore. A 12-well platform has been ordered from the Netherlands and is expected to arrive in July, and a 20,000-foot rig, the tender for which was closed last month by Amoco's head office, is to be in Trinidad by August this year. During the next two years, over U.S.\$150 million have been earmarked for works on this project.

A UN seismic survey of the north off-shore area of Trinidad brought a response from 26 oil companies and a revenue to the Government of U.S. \$650,000 from the survey report, which was sold at U.S.\$25,000 per copy. Applications for exploratory and producing licences were recently invited and 17 oil companies have submitted a total of 11 bids. These are now being considered and contracts are to be let by June.

While the market for heavy oilfield machinery and equipment is at present extremely limited, current exploratory work augurs well for future needs. In the meantime, there is a continuing market for valves, sucker rods and other expendables estimated at U.S.\$25 to \$30 million annually. These are purchased through local stockists-agents and through the overseas head offices of the oil companies—Texaco (New York), Shell (The Hague), and Amoco (Chicago). Ordering through local dealers is, however, becoming more common.

Imports of machinery and equipment for marine operations are duty free from all sources, but on expendables and other machinery and equipment which are dutiable, Canada enjoys a duty preference of 10 to 15 per cent over U.S. and other non-Commonwealth countries.

For further details, manufacturers and exporters of oilfield equipment and machinery may wish to refer to the report of the Petroleum and Petro Chemical Equipment Mission, sponsored by the Department of Industry, Trade and Commerce, which visited Trinidad, Venezuela and the Netherlands Antilles in May and June 1969. Copies of the report are available from the Machinery Branch, Department of Industry, Trade and Commerce, Ottawa.

Canadian manufacturers and suppliers of oilfield equipment and of materials and supplies used in the oil industry who are interested in selling to this market should have their names listed with the United States and Netherlands offices of the local oil companies. It is also recommended that catalogues, descriptive literature and export price lists, for placing with local agents be sent to: Commercial Counsellor, Office of the High Commissioner for Canada, P.O. Box 1246, Port-of-Spain, Trinidad and Tobago, W.I.

#### TRINIDAD SUPPLIERS OF MINING AND REFINING MACHINERY

|                               | Cdn \$'000 |      |      |
|-------------------------------|------------|------|------|
|                               | 1967       | 1968 | 1969 |
| <b>Oil mining machinery</b>   | 2,554      | 810  | 814  |
| <b>Supplied by</b>            |            |      |      |
| Britain                       | 680        | 288  | 337  |
| United States                 | 1,864      | 505  | 411  |
| Netherlands                   | 7          | 14   | —    |
| Other countries               | 3          | 3    | 66   |
| <b>Oil refining machinery</b> | 292        | 313  | 722  |
| <b>Supplied by</b>            |            |      |      |
| Britain                       | 229        | 170  | 318  |
| Canada                        | 4          | —    | —    |
| United States                 | 59         | 26   | 396  |
| Netherlands                   | —          | 102  | —    |
| Other countries               | —          | 15   | 8    |

Source: Trinidad and Tobago Overseas Trade

# Shopping Centers with a Difference



*Less than two hours by car from New York City, Smithville looks anything but the multi-million dollar center for the tourist market that it is. Here a customer can pick up everything from early Americana to the best of women's fashions.*

Three market outlets for better-quality giftware that could be worth a visit as an extension to that trip to the New York giftware market.

JOHN N. GRANTHAM

Consul and Assistant Trade Commissioner, Philadelphia

Is your company looking for a different type of market in which to sell giftware or similar items, and which caters to a varied clientele of residents and tourists?

Within 50 miles of Philadelphia are three unique centers, each featuring a wide variety of specialty shops, with most of them concentrating on better

quality giftware items. These are: the Towne of Smithville, New Jersey, New Hope, and Peddler's Village, four miles from New Hope, both in Pennsylvania. In all, well over 100 shops are involved with a turnover of several million dollars per year, the bulk of which is from June through September for tourists and at Christmas for residents of the mid-Atlantic States.

**Towne of Smithville**—Located approximately 12 miles north of Atlantic City, the almost abandoned and derelict Towne of Smithville was resurrected in 1952 by Fred and Ethel Noyes, who have built it into a multi-million dollar operation. Transplanted here from other locations in southern New Jersey are 24 Village Shops and restored buildings, as eighteenth century as the old

Stage Coach and Clipper Ships. The Towne abounds with early Americana—from penny candy to handsome heirlooms, pewterware to party fixings, general merchandise and ginger bread, nauticals, books and tobacco, to the smartest of women's fashions.

Three of the buildings now house various gift shops, although almost all shops, because of the uniqueness of their merchandise and large stock, carry some gift items. In the wide selection of items that each specialty shop stocks, medium-priced goods are mixed with less expensive merchandise. However, in the Heirloom Shop all fine reproductions are grouped together.

Smithville caters to three types of customers: tourists, conventioners and the "Cadillacs and fur" crowd, many of whom are undoubtedly drawn by the three fine restaurants, the most famous of which is the historic Smithville Inn dating back to 1787.

All the shops are owned as well as operated by the Noyes. Initial purchases for all shops are co-ordinated by John M. Cherry, the Manager, Village Shops, and his four assistants. In this way they are able to maintain quality, avoid duplication except in general stores and "buy right". Each shop has a manager who, in addition to being responsible for the day-to-day operation, is also responsible for re-ordering items stocked in his shop.

**New Hope**—The 1,000 acres that now comprise the Borough of New Hope were once part of the land belonging to the Leni-Lenape Indians, before it was granted to William Penn in 1681. Since that time New Hope and the surrounding countryside has become home to prominent leaders in finance, law, entertainment, and the arts.

In 1939 New Hope mills was converted into the Bucks County Playhouse which has gained a wide reputation for summer theatre, drawing prominent actors and actresses. In 1959 it was designated "State Theatre of Pennsylvania". Restaurants, shops, hotels and service businesses were created or enlarged as the sleepy little town blossomed. This growth has been aided by the automobile and by the town's convenient location: 22 miles north of Philadelphia and 55 miles west of New York.

Among the more than 70 shops within the borough are many that carry a wide selection of gifts, offering something for everyone and at every price. Two small furniture manufacturers are located there—one of them producing hammered iron furniture. Its art galleries feature traditional and modern works from all over the world, as well as an outstanding collection from local artists and sculptors. If you are in New Hope, a visit to the local Chamber of Commerce might be worth your while, since there is no central buying agency as in Smithville.

**Peddler's Village**—Nestled in Lahaska, a dreamy village of 500 people, four miles west of New Hope, lies this quaint and charming community of shops. The squires of "The Shopping Center with a Difference", Earl and Sheila Jamison, wanted a shopping center that was pleasant, unusual, old-fashioned—not just a maze of cement and plate glass.

Peddler's Village, created from an old hatchery that included a barn and an array of old chicken houses, was opened in 1962. It now comprises more than a score of individually leased shops offering a large variety of merchandise, from antiques to silverware, from homecrafted to imported goods, from toys to furniture, to interest and enchant visitors.

There are numerous gift shops in the Philadelphia and adjacent southern New Jersey areas catering to various types of clientele, but Smithville, New Hope and Peddler's Village are the only centers of concentration.

A visit to these three unique centers could well be combined with a trip to the New York giftware market. Each is easily accessible from New York by automobile in less than two hours. The Philadelphia Consulate (whose territory includes eastern Pennsylvania and the nine southern counties of New Jersey) will be pleased to assist you with arrangements for your trip.

*Another peaceful scene in Smithville, New Jersey, one of three unique centers catering to all types of tourists.*



# Canada's Texas Beach Head

It's that little extra something—specialty foods with a difference—that excites the jaded but still expert palates of food buyers. In fact Canadian food was accepted to such an extent last year that it earned close to \$1.5 billion in foreign exchange.

But Texans had to move away from home to get Canada on their plates, that is until the international Supermarket Institute Show was held in

Houston at the beginning of May. Canadian food manufacturers had not been in that area collectively before, and their stands, the largest national group exhibit, generated a lot of interest. Many representatives were obtained by the Canadian firms and, as one official said, "a beach head was established for Canada".

Of the ten Canadian companies at the show, seven were from Ontario: Aloro

Food Products Ltd., Mississauga; Black Diamond Cheese Ltd., Belleville; Canada Packers Ltd., Toronto; Essex Packers Ltd., Hamilton; Old Cherry Hill Cheese House, Toronto; and E. D. Smith and Sons Limited, Winona. Also exhibiting were J. Demers Inc., Gentilly, Ville de Becancour, Quebec; Grantham Foods Ltd., Vancouver, British Columbia; and IMO Foods Ltd. Canada, Yarmouth, Nova Scotia.



*Information—Two United States food buyers seek the advice of Mrs. Jimmie Green, Canadian Commercial Officer in Dallas, and Norman Guerin of the Department of Industry, Trade and Commerce, Ottawa. More than 4,000 booklets and other material on the Canadian food industry were distributed at this information booth.*



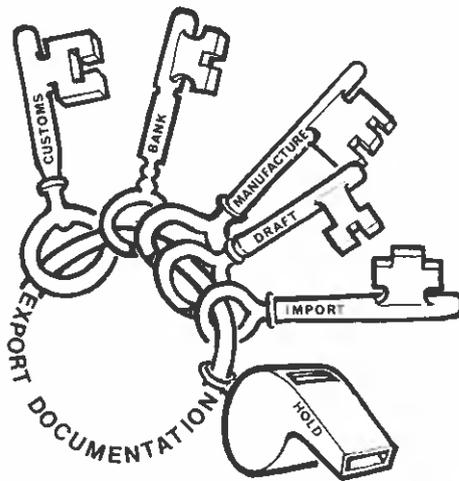
*Popular spot—A partial view of the Canadian stand of the Supermarket Show of Houston. Traffic was heavy throughout the four-day show.*



*Bite for buyers—Sampling Canadian cheese at the Essex Packers Limited stand was popular with visitors at the Supermarket Institute Show at Houston, Texas May 3 to 6. The Hamilton cheese firm was one of ten participants sponsored by the Department of Industry, Trade and Commerce to show Canadian-made foods and beverages. An estimated \$1,000,000 business resulted from this Canadian participation.*

# Is Your Documentary Slip Showing?

Knowing the problem areas to avoid can provide exporters with the key to improved handling of their products in the Caribbean.



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

My pride was hurt when I heard an importer single out Canadian exporters for criticism of export documentation handling. From the discussion that followed and my subsequent follow-up, I concluded that there is much room for improvement in the method some Canadian exporters have for handling documentation required for shipments to the Caribbean. Although carelessness and disinterest form a part of the problem, the main factor is an unawareness of precautions that avoid the costly (time is money!) quarrels which can develop.

Although an article "Get Your Documentation Right" was published in *Foreign Trade* almost two years ago, some Canadian exporters continue to

encounter difficulties. The earlier article was primarily concerned with delays occurring in getting documents into the proper hands in the Eastern Caribbean. Here, although repeating and underlining some of the points in the previous report, collection problems and complaints that arise from errors in documentation are studied. Many Canadian exporters' administrative procedures for the handling of documentation avoid problems of the kind envisaged in this article, but others may find that individual points here and in the previous report suggest important modifications.

The first and most important precaution is to obtain instructions from customers covering what documents

are required in connection with the shipment of merchandise. Thinking that a certain documentary requirement is "ridiculous red tape" fails to satisfy the requirement. If a customer says he has a specific documentary requirement (e.g. certificate of origin, whether prices include commission, etc.), and the business is worth having, ensure that your organization (or your customs broker) provides what is required, where it is required, when it is required. It is this "when" that becomes the most frequent bone of contention.

**There will inevitably be times when the movement of papers** (Canadian manufacturer—customs broker—Canadian bank—correspondent bank—importer's bank—importer) is such that they are

likely to arrive after the goods. Many (if not all) of the problems that this causes can be avoided by airmailing direct to your customers, and to local representatives, a copy of the customs invoice and information covering the name of the carrying vessel and date of arrival. Armed with the invoice, the importer can get a bank guarantee which will allow him to clear the shipment without the bill of lading. It is well to understand just what is involved in this "clearance and possession without documents" procedure. In the case of sight draft terms, the bank issues the guarantee, and the importer takes possession of the goods. When the documents arrive, the bank debits the customer with the amount of the payment due and remits. In the case of time draft terms, the banker's obligation is discharged by having the importer sign his acceptance. From then on the payment is subject to the same risks as if the documents had arrived on time and been accepted prior to delivery of the shipment to the importer. Note, however, that the time of the draft will date from the date of acceptance, not the date of possession of the goods.

Standard documentation consists of customs invoice, bill of lading, and insurance paper. These should be securely fastened to the draft and covering letter containing collection instructions. A wise and inexpensive precaution is to instruct your bank to forward two sets of documents 24 hours apart. The negotiable bill of lading should form part of the first set. The use of airmail is important and it is worth while to carry out periodic checks on outgoing mail to insure that it has sufficient postage and is marked AIR MAIL.

**It is very necessary to understand the role (in terms of his responsibilities and limitations) of the Caribbean bank manager.** His responsibility consists of following his instructions intelligently. In the event of non-payment, he can take no action unless these instructions spell out what action is required. He would merely advise his Canadian correspondent bank that payment has been refused. Most bank managers "fate" such refused payments every two weeks as a matter of courtesy but all emphasize that there is no legal requirement to do so. The amount of pressure he puts on the drawee, who

may well be a valued customer of his bank, is his decision. If the drawee is a valued customer and says he will pay "shortly", the bank manager would likely accept this and would not "dig" for information.

**The banks feel no obligation on their part to advise importers that the goods have actually arrived.** This is clearly the responsibility of the Canadian exporter or his local representative (who should be identified in the documents so that the bank can get in touch with him if the draft is not paid promptly) who is assumed to have a continuing interest in the smooth flow of product from manufacturer to customer.

Please note carefully that in Trinidad a protest can only be made within 24 hours of date of maturity pointing up the importance of including "protest" instructions in the letter accompanying the documents. After 24 hours have lapsed, the only way a protest can be lodged is by establishing a new maturity date and, if it is not met, filing a protest within 24 hours.

An understanding of exactly what is involved in the making of a protest will help a Canadian exporter know what to expect as a result. Three days (grace period) after a time draft is due, the bank, if it has instructions to do so, sends the draft to a legal firm. The firm promptly returns it to the bank to demand payment on behalf of the drawer. The bank formally advises that the drawee has made no arrangements for payment, the lawyer notes the name of the bank employee who provided the advice, records all the information in the form of an affidavit, places it on file and bills the drawer TT\$5.04. The legal firm does not get in touch with the drawee or the courts. The affidavit is merely held on file so that if legal action is taken at any later date, there is proof that payment was in fact, demanded and refused.

Special arrangements are necessary to handle air shipments and parcel post shipments. In the former, the original airway bill should be sent with the shipment and a duplicate airway bill should be airmailed with the other documents direct to the consignee. In the case of parcel post, the Post Office merely sends the "advice of arrival" card to the addressee who

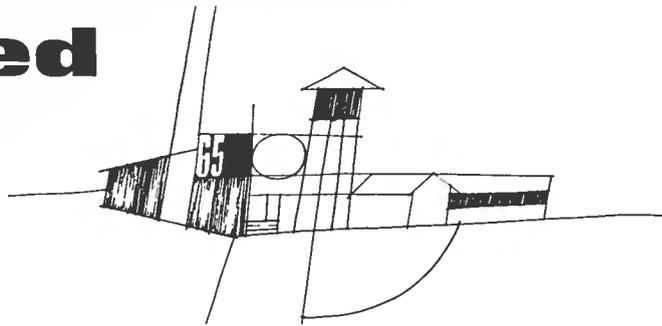
then, by paying the duty required, can gain possession. It would then be good policy, after insuring the shipment, to address it to the local collecting bank (your own bank's correspondent) thus: The Royal Bank of Canada, Independence Square, Port-of-Spain, Trinidad, W.I. Notify ABC Co. Ltd., P.O. Box 000, 000 Frederick Street, Port-of-Spain Trinidad, W.I. This method will ensure that your drafts are paid (or accepted) before delivery is made to the buyer.

**A frequent cause for misunderstanding concerning payment arises because in Barbados, Trinidad and Guyana foreign exchange control regulations will not permit funds to be released for payment until the goods have physically arrived in port.** Therefore, although the sight draft terms on which the shipment has been made are being technically dishonored, the importer's intentions are assumed to be honorable.

All banks agree that it is unwise for a Canadian exporter to endeavour to institute direct correspondence between himself and the collecting bank. Enquiries about the fate of a draft, special instructions reflecting changed circumstances on the shipment and altered terms of payment should all be handled in the first instance by the Canadian manufacturer through his own Canadian bank, which bank in turn will get in touch with the Caribbean (collecting) bank. Because of the legal implications involved, a Caribbean bank is reluctant to accept instructions direct from a Canadian exporter. They prefer that these instructions come from the Canadian bank which would know exactly how to phrase the instructions.

The Eastern Commonwealth Caribbean constitutes a worthwhile, although fragmented, market for a large number of small, individual items. For instance, exports to Trinidad in the first nine months of 1969 numbered 545 items for a value of \$12 million, and an average of \$22,018 per item. The large number of small shipments to this market as opposed to large shipments to other markets underlines the need for care in the handling of documents. The importer or representative forced to deal with angry customers as a result of careless documentation by the Canadian exporter understandably might well turn to other sources of supply.

# Wanted



# Manufacturers

## **PLASTILINE—Concrete Pipeline Protection**

Australian firm seeks Canadian licensee to manufacture and market PVC sheeting for internal lining of large concrete sewer pipes, field cast manholes, pump wheels, etc. The sheeting is intended to protect the concrete from corrosion, greatly extending its life. The pipe sheeting is .06 inches thick with ribs designed to key to the pipe when factory cast; field jointing procedure is simple. Licensor will provide as required the material, equipment, training and supervision for the manufacture of the PVC sheeting and will provide the same assistance if the licensee wishes to also manufacture the high quality, high-density spun concrete pipes suitable for embedment of the lining. Potential licensees would likely be manufacturers of large concrete pipe and/or plastic extrusion firms with medium to large extruders. Literature available **Item 2216**

## **Chimney Top**

American firm is seeking a licensing arrangement with a Canadian firm to manufacture and market specially designed pre-cast chimney caps which improve the operation of the fireplace by preventing downdrafts and reducing soot formation in the chimney. They also protect against the emission of sparks and seal out snow and rain. Licensor will furnish technical information, drawings and fiberglass moulds. Licensee should have technical experience with refractory materials and concrete manufacturing. Literature available. **Item 2217**

## **Geodetic Joint and Space Frame System**

British firm offers a licensing arrangement to a Canadian manufacturer to produce and sell its new flexible joint for space frames and/or the complete space frames used in the construction of light buildings. The joints consist of drop forgings and malleable castings which are mass produced and shop

welded to any size, shape or number of structural members meeting at the nodes of the frame. The design permits flexibility of erection to allow for on site discrepancies. No machining or field welding is required; locking is accomplished after complete erection and alignment by means of tapered wedges. Literature available. **Item 2218**

## **PVC Window and Door Frames**

Belgian firm is seeking a licensing arrangement with a Canadian firm to produce and market door and window frames of polyvinylchloride. The company claims that special tests of this material show it to be very durable, noncombustible, and resistant to all weather conditions. The frame itself is airproof and waterproof; it provides insulation and reduces maintenance costs. Licensor will provide technical data, basic components, dies and loan of technicians. Literature available. **Item 2219**

## **Pivot Arm**

American firm offers under licence the Canadian production and marketing rights for a pivot arm, or right angle drive, designed to eliminate the use of costly gearing and oil baths. The input is always rotation and the output can be either rotation or oscillation. No change in power source is necessary in order to change the output motion and many angular variations can be applied. The unit's chief advantage is that it has only four basic moving parts and is thus economical to manufacture and long lasting. Literature available. **Item 2220**

## **Luminous Advertising Signs**

West German manufacturer offers under licence the exclusive Canadian manufacturing and marketing rights to a line of luminous advertising signs such as are mounted indoors or outdoors to identify and advertise commercial and industrial establishments or to provide directional information. Use of clocks is integrated into many of the sign designs. Manufacturing

and marketing knowhow, as well as technical training in manufacture, is offered by the licensor. Literature available. **Item 2221**

## **Motor for Pumps and Compressors**

American company is seeking a licensing arrangement with a Canadian firm to produce and market a new type of electrical motor that is structured to produce reciprocating motion directly. With an appropriately designed machine, it has been utilized to function as an air compressor and as a gas compressor. It is claimed that this motor can also be utilized in other work functions where reciprocating motion is required, such as refrigerator compressors, vacuum pumps, fluid pumps, and power tools. Licensor will provide technical literature, production drawings, and technical training to qualified engineers if required. Literature available. **Item 2222**

## **Heaters and Heat-Exchangers**

Czechoslovakian firm is seeking a licensing arrangement with a Canadian firm to produce and market its new designs of heat-exchanger for steam generators, fuel-oil flow heater for steam generators, and high-pressure heat exchanger. These designs have advantages of lower weight, smaller size with increased heating surface, lower materials cost, use of silicon glues instead of arc welding, and a new anti-corrosion coating. Literature available. **Item 2223**

## **Plastic Extrusion Process**

West German firm is seeking a licensing arrangement with a Canadian manufacturer to produce and market its line of versatile plastic extrusions. The new process can be used to manufacture extrusions with a chipboard core for use as trim or structural mouldings; hollow all-plastic profiles used in the production of drawers, and plastic mouldings with metal coverings. Advantages claimed are that it is more economical and the end products have better aesthetic qualities. Literature available. **Item 2224**

### Concrete Pipe

Australian firm is seeking a licensing arrangement with a Canadian firm to manufacture by its special centrifugal process a high quality, high density spun concrete pipe. Types include reinforced culvert pipes and socketed drainage, sewer and pressure pipes. The licensor will provide either the drawings for the pipe-making machines or the actual machines required, as well as assistance in training of staff and continuing access to latest technical developments. The Canadian licensee should be experienced in pipe making. Literature available. **Item 2225**

### Concrete Block Machines

German firm offers under licence the Canadian manufacturing rights and the North American marketing rights for its complete range of automatic and semi-automatic concrete block machines. These machines are said to guarantee exact size concrete units with above average density at very low cement consumption. Licensee will provide patents, drawings, technical knowhow, advertising literature and assistance in training of technicians if required. Literature available. **Item 2226**

### Escalators

Dutch firm is seeking a licensing arrangement with a Canadian company to manufacture and market its design of escalators. The escalators use a wide range of synthetic materials to reduce maintenance costs and to provide modern design. These units are claimed to conform to the highest demands of quality and efficiency. The licensor will provide technical drawings and critical patented parts. Preference will be given to Canadian firms already involved in manufacturing and installing elevators and/or escalators. Literature available. **Item 2227**

### Ventilation and Heating Equipment

Swedish firm is seeking licensing arrangements with Canadian companies to manufacture and market its line of air conditioning and ventilating equipment. This equipment includes fans, blowers, air valves, air heating and drying equipment, portable and permanent space heaters, central system air conditioning units, room convection units, dust collectors, cyclones, scrubbers, air separators, flue gas cleaning units, and accessories. The licensor is well established in both manufacturing and research and offers the licensee patents, technical information, drawings, parts, and sales and advertising literature. Literature available. **Item 2228**

### Prefabricated Low-Cost Homes

American company is seeking a licensing arrangement with a Canadian firm to manufacture and sell prefabricated housing units made of a chemically treated pressed cardboard material that is claimed to be superior to wood for fire retardant, water

proofing and vermin resistant qualities. The exterior is coated with fibreglass in a wide variety of colors. Units can be used for low-cost housing, cottages, clinics, etc. It is claimed the units can be erected in one day and that the cost is extremely low. Literature available. **Item 2229**

### Shell Core Mould Production Machinery

American firm offers for licence the Canadian production and marketing rights to its line of shell core machines; shell moulding machine; shell mould bonding press, and shell core and moulding machine accessories used in the foundry industry for the production of shell cores and moulds. It is claimed that the use of cores and moulds made of sand coated with phenolic resin (shell) produces castings of superior surface finish and dimensional accuracy and results in easier shakeout, reduced cleaning costs and reduced machining costs. The licensor will provide technical knowhow, drawings and sample machines. Literature available. **Item 2230**

### Blood Group Identity Tag

Swiss firm offers under licence the Canadian production and marketing rights for an accessory to a braclet or wrist watch which will identify the blood group of the owner. The advantage of this medical aid is that it is more attractive and convenient to wear than the usual identity disc. Literature available. **Item 2231**

### Smoking Pipe

American inventor offers to a Canadian manufacturer the Canadian and American patent and trademark rights, on a licensing or outright sale basis, for his unique type of smoking pipe. The pipe is designed to effectively remove substantial amounts of tars and nicotine through the use of highly absorbent replaceable cartridges inserted into a unique stainless steel coil. The smoke is drawn around the loops of the coil which causes the tars to condense. These tars are then absorbed by the filter. The result is a cool, dry smoke with the original flavour retained since the smoke is not drawn through the filter. The licensor will provide technical assistance and the special tools and machines now being used for manufacture in the United States. Literature available. **Item 2232**

### Wooden Educational Toys

British firm is seeking a licensing arrangement with a Canadian firm to manufacture and market its line of educational wooden toys. At present the firm has twelve designs to offer and the license agreement would extend to subsequent designs added to the line. Licensor will provide technical advice and assistance in designing promotional material. Interested firms should possess the ability to produce high quality goods economically on a batch production basis and have established marketing facilities. Literature available. **Item 2233**

### Method of Building Construction

Swiss company offers under licence to a Canadian builder-developer a system for constructing non-prefabricated housing that is claimed to offer savings of 60 per cent on labor and 35 per cent on prices in comparison with traditional building methods. The system is versatile and permits personalization of each house. Licensor will provide plans, knowhow for manufacture, assistance in organization and sales, and training of personnel. Literature available. **Item 2234**

### Household Wrap Dispenser

American inventor offers Canadian production and international marketing rights for a new dispenser for household wrap material such as wax paper, "Saran" wrap, etc. Its construction is of rigid aluminum extrusions, plastic end caps and blade, and foam gripping pads. Experimental models and a prototype production model show it to be practical and functional. Licensor will provide drawings and a model of the product if required. Literature available. **Item 2235**

### Vertical Concrete Casting Machine

Canadian inventor is interested in a joint venture with a Canadian company for the world wide marketing and sub-licensing rights for a vertical concrete casting machine which mass produces structural, prestressed hollow core walls and floor elements. Concrete sandwich panels and facades are manufactured in a "one casting operation", which represents a new achievement in precast concrete. The machine is approximately 12 ft. wide, 12 ft. high and up to 36 ft. long with a rigid center core and two moveable side walls for easy access in order to strip the finished products and to adjust, clean and oil the 5/8" thick steel plates which subdivide the machine into compartments. Several steel tubes, which carry special vibrators and also form the hollow core in the concrete, are positioned within these compartments. The tubes are withdrawn approximately two hours before the end of curing cycle, thus providing ample time for a cooling down period while the steel tubes are cleaned in order to be ready for a new production cycle, as soon as the finished products are stripped and the machine is cleaned. Literature available. **Item 2236**

### More Information

This information is intended to promote additional manufacturing in Canada. Further material on items listed are for prospective Canadian manufacturers only. No responsibility is assumed for claims or statements made. Address enquiries, quoting item numbers, to: Industrial and Trade Enquiries Division, Department of Industry, Trade and Commerce, Tower "B", Place de Ville, Ottawa 4.

# Coming Soon: \$1 Billion Laser Market



*Martin Hale (center), of the Defence Research Board, shows his latest laser, the smallest ever built at the Quebec DRB Laboratory, to Dr. J. A. Beaulieu (left). It can emit more than one million watts of radiation energy. The 30-foot-long helical laser flanked by Dr. Maurice Gravel (right) and Gilles Boily (rear) can produce more than five million watts of energy.*

The laser is becoming a production and commercial tool, which U.S. industry spokesmen anticipate will amount to a \$1 billion market within a few years. Three-dimensional television, garment cutting, optical memory storage and data processing, pollution detection, and military applications are expected to account for this rapid growth.

In 1967, 85-90 per cent of all manufactured lasers were consumed by the R and D area, but now, two thirds of all laser production is directed toward practical industrial and military use. The total market in 1969 amounted to \$60 million, with about half going to the military. The 1970 commercial laser market is expected to reach \$95 million, with a breakdown as follows:

off-the-shelf type lasers, \$30 million; custom lasers, \$10 million; optical systems designed for use with lasers, \$25 million; optical accessories, \$10 million; and section and monitoring laser equipment, \$20 million.

Within five years the commercial and industrial market is expected to grow to \$1 billion. The actual pace will depend upon developments and market production in the field of optical data processing, where lasers are expected to make a big breakthrough in application, and in the field of three-dimensional television, where lasers reconstruct video television film into holographic images. RCA, Sylvania Electric Products, Hitachi Ltd., and Hughes Aircraft have been working in the latter

area. Electro-Optical Systems Inc. and Sylvania have been working in the data processing field while EOS has developed a laser system for detection of water and air pollutants. Hughes Aircraft's Industrial Division expects to have completely tested prototypes of a computer-controlled laser system for garment cutting by the end of this year. It is reportedly less expensive and 10 times faster in cutting different clothing patterns than bladecutting. These, in addition to the more established applications, such as stroboscopic interferometry analysis of structural defects and laser beams used for alignment work in bridge and tunnel construction, are expected to rapidly transform lasers from their former R and D category into a commercial market.

# Mechanizing Chilean Forestry

Canadian manufacturers should find expanding markets in forest industry equipment as primitive methods give way to mechanization.

JAMES D. LEACH  
Assistant Commercial Secretary, Santiago

If copper is king in Chile, then forestry must surely rank among the more important members of the economy's royal family. Chile's extensive forests—almost 14 million acres—are considered to be among the most valuable in South America. It is estimated that 85,000 persons—more than 3 per cent of the country's labor force—are employed in the forest products industry. In 1968 capital investment in industrial equipment and plantations totalled \$275 million and production was valued at \$865 million.

Beginning in the central region at about 35° South, Chile's forests cover most of the entire southern zone as far as 42° South. Almost all of the plantation forest, representing about 6 per cent of the total forest area, consists of insignis pine, the major feedstock for the pulp and paper industry. In the natural forest about 60 different species are found, including eucalyptus, Douglas fir and cypress.

**The introduction of insignis pine has probably been the most important development in the industry in recent years.** Having an exceedingly rapid growth rate, it can be harvested every 15 to 20 years, and the demand for it is reflected in the increasing consumption by the growing sawmilling industry.

In 1962/64 110.2 million board feet of insignis pine was used. The Instituto Forestal estimates that by 1975, 470 million board feet will be used, and 677 million by 1980. For the same periods the figures for all other species

are 235.6 million board feet, 210 million and 213 million board feet.

Until quite recently logging operations both on plantations and in native forests were relatively primitive. The most common method was felling by axe and two-man crosscut saw. Today, power chain saws are widely used.

Most of the timber is still skidded by bullock teams using a yoke and chain, although crawler tractors are not uncommon. In many areas, the hilly terrain and often muddy conditions make mechanized logging operations inappropriate. In other sectors, however, the mechanized skidder has proved valuable, and Canadian manufacturers have successfully developed a market that will undoubtedly continue to expand.

**Trucks for the logging industry are imported duty-free and may be sold after five years with no payment of taxes.** Operators are thus able to dispose of a five-year-old truck for roughly the same duty-free price that was paid when the truck was new. This accounts for the popularity of standard six-ton and eight-ton flatbed trucks with non-logging applications and hence high resale appeal. Nevertheless, a market for specialized diesel logging trucks does exist and will likely expand. As in most market areas, competitive prices and the availability of service facilities are important.

**Of Chile's large number of sawmills, probably less than 5 per cent can be**

**classified as permanent, and less than a dozen as modern.** The typical portable sawmill consists of an old steam engine placed on top of a horizontal boiler, with two circular saws one above the other constituting the breakdown unit. Because these bush mills are portable the riderless carriages are in poor condition, causing the production of lowgrade lumber. The resaw and edger are very slow and labor intensive. But the entire operation, although inefficient and having a very high labor content, has a low capital investment and is reasonably profitable. As long as producers are able to achieve reasonable profits with low investment, they are less than enthusiastic about investing in new equipment merely to increase productivity and taxable profits.

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## CHILE'S FOREST PRODUCTS

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| Product and No. of Plants | Annual Production capacity '000 |
|---------------------------|---------------------------------|
| Sawn lumber, 1,284        | 660,000 bd. ft.                 |
| Fiberboard, 1             | 21 tons                         |
| Particle board, 4         | 28 tons                         |
| Plywood, 4                | 28 cu. m.                       |
| Veneer, 2                 | 7,300 sq. m.                    |
| Newsprint, 2              | 136 tons                        |
| Other paper & cartons, 11 | 144.4 tons                      |
| Chemical pulp, 2          | 252 tons                        |
| Industrial driers, 40     | 1,966.2 bd. ft.                 |
| Treatment plants, 9       | 102.6 cu. m.                    |
| Prefabricated houses, 23  | 919 sq. m.                      |

Source: Instituto Forestal

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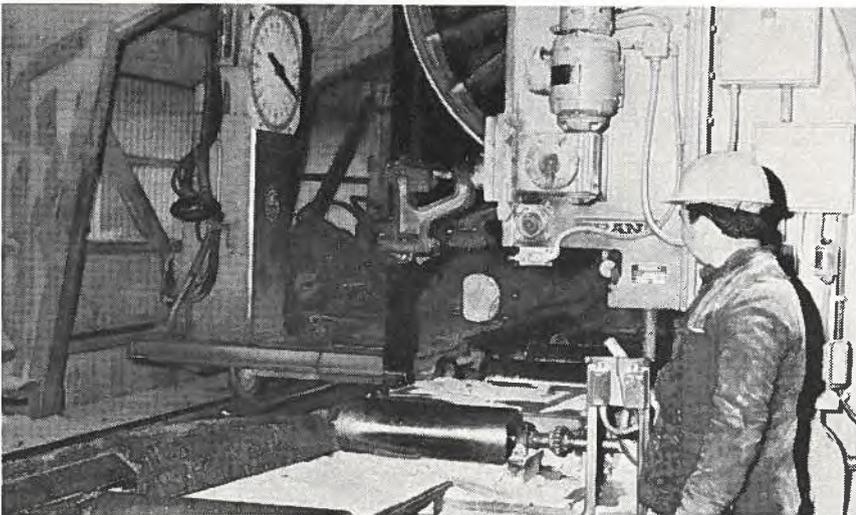


A new generation of competent and aggressive managers is beginning to develop in the industry, however. These men are interested in quality control and export markets, and therefore are most receptive to mechanization. Their leadership and example will encourage others to follow suit. And if competent technical service and spare parts are readily available the fears of mechanical breakdowns will be allayed.

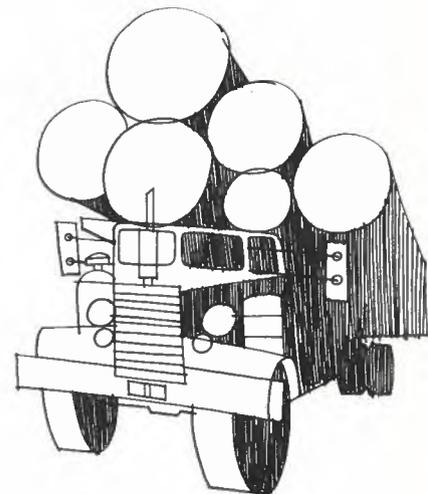


The permanent sawmill has been a feature of the Chilean forest industry for the past 12 years only. Although using electric or diesel power, these mills are still not highly mechanized and employ a great deal of hand labor. Average daily production ranges between 25,000 and 35,000 board feet. It is in this segment of the industry that future expansion can be expected. But it will probably be slow and steady, rather than explosive.

Canadian sawmill equipment is already much in evidence in the large modern sawmills in the Concepción area. The high output low recovery concept of sawmilling introduced by Canadian equipment is increasingly being recognized as the model for future expansion.



**Opportunities exist for good quality, competitively-priced sawmill equipment, skidders, fork lift trucks and perhaps logging trucks.** To succeed you will have to have highly-regarded and competent agents. The Commercial Division of the Canadian Embassy will provide all possible assistance in finding suitable representation for the Canadian producer.



*The Chilean forest industry, a vital part of the country's economy, until a few years ago still retained many primitive elements. Mechanization, however, is increasing, although ground conditions in many areas dictate the retention of some of the old ways. As can be seen (top), bullock teams are still used. Canadian equipment, however, is becoming more common, both for skidding operations (middle), and for sawmill work. Sawmill production averages between 25,000 and 35,000 board feet a day, and it is mainly in this sector that opportunities will arise.*

# MEMO: to Canadian food producers

*Try Puerto Rican supermarkets —  
success means volume sales*

CARLOS COLON  
Marketing Officer, San Juan

Puerto Rico's net income in 1969 increased to U.S.\$3.4 billion, an increase of 10.5 per cent. This represents an average per capita income of U.S.\$1,248, an increase of 8.4 per cent. These rates of increase have remained constant for the past 11 years. Parallel to this tremendous economic growth, is the growing demand for better consumer goods and food products. Retail food sales reportedly increased by more than \$60 million. With total Puerto Rican imports at about \$2 billion in 1969, Canada's

\$38 million sales total was not outstanding. Most Canadian exporters are familiar with the U.S. Customs rules and regulations and, as these apply in Puerto Rico, there is no more of a problem than when selling on the mainland. There are no exchange difficulties because Puerto Rico is part of the U.S. currency area. Fish and canned fish products, dog food, potatoes, onions, confectionery and bakery products and animal feeds account for the majority of the Canadian food products exported to Puerto Rico.

There are definite sales channels in this large consumer market and all the

major supermarket chains and distributors have their buying offices in the San Juan area. Canadian suppliers interested in developing contacts in Puerto Rico are invited to send brochures or catalogues with prices in U.S. funds c.i.f. to the Trade Commissioner, Canadian Consulate, 1606 Pan Am Building, Hato Rey, Puerto Rico 00917. Those who prefer to write direct to the different firms should send us copies of their initial correspondence so that we can follow up on their behalf. In discussing each of the major supermarket chains and distributors, purchasing officers' names are not listed. The San Juan office will



provide these on request in accordance with the products to be offered.

In Puerto Rico there are four major supermarket chains that purchase their requirements either direct from manufacturers or through local distributors. Distributors who cater to the supermarket trade carry extensive stocks for servicing these food chains. Both the supermarket chains and distributors purchase their needs in container-load quantities because of the convenience of this door-to-door delivery service.

**Pueblo Supermarkets, Inc.** has 21 supermarkets throughout Puerto Rico and the Virgin Islands and during the past two years acquired the Hills Supermarket chain and the Double E. chain in the United States. It now has 68 markets in the eastern U.S. and sales volume this year is expected to exceed \$400 million. In addition to their retail outlets, Pueblo has two other subsidiaries, the Pueblo Wholesale Division and the Prime Meat Distributors which service both the institutional and the domestic market. In Puerto Rico its centralized buying offices are located at Campo Rico Avenue, Carolina, Puerto Rico. The address of the New York buying office is Hills Supermarket Inc., 50 Emjay Boulevard, Brentwood, Long Island.

**Supermercados Grand Union de Puerto Rico, Inc.** is a wholly owned subsidiary of Grand Union Supermarkets of the United States. Its Puerto Rican division reported sales of more than \$48 million last year. Its operation is very similar to that of the Pueblo chain and consists of retail outlets located in prominent shopping centers throughout the island. Inquiries should be directed to: Supermercados Grand Union de Puerto Rico, P.O. Box 756, Hato Rey, Puerto Rico 00919.

**Federacion Puertorriquena de Cooperativas de Consumo** is a well established co-operative organization with many members and retail outlets throughout the island. Its affiliated stores purchase their needs through the central warehouse. In addition to the commonly known food lines, many other lines are carried under its own label. Sales of more than \$40 million were reported in 1969. Correspondence should be addressed to: Federacion Puertorri-

quena de Cooperativas de Consumo, P.O. Box CC, San Juan, Puerto Rico 00936.

**Almacen Central, Inc.** is a corporate group organized to provide independent food stores throughout the island with a centralized outlet for produce. It owns a 112,000 square-foot new warehouse in Carolina with 6,000 square feet allocated for offices and a computer inventory system. The operation was opened on February 7, 1970, and is already carrying a number of private label brands. This could be an excellent market for new and good products. Inquiries should be directed to: Almacen Central, Inc., Carolina, Puerto Rico.

There are several firms in the distribution business.

**Caceres Johnson Corp.** distributes for the institutional trade. The variety of merchandise goes from a paper cup and napkin dispenser to an eight ounce sirloin steak, ready to serve. The firm is affiliated to the International Food-service System of the United States. Offers should be directed to: Caceres Johnson Corp., GPO Box 3968, San Juan, Puerto Rico 00936.

**C. O. Mason, Inc.** is a wholly owned subsidiary of the Borden Company and caters mainly to the institutional trade on portion controlled meats. Comas Packing, a division of C. O. Mason, packs a variety of its own products. It is not required to carry Borden's lines and is free to purchase in any market. In fact, it already carries Canadian smoked salmon. This firm offers a wide coverage of Puerto Rico as well as the U.S. Virgin Islands. Inquiries should be directed to: C. O. Mason, Inc., GPO Box 4265, San Juan, Puerto Rico 00936.

**Mendez and Company** packages some grain products under its own "Bonanza" label. In addition to its main office and warehouse in the San Juan area, Mendez and Co. has been established for many years in the south and west areas of Puerto Rico, and provides a wide coverage of the island market. Customers include small corner stores as well as the large supermarket chains. Purchases originate from Merchandising Office, Mendez and Co., GPO 3348, San Juan, Puerto Rico 00936.

Three others whose operations are similar to those of Mendez and Co. are: F. & J. Carrera, Inc., 452 Comercio Street, San Juan, Puerto Rico 00903; Freiria & Company, GPO Box 4165, San Juan, Puerto Rico 00936; and Ballester Hnos., Inc., Mercado Central, Road 2, San Juan, Puerto Rico 00936.

**The First Central Market Corporation** is engaged in the wholesale distribution of fruits and vegetables here and in other Caribbean islands, including the Commonwealth Caribbean. It has refrigerated storage facilities in San Juan and in St. Lucia, and is at present seeking sources of supply for meats, eggs, potatoes, frozen sea foods and several other vegetable products. Correspondence should be directed to: First Central Market Corp., Export Dept., P.O. Box 3984, San Juan, Puerto Rico 00904.

There is a scarcity of regular refrigerated transportation between eastern Canadian ports and Puerto Rico, but there are alternative routes via the U.S. eastern seaboard.

#### PUERTO RICO'S FOOD IMPORTS

|                              | U.S.\$ million |              |
|------------------------------|----------------|--------------|
|                              | 1966/67        | 1967/68      |
| <b>From the U.S.</b>         |                |              |
| Live animals                 | 2.2            | 1.7          |
| Meat, meat preparations      | 75.2           | 77.2         |
| Dairy products, eggs         | 34.6           | 41.1         |
| Fish and products            | 6.7            | 7.3          |
| Cereals and preparations     | 52.5           | 53.2         |
| Fruits, vegetables           | 39.0           | 48.3         |
| Sugar, honey                 | 5.3            | 5.0          |
| Coffee, tea, spices, etc.    | 6.9            | 6.0          |
| Animal feeds                 | 12.1           | 12.0         |
| Miscellaneous                | 35.9           | 33.8         |
| <b>Total</b>                 | <b>270.4</b>   | <b>285.7</b> |
| <b>From non U.S. sources</b> |                |              |
| Meats                        | 14.9           | 16.4         |
| Fish                         | 31.4           | 34.0         |
| Dairy products               | 2.4            | 2.7          |
| Grain, malt, etc.            | 1.8            | 1.6          |
| Vegetables                   | 4.5            | 6.5          |
| Nuts, fruits                 | .4             | .8           |
| Sugar, cocoa, etc.           | 1.0            | 2.0          |
| Miscellaneous                | 1.8            | 2.1          |
| <b>Total</b>                 | <b>58.2</b>    | <b>66.1</b>  |

# Belgium Builds Up School Systems

Major reforms begun during the last decade continue with new schools, and expanded facilities calling for more and better equipment. Canadian manufacturers, especially of electronic equipment, should investigate this market.

LAWRENCE D. LEDERMAN  
Assistant Commercial Secretary, Brussels

Belgium, like Canada, has always had two school systems. The école libre, the private school system, is supported by the church. The école de l'état is a public school system as we know it in Canada and is supported by the state. Approximately 58 per cent of Belgian students attend the écoles libres; the remainder go to state-supported schools.

Before 1958 the education system was very much a political football with each school system supported by one of the parties. This situation played havoc with the development of the education system over the years because the party in power would pass laws that favored its particular system. Although slightly more than half the students in Belgium attended the écoles libres, that system received little in the

way of government subsidies. The schools were maintained primarily by funds donated by the church and the parents.

In 1958 a compromise, known as the Pacte Scolaire, brought about an armistice between the rival school systems and, as a result, freer education: larger allocations of government funds were made for building more public schools, and additional grants were made available for higher education. The private school system also received grants and scholarships that permitted students to attend these schools free; their parents pay tuition fees only at the university level. Because this reform was so long delayed the Belgian educational system lagged far behind those of other European

countries. Schools were old, badly equipped and terribly overcrowded. Since tuition fees had been required in many schools, children of poorer families rarely reached the secondary school level, and only the wealthy could afford a university education.

**The Pacte Scolaire ended these major ills. By 1966 funds devoted to education amounted to Cdn.\$890 million, or 20.3 per cent of the state budget, compared with 1957 when the funds for education and culture totalled Cdn.\$265 million, 11 per cent of the budget. In the same period 1,000 new schools were built.**

There are three levels of education in Belgium, not including nursery school which accepts children age three to six. Primary school is for the 6 to 12 age

*Obviously school can be fun in Belgium where, in 1966, Cdn.\$890 million was spent on education. Reform of the system means that more schools will be built and more equipment needed, but the market is highly competitive.*



group. Secondary education is divided into two stages: the first is for children between 12 and 15 and the second from 15 to 18. Either a general or vocational or technical education can be followed at these two stages.

With a population of ten million, Belgium maintains four official universities: the Free University of Brussels, a non-denominational university, the Catholic University of Louvain, and two State Universities, one at Ghent and one at Liege. There are 20 other higher education establishments but they are not classified as universities. Among these are military schools, theological colleges, and faculties which specialize in a particular area, such as the Faculty of Commerce in Antwerp and the Faculté Polytechnique at Mons. It is in this area that much change is expected. Groups throughout the country are attempting to have these faculties recognized as full-fledged universities through expansion and by combining faculties which exist as separate entities in the same city.

What does this educational transformation signify to the potential exporter of educational equipment to Belgium? Reform and expansion of the school system has been in effect for only slightly more than a decade. More teachers are needed, more universities will be formed, more schools will be built and more equipment will be needed. Because educational equipment is made up of a variety of products, it is difficult to give total import figures for Belgium. However, some indication of imports in selected areas can be found in the following figures for selected imports into the Belgo-Luxembourg Economic Union (BLEU), January to October 1969: laboratory equipment for teaching physics and chemistry Cdn.\$830,000, records for language teaching Cdn.\$160,000, slide projectors Cdn.\$1,680,000.

**The educational equipment market, especially in the area of electronic material, is highly competitive because excellent products are manufactured in EEC countries.** Therefore, it is extremely important that the Canadian exporter investigate the market potential for his product thoroughly. The company that has a product with a unique feature and that is willing to undertake market research is the one that will penetrate this market suc-



*About 58 per cent of Belgian children attend the private school system supported by the church, and since 1958 this system has received more and more state funds.*

cessfully. An understanding of the very intricate political and linguistic problems that plague this country is essential.

The Canadian exporter's first step should be to write to the Commercial Counsellor, Canadian Embassy, rue de la Science 35, B-1040 Brussels (Belgium). His letter should include a description of his product (10 copies of an illustrated catalogue is preferred), a price list c.i.f. Antwerp, type of distribution system desired (exclusive wholesaler, direct selling?), a request for information on customs duties and sales tax.

Sales tax is an important factor in establishing a product's price on the Belgian market. In Belgium, sales taxes must be paid in addition to customs duties which vary from item to item. For example, on laboratory equipment for teaching physics and chemistry a customs duty of 7 per cent on the c.i.f. price and a sales tax of 7 per cent over and above the duty paid value is levied. Slide projectors are subject to a customs duty of 11.9 per cent plus a sales tax of 23 per cent because they are considered a luxury. This final price will be the importer's purchasing price and will determine just how competitive a Canadian firm's pricing is.

Belgian schools are permitted to purchase directly and therefore the Canadian exporter should consider visiting major universities and secondary school organizations within a province or

commune to determine the market needs. The Commercial Division of the Embassy will be pleased to recommend the right people to see and will also arrange all appointments.

**If the preliminary survey shows a promising market, the exporter should consider participating in the biannual educational equipment fair.** The next exhibition will be in April/May 1971 when the Salon International du Matériel Didactique (SADIBEL) will be held in Brussels for one week. This show is open to the trade only and is an excellent way to introduce your product and meet major buyers and distributors. The trade office in Brussels can provide information on this show.

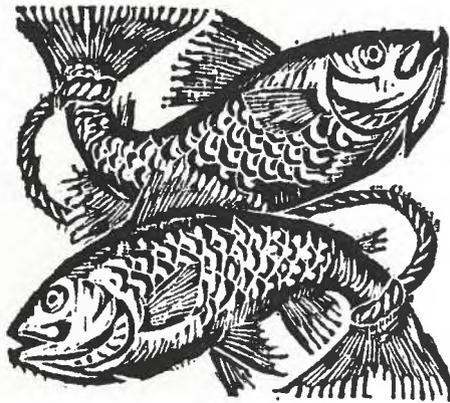
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### Heavy Water Separators for India

Canadian Westinghouse will export approximately \$400,000 worth of Zircaloy calandria tubes to India for the second unit of the Rajasthan Atomic Power Station. The order was placed by Montreal Engineering Company, Ltd. for the Department of Atomic Energy of India. Designed to separate heavy water moderator from the nuclear fuel channels, the tubes will be manufactured by Westinghouse at its Atomic Power Division plant in Port Hope, Ontario. The company developed this production capability to provide Zircaloy calandria tubes for heavy water reactors such as the CANDU-type and is supplying tubes to Ontario Hydro's nuclear power station at Pickering, Ontario. Delivery to the Indian reactor will begin in the second half of this year.

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# The Year of the Fish



With tax incentives and by decrees Brazil is attempting to quadruple fish production to two million tons by 1972, opening up opportunities for Canadian marine equipment manufacturers.

C. D. VALENTINE

Commercial Secretary, Rio de Janeiro

With a coastline of almost 5,300 miles, plus 2,400 miles of rivers navigable for fishing, and a population of 90 million, Brazil should be one of the world's leading fish producers. Instead, it is 24th among fishing nations, with an annual catch of approximately 500,000 tons out of a total world harvest of some 64 million tons.

**But this should change if plans to quadruple production to 2 million tons by 1972 are successful.** This figure is not being just talked about. It is being acted upon very vigorously and many Canadian manufacturers can profit from this rapid expansion. Canadian producers of commercial fishing equipment, including boats and machinery for canneries, transportation and processing, as well as manufacturers of radar, sonar, electronics, can benefit—perhaps even basic steel producers. Canadian importers too, particularly of shrimp, might benefit from the increasing supplies that will be available.

The story of Brazil's development of fisheries is not an old one. On February 27, 1967, Government Decree 221 implemented the fiscal incentives giving fishing companies and others the impetus needed to expand. It gave to SUDEPE, the Superintendency for the Development of Fisheries created in 1962, many new powers and much more jurisdiction than before. The decree's most important financial incentive was to give income tax exemptions until 1972 to those firms whose fishing projects received SUDEPE approval. It also allowed any Brazilian firm to invest 25 per cent of its payable income tax in any project approved by SUDEPE.

**Under the sound management of SUDEPE, development has taken place in the fields of research, manpower development and training and conservation,** and related projects have been carried out. Every proposal is closely analyzed before approval and in the three years

105 projects with an investment in excess of \$200 million have been approved. Of this, over \$35 million came from resources that normally would have gone to the Federal Government in the form of income tax.

It's one thing, of course, to plan to catch the fish. The other is what to do with it when caught. Even with a population of 90 million, Brazil cannot easily consume two million tons of fish, particularly when the average consumption per capita averages only 10 pounds per year. The Portuguese brought to Brazil their love for salted cod and even today the country consumes vast quantities—all of it imported because cod is not found in Brazil's waters. Imports of fish average about \$27.1 million, of which \$25.5 million is cod. Because consumption patterns must change, SUDEPE has legislated that five per cent of the financing must be invested in activities to promote consumption. Among the

solutions is the one to promote fish eating in the Armed Forces and in all the schools, but this still will not suffice as the consumption level has to rise to at least 30 lbs. per capita or more, even with the present population growth rate of about three per cent a year. And, of course, the people must be weaned away from imported salt cod.

**The changes that must accompany this transformation might provide opportunities for Canadian knowhow.** Transportation and handling facilities to get the fish to the people are going to have to be expanded. Packaging, refrigeration, processing and handling equipment will be required in large quantities if the effort is to succeed. In addition, port improvement studies and marketing studies, nutritional education programs and fish preparation projects will have to be undertaken in the coming years. Training schools will also have to be built.

Perhaps the most interesting field for Canada will be in the export area. For SUDEPE approved projects, the various companies can import duty free all types of equipment which are going to be used for export fish production. The equipment can range from the boat itself, on-board equipment, packing plant processing machinery and even the wrapping materials and boxes.

Recently the fishing fleets under SUDEPE were expanded by the addition



*The expansion of the Brazilian fishing fleet in the last few years has been spectacular and it is expected that another 500 boats will be required. Much of the equipment used on these boats will have to be imported, some of it from Canada.*

of 501 boats totalling 20,883 tons. Of these, 231 were built in Brazil and 270 were imported from the U.S., Norway, Mexico, Panama, Chile, Argentina, Japan, Germany and the Soviet Union. Most of them came fully equipped. Although some maritime equipment is manufactured in Brazil, things like radar, automatic pilots, echo sounders, communication equipment, winches and ship refrigeration equipment have to be imported. It is estimated that another 500 boats will

be required but, as Brazilian shipyards increase their capacities, only about 100 of these will be imported.

**Another area that could interest Canadian businessmen will be buying fish from Brazil.** Although Canada is the tenth largest fish producer in the world, it still imported more than \$33 million worth of fish in 1968. Of this amount \$8.5 million was shrimp, both fresh and frozen, only \$16,000 of which came from Brazil. Obviously there is going to be an opportunity for Canada to increase shrimp imports from Brazil because they abound in the coastal waters and often are an incidental bonus to fishermen who may be after one of the other 120 kinds of fish off the Brazilian coast.

*The export of lobster and shrimp is becoming an increasingly important part of the Brazilian economy. In 1968 Canada bought \$16,000 worth of Brazilian shrimp.*



Although the present terms of Decree Law 221 are due to expire at the end of 1972, the program has progressed so well there is every reason to believe that it will be extended. Up until now, Brazil's best known fish abroad has probably been the small man-eating piranha. By 1972, however, Brazil hopes to be one of the top seven fish producing nations in the world, surpassing Canada. By acting now, Canadian manufacturers might be able to participate in this expansion, and the Canadian trade offices in Rio de Janeiro and Sao Paulo will be pleased to assist in any way.

# Food Marketing in Indiana

On a recent trip through this State, the author found little evidence of Canadian food products, but a great desire on the part of the trade to handle some.

P. J. WRIGHT, Commercial Officer, Detroit



"Clean, keen and competitive" is the description given the food industry in the Hoosier State by members of the trade. This may sound like an invitation to those accustomed to less attractive marketing practices elsewhere but, if so, it is an invitation unanswered by Canadian food suppliers. Canadian food products are virtually unknown.

The trade is concentrated in Indianapolis, with secondary centers at Fort Wayne in the north and Evansville in the south. Chicago is, of course, a major distributor point for the heavily populated northwest of Indiana. In effect Indiana consists of three major marketing areas, each expanding from Indianapolis; at the center is Metropolitan Indianapolis, an eight-county area accounting for 20 per cent of the total food sales volume in the state; surrounding this is a 28-county marketing area dominated by Indiana-

polis and representing one third of the total food sales; and finally the remainder of the state. Thus Indianapolis is the recommended point of concentration for Canadian food salesmen. The market lacks only variety of selection which could be vastly improved by the addition of Canadian food products.

**Ham, cheese, fish, beef and cookies are ready-made for this market.** The success of Denmark's Plumrose ham is an excellent example of what can be accomplished, even in the heart of the United States corn country. Through vigorous promotion Danish hams have earned the number one position against domestic competition in the state. This success can be emulated by Canadian products, in particular those already established in Detroit and Chicago.

During a recent visit to Indianapolis the writer met with more than 50

members of the food community, and was asked repeatedly about the availability of Canadian lines. Hal Jackson, president of Greely Food Brokerage, an ex-patriate Canadian and former N.H.L. star defenceman with Detroit and Chicago, stated: "This is an excellent market for Canadian products. I can't understand why Canadian companies have not taken advantage of it. I would certainly like to acquire some good lines of frozen produce from Canada, particularly fish."

Mr. John E. Smith, president of John E. Smith Food Brokerage, with a sales staff of 29, was equally enthusiastic: "I am most interested in acquiring a line of Canadian ham or cheese, preferably aged cheddar. I know the quality of these products and could find good distribution for them in this market." Similarly, Mr. Richard Sievert, sales manager of Nicholas Company Inc., a food broker with a

staff of 58 sales personnel covering the mid-west, keenly wants a line of Canadian chocolates. Mr. Sievert has made inquiries on his own, but so far without success. He offers wide sales coverage throughout the Mid-west.

Similarly, resident buyers at the A & P Food Stores (Atlantic and Pacific Tea Company), the Kroger Company and Standard Grocery Company (National Tea Company) would welcome sales efforts on behalf of Canadian products. They mentioned interest in ham, cheese, fish, beef, biscuits, jams, apple juice, canned fruit, frozen french fried potatoes, bakery specialties and pasta products. Retail prices for these products in Indiana are in line with those in Canada and package sizes and labels present no problem to those who have marketed in other U.S. cities.

Canadians will be amused at a few unusual shelf items such as "cut-green beans with dry-shell beans" (canned) and "hominy grits", oddities that reflect a regional link with the deep south rather than a difference in consumer tastes. In fact, product preferences and consumer habits are similar to those in Canada. Canadian products that have established themselves in other areas of the U.S. market have the same opportunity for acceptance in Indiana—brokers, buyers and consumers are ready!

Several helpful publications assist food products salesmen in locating key people within the food trade. They are *Indiana Food Market*, the *Indianapolis Grocery Trade and Route List and Information*, all obtainable free from the publishers, The Indianapolis Star, 307 N. Pennsylvania Street, Indianapolis, Indiana 46206. The Indianapolis Chamber of Commerce, 320 Meridian Street, Indianapolis, Indiana 46206, is also very helpful in providing general economic data.

The Canadian Consulate in Detroit has compiled market information on Indiana, much of it acquired through calls on the trade in Indianapolis. We would be happy to pass this on. Our address is: Canadian Consulate, 1920 First Federal Building, 1001 Woodward Avenue, Detroit, Michigan 48226. Our telephone number is 313-965-2811. With readily available reference material, making contact with the trade in Indiana is straightforward. Personal visits remain by far

the most effective introduction, so Canadians anticipating entry to this market should start with a business trip to Indianapolis. The number of current inquiries for Canadian products makes this a most opportune time.

"Tinkers to Evers to Chance", the smooth-working combination of baseball fame, can be paraphrased to "broker to wholesaler to retailer", as expressing the pattern of distribution in the Indiana food trade. Brokers are commission agents and do not stock products; wholesalers distribute and do not infringe upon brokers; retailers promote with assistance and support from both. Co-operation among the elements of the trade is excellent. Five wholesalers and three jobbers handle a major share of food distribution in Indianapolis. With the exception of one wholesaler, March Supermarkets in Yorktown, Indiana, these buying offices are located in Indianapolis. The retail food chains form the wholesale units, namely: A & P Food Stores; Kroger Company; Marsh Supermarkets, Inc.; Standard Grocery and Ayr-Way Foods, Inc. The three voluntary food store groups comprise the jobbers, namely: Grocers, Inc.; Big 10 Markets; and Regal Stores, Inc. In addition, institutional food wholesalers, frozen food wholesalers, wagon jobbers, rack jobbers, drug wholesalers and a few retail indepen-

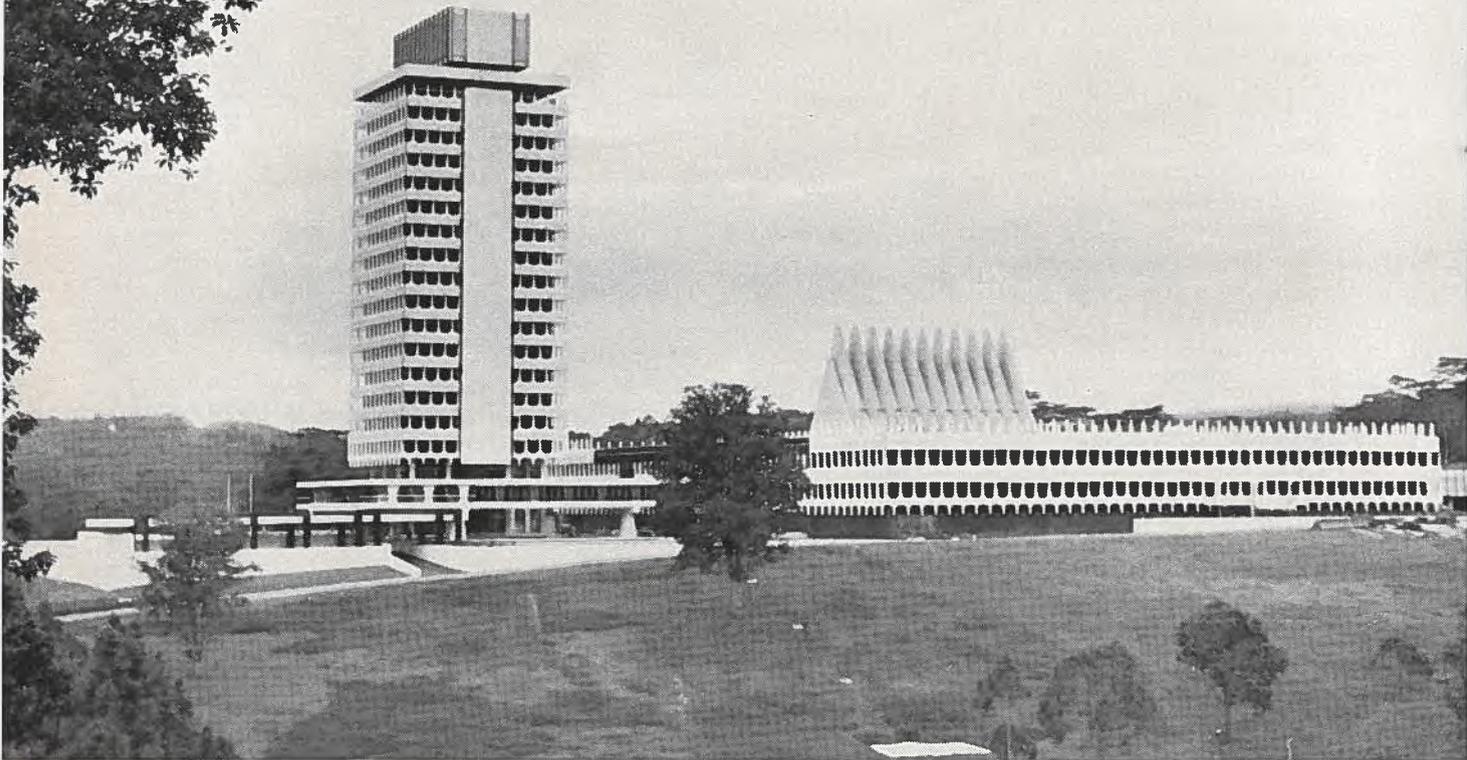
dent food chains offer specialized channels of distribution. From broker to wholesaler to retailer, like "Tinkers to Evers to Chance", the distribution of food flows smoothly through the channels within the Indiana food community.

Indiana is accessible, affluent, and apt for Canadian food products. Indianapolis is a cross-roads of the national highway system with more interstate highways converging at this point than any other section of the United States. Major railroads from all parts of the country converge at Indianapolis which also boasts a modern municipal airport. In terms of distribution facilities, it is a stepping stone to the South and Southwest United States. Per capita income is among the highest in the nation, with manufacturing, trade and agriculture forming the basis of a sound economy. Indiana could become an important market extension for the Canadian food industry which, in turn, could enrich the choice offered to Indiana consumers.

The attitude toward Canada is receptive among the food trade and adequate market information is available. There is ample evidence of demand for Canadian food products. Why not visit Indianapolis to extend your sales in the mid-west?



# Malaysia Forges Ahead



*The modern and very striking Parliament House of Malaysia in Kuala Lumpur. Malaysia last year recorded a balance of payments surplus of U.S.\$175 million, and is now intent on trying to develop secondary manufacturing industries.*

Government policies to foster local manufacturing provide opportunities for joint venture projects that could take advantage of tax exemptions.

## DOUGLAS LINDORES

Acting Commercial Secretary, Kuala Lumpur

An increasing number of foreign companies are seeking to ensure their long-term role in the developing economy of Malaysia by investing directly in local assembly or manufacturing plants. Despite some disruption of the economy due to the civil disturbances in May last year, Malaysia's GNP at current market prices rose 9 per cent to approximately U.S.\$3.75 billion in 1969. This was the highest growth rate achieved since 1965. The export sector was particularly strong, with high prices being recorded for the major items of rubber, tin, palm oil and timber.

Due to a very large surplus on the country's balance of trade, the over-all balance of payments recorded a surplus

of U.S.\$175 million, compared with small deficits in the preceding three years. At the end of 1969, external reserves were sufficient to finance imports for about nine months.

For a variety of reasons, a large number of companies that formerly sold their products to Malaysia through the extensive system of large trading houses, are now being forced to invest directly in local operations. One major factor is that the Government is taking the initiative in developing secondary manufacturing industry by creating a climate that virtually forces local manufacture or assembly. A government agency identifies products that can be manufactured locally, after which pro-

hibitive tariffs or quotas are placed on the importation of similar products. The most aggressive foreign partners in resultant ventures have been the Japanese, who have received significant government protection. Plants of this type normally tie most of their machinery and raw material purchases back to the country of the foreign partner.

**Companies locating in Malaysia primarily to supply the domestic market are normally required by the Government to reserve 50 per cent of their equity for local partners. Firms locating in Malaysia to utilize the country's raw materials and ample low-cost labor supply to produce products for export markets may be allowed under special**

**conditions to retain up to 100 per cent of the equity.**

Government efforts are supported by several important elements of the Malaysian economic and political environment. The economy of Malaysia is essentially sound, being based on its traditional export items of rubber, tin and timber. The long-term political stability of Malaysia must be considered to be at least as promising as that of any other country in Southeast Asia.

Coupled with these basic conditions is the fact that the Malaysian Government fully supports the free enterprise system, although it has entered the economy directly in certain sectors in an attempt to rectify the economic imbalance between the Chinese and Malay sections of the population. The Government has also undertaken to provide a series of attractive investment incentives. Foreign investors are also attracted by the availability of debt and equity capital, the generally high return on investment, and the very low labor rates.

Although Canada is still not a major factor in the developing secondary manufacturing industry, several Canadian companies have recognized the country's potential and have established plants here. Bata Shoe has been manufacturing various types of rubber footwear in Malaysia even before Independence in 1957. Alcan has had an aluminum rolling mill in operation for several years and is now installing an extrusion mill to produce aluminum pipe. Chemetics Ltd. of Vancouver has recently entered into a joint venture agreement with a local partner to design, build and operate a plant to produce sodium chlorate for use as a herbicide on the rubber and oil palm estates. Several other Canadian companies are investigating opportunities.

**The responsibility for attracting new manufacturing industries to Malaysia falls to the Federal Industrial Development Authority. This organization is responsible for carrying out the Government's two-pronged drive toward industrial development:**

- (a) The identification of industries regarded as viable and suitable for establishment in Malaysia, and
- (b) The provision, in conjunction with other Government departments, of the

necessary tax concessions, protective tariff measures or any other incentives which the Government is prepared to offer to ensure the development of that industry in the country.

This policy is a major change by the Government from its earlier program of assistance, which provided good support but left the initiative entirely in the hands of the private sector. This change has been brought about partly by the racial disturbances of May 1969, and partly by a sense of awareness that other manufacturing areas of Southeast Asia, such as Singapore, Hong Kong and Taiwan, are proving to be much more successful in their industrial development program.

Although the former is still a factor of which the Malaysians are keenly aware, they do argue that the negative publicity incurred by the May riots has been largely overcome. As the Government points out, the rioting which took place was of a communal nature, and was limited primarily to the federal district of Kuala Lumpur. The rioters did not attack foreigners nor was there any evidence of hostility to foreign-based manufacturing companies.

As part of its over-all industrial development program, FIDA operates a "marriage bureau" service for local or foreign companies interested in securing partners for joint venture operations in Malaysia. Firms wishing to find partners to develop a particular manufacturing business in this country may register with FIDA, who will then undertake to locate a suitable party. The Authority also publishes a series of booklets in which basic information for investors is provided. FIDA has carried out a series of preliminary project reports which give basic information on the market environment for particular products. Recent ones cover such diverse products as suitcases, desiccated coconut, centrifugal pumps, cashew nuts, particle board, sand lime bricks, hardboard, refining and hydro-generation of palm oil, slaughterhouse waste products and pyrolysis of wood waste.

**The financing of a joint venture is not normally a problem as local capital is available for attractive investment opportunities. Assistance is also available through the semi-government Malaysian Industrial Development Finance Bhd.**

**MIDF is able to provide both equity and loan capital, the latter at an interest rate of 8½ per cent for extended periods of up to 15 years.**

A number of industrial estates, jointly operated by the federal and state governments and MIDF, are located throughout the country. The most popular area to date has been along the federal highway between Kuala Lumpur and Port Swettenham. The Petaling Jaya Industrial Estate, which was completed some years ago, has proved to be a major success. A second estate known as Batu Tiga is progressing rapidly to full occupancy. Other areas of the country, such as Penang, Ipoh and Johore Bahru, offer equally good but lower cost labor supplies with greater investment incentives and lower land and building costs.

Investment incentives are awarded to both pioneer and non-pioneer status companies. Firms wishing to receive pioneer status for their projects must make special application to the government through the Federal Industrial Development Authority and agree to certain restrictions on their capital structure and method of operation. For example, pioneer status companies are expected to have 50 per cent of their equity in Malaysian hands and to employ personnel on a basis which reflects the over-all racial balance of the country (i.e. 50 per cent Malays, 37 per cent Chinese, and 13 per cent Indians and others).

In addition to the individual incentives for these two categories, various export incentives including double deductions from tax for export promotion expenses, accelerated depreciation allowance, and exemption from payroll tax are offered to companies developing export markets.

Other incentives offered to investors include import duty exemption for machinery (and in some cases for raw materials used in the manufacturing process), the free transfer of capital earnings within the sterling area and with minimum control to and from other countries, tariff protection for deserving industries, protection against dumping by foreign exporters, investment guarantee agreements (the Export Development Corporation of Canada is negotiating an investment guarantee agreement with the Malaysian Govern-



*Rubber is still high on Malaysia's list of exports, and the old ways of tapping trees have not been changed. The country is, however, being urged to industrialize.*

ment), preferential government buying of locally manufactured products, and the provision of standard factory units through the industrial estate program.

There are, however, negative factors to be taken into account when considering Malaysia as a country for investment. One of the major requirements for any firm wishing to negotiate an investment project will be patience. Even small and relatively simple projects can take up to two years to process through the required government channels. While the over-all goal of encouraging industrial development is accepted by the government agencies involved, lack of close co-operation between them results in a frustrating process where investors will often have

to explain and obtain approval for, say, their financial structure from several different bodies. It is in this context that Malaysia suffers most in comparison with its regional rival, Singapore.

The greatest problem by far in promoting Malaysian industrial development is the small and rather unsophisticated domestic market. This is complicated by the policies of economic nationalism that are being pursued by virtually all the Governments of the Southeast Asian region. These policies result in a series of small and inefficient plants being located behind high tariff walls in a number of countries, when one large plant could meet the total regional requirements. The automobile assembly industry is proving to be a classic example of this process.

Transportation within the country can be a problem in certain areas. Plants located in the southern part of the West Malaysian Peninsula are generally serviced by the Port of Singapore, which has adequate capacity to ensure a free and efficient movement of goods. An equally good service exists in the north in the area serviced by Penang and Butterworth. Port Swettenham has been expanding rapidly to meet the needs of the growing Kuala Lumpur area and the State of Selangor, but has been experiencing a number of growing pains. Delays of several days are common, and some ships are now bypassing the port. Expansion continues, nevertheless, and it is hoped that these problems will be overcome within the near future.

**Road transport continues to be the most popular means of moving goods inland. Rates are reasonably low and routes are serviced by a large number of indepen-**

**dent trucking companies. Although well-surfaced, the roads are narrow and winding, and loads are restricted to a maximum width of seven feet, six inches—a major drawback, in that it eliminates the use of standard international containers.**

The railroads have been much criticized in recent months and are generally considered to be non-competitive for moving many types of merchandise. Malaysia is well serviced domestically and internationally by Malaysia-Singapore and other airlines, which can provide frequent and efficient passenger and air freight service between the major centers. A secondary feeder airline service is being planned in West Malaysia, similar to the type operated by MSA in Sabah and Sarawak.

Despite all these problems, industrial development is going ahead, and Canadian companies should be investigating their possibilities. Even with the limited size of the market, and the problems of racial stability and possible vulnerability to external pressures, many foreign companies are setting up operations in Malaysia each year. But it should be emphasized that the Malaysian manufacturing industry is making it increasingly difficult for foreign manufacturers to compete. If Canadian companies are to maintain a long-term role in the Malaysian economy, they must be prepared to invest directly in that economy through the establishment of joint venture assembly or manufacturing plants. If your company would like further information on investment possibilities in Malaysia please write directly to: Acting Commercial Secretary, Office of the High Commissioner for Canada, P.O. Box 990, Kuala Lumpur, Malaysia.

### **Brazil Improves Port of Santos**

Improved cargo handling facilities—began in 1969—at Brazil's Santos Port have rid the harbor this year of such traffic tie-ups as the 33 seagoing vessels that had to await entrance to the port at the close of 1968.

The improvements include the introduction of new technical equipment such as mobile cranes, tractors, locomotives and grain loaders. The lengthening of loading docks and the transfer of bulk handling to separate facilities is another major factor

in reducing the time required for a ship to discharge cargo. Still other improvements, in the area of organizational methods, reduce the time required for clearance of documents, availability of more railroad cars and stricter discipline of importers and exporters, who now are prevented from piling up merchandise in front of warehouses, weeks in advance of or after shipment. Now cargoes can only be brought to Santos after shippers receive the official 72-hour advance notice of the arrival of their ships.

# Trade Lines

**Argentina will supply railway coaches to Chile. Successfully competing with firms from Japan, Spain, Britain, Italy, West Germany and France, Fiat Concord, Argentina's largest manufacturer of automobiles, large diesel engines, farm tractors and railway rolling stock, will supply 40 railway passenger coaches to Chile's General Railway Bureau. This \$8 million order calls for 20 electric trains of two coaches each. One coach of each pair will be powered by electric traction motors, and will have a pantograph power pick-up, hauling the other coach—Buenos Aires.**

**The value of Singapore's newest industry, the assembling of electronic components, is expected to more than double this year. Production (ex-factory) in 1969 was approximately Cdn.\$22.4 million. The dynamic expansion of the industry is graphically illustrated when current production figures are compared with 1968's total of about Cdn.\$3.5 million—Singapore.**

**The assembling of electronic components has become a viable segment of Singapore's economy. Most of the 22 companies in the Republic, with several more in various stages of organization, are American-based and components for assembly are shipped mainly from the U.S. In July, 1969, there were only eight such companies in Singapore. Currently one company is ready to market its products and hopes to export at least Cdn. \$1 million to Hong Kong, Japan and other countries in the region—Singapore.**

**Hong Kong will spend Cdn. \$6 million over the next few years to increase recreational amenities throughout the Colony. A third of this total has been budgeted for the construction in 1970-71 of 34 projects which include swimming pools, parks, playgrounds and improvement of existing facilities—Hong Kong.**

**Argentina in 1969 manufactured 153,047 automobiles and 65,540 commercial vehicles for a record annual production of 218,587 units. The leading producers were Fiat 22.8 per cent; Ford 16.5; IKA-Renault 15.5; and General Motors 13.7; followed by Peugeot, Chrysler and Citroen, and four smaller manufacturers—Buenos Aires.**

**Ecuador will import 16,000 head of cattle in order to improve its cattle industry, particularly on the Pacific Coast. Cost of the project will be about \$12 million. In conjunction with this project the Ecuadorian Government will also take steps to combat the presence of cattle diseases in various sectors of the country—Bogota.**

**The Agricultural Development Bank, recently established by Venezuela, will provide financing for large scale farming and livestock breeding operations. Its capital of 100 million Bolivars (Cdn. \$25 million) has been subscribed half by the Government and half by the private sector. The new bank will allow the existing Banco Agricola y Pecuario (BAP) to concentrate on financing the small-scale farmer. The new bank will also absorb the activities of the credit department of the Ministry of Agriculture—Caracas.**

**One of the largest wood processing plants on the continent will be installed in mid-year at Taquari, Brazil. Financed in part by Brazil's National Economic Development Bank, the project will produce laminated sheets, plywoods, fiber sheets, and agglomerates. It is expected that the factory will supply the demands of Brazil's civil construction, furniture and home appliance industries as well as export wood products. Total investment is estimated at about the equivalent of Cdn. \$6.2 million—Sao Paulo.**

**International tenders for the supply of equipment for the hydroelectric central at Chivor, Colombia, will be called this summer and adjudication of the contract will include U.S. \$24 million financing by the suppliers. Chivor will be the highest earth-fill dam in Colombia and the third largest in the Americas after the British Columbia Hydro and Power Authority's Mica dam and the Oroville dam in California. The civil works for the first stage, which will generate 500 mw, has been financed by the World Bank—Bogota.**

**Tenders will be called early this fall for design, construction installation and supply of equipment for the first stage of the 125 mw thermal plant at Cartagena, Colombia. They will be called by the Corporation Electrica de la Costa Atlantica (CORELCA). The plant, a turnkey project, will have a budget of approximately U.S.\$12 million financed by suppliers—Bogota.**

**The Singer Sewing Machine Company of Clydebank (on the outskirts of Glasgow), employing over 8,000, has just signed a 15-year natural gas contract with the Scottish Gas Board for its new \$3 million power station. By replacing the existing coal and oil electricity generating installations, Singer hopes to save 15 per cent on its annual fuel bill—Glasgow.**

**Computers in use in Switzerland now number more than 1,300 compared with 26 in 1961. About 1,000 are owned by the user, the remainder are leased. Total estimated investment in computers is \$625 million—Berne.**

# Foreign Tariffs and Trade Regulations

## Australia

**The Department of Customs and Excise has announced new marking and standardized packaging requirements which are expected to apply to goods imported into Australia on and after November 1, 1970.**

The new requirements are additional to the existing provisions under the Commerce Act and Commerce Regulations which have been in operation for many years and with which exporters to Australia will be familiar. Basically, the new legislation will apply only to goods which are pre-packaged for sale.

Exporters should note that the new legislation relates only to labelling and marking and does not alter any other import requirement applying to the goods, e.g., under Quarantine Regulations and Customs (Prohibited Imports) Regulations.

Information regarding these new requirements is available from the Pacific Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, Ontario.

## Barbados

**The Barbados Budget for 1970-71 was announced on May 12. Its main features are:**

- (a) No change in rates or incidence of income tax.
- (b) No change in import duties.
- (c) Management fees paid to non-residents are to be taxable.
- (d) Gasoline tax increased.
- (e) Beer and cement consumption tax increased.
- (f) Consumption tax imposed on fruit and vegetable juices, soap, paint, jewellery, perfume, radios, phonographs, TV sets, tape recorders, washing machines, water heaters, air conditioners, and manufactured malt beverages.
- (g) Warehouse rents increased.
- (h) Hotel tax imposed.
- (i) Airport landing and parking charges for aircraft increased.
- (j) Airport service charge increased.

(k) Property transfer tax on non-residents increased.

(l) Tax imposed on application to reside in Barbados.

Further information may be obtained from the Caribbean Division, Office of Area Relations.

## Britain

**The British rate of import deposit, payable on imported goods, is reduced from 40 per cent to 30 per cent, effective May 1, 1970, the Government announced recently.**

## Ireland

**The Irish Budget brought down April 22, 1970, made provision for an increase in the rate of the turnover tax, from 2½ per cent to 5 per cent. The increased rate became effective May 1, 1970. Turnover tax, subject to certain exemptions, is chargeable on all imported goods and is levied on the duty-paid value of the goods.**

## New Zealand

**The Minister of Customs of New Zealand has notified, in Import Control Exemption Notice No. 13, that the following basic materials required by the plastics industry will no longer be subject to the import licensing requirements, effective July 1, 1970.**

### Tariff Item

Ex 39.01.11 } Condensation, polycondensation and  
Ex 39.01.19 } polyaddition products in powder, granules, flakes, blocks, lumps and similar bulk forms (other than urea formaldehyde, phenol formaldehyde, melamine formaldehyde, polyesters, epoxy resins, polyurethanes, alkyd resins and polyamides).

Ex 39.02.12 } Polymerisation and copolymerisation  
to } products in powder, granules, flakes,  
Ex 39.02.18 } blocks, lumps and similar bulk forms other than polyethylene, polyvinyl chloride, polyvinyl acetate/acrylic copolymers, polyacrylic and polymethacrylic derivatives, and compounds thereof).

Ex 39.02.18 } Other high polymers, artificial resins and  
Ex 39.06.21 } artificial plastic materials (other than  
Ex 39.06.29 } alginic acid, its salts and esters, and  
linoxyn) in powder, granules, flakes,  
blocks, lumps and similar bulk forms.

### United States

**The necessity for import controls on four non-quota dairy products—ice cream, chocolate crumb with a fat content of 5.5 per cent or less, animal feeds containing milk or milk derivatives, and certain cheese containing 0.5 per cent or less by weight of butterfat—will be investigated by the United States Tariff Commission**

under Section 22 of the Agricultural Adjustment Act. Such an investigation is held when the Secretary of Agriculture, and the President, have reason to believe that articles are being imported in such quantities as to interfere with the U.S. price support program for milk and butterfat. Following investigation, the President may, by proclamation, establish import quotas.

Hearings are to begin at 10 a.m. July 7, in the Tariff Commission Building, 8th and E. Streets, North West, Washington D.C., with written briefs submitted to the Secretary of the Commission by July 10, and notice of intention to appear and make an oral presentation to be provided by June 26.

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## National Ballet Boxed

Before containerization came along, moving a ballet company overseas was a gigantic multi-crate packing operation. There are costumes, scenery, props, jewellery, shoes and a hundred and one other things such as tools and technical paraphernalia.

Today, 40-foot containers fill the bill perfectly. These effect not only savings in time, packing and material costs, but also savings of substantial amounts in ocean freight rates and loading and off-loading charges.

Kuehne & Nagel (Canada) Ltd., international forwarding agents, were given the responsibility for shipping 50,000 pounds of National Ballet freight to Osaka, Japan.

The National Ballet of Canada was the only ballet company in the world to appear at Expo 70 in Osaka, Japan. The company performed its full-length Romeo and Juliet and a mixed program at the international fair. Ballets in the mixed program were Four Temperaments, Le Loup, and Solitaire.

The National Ballet of Canada appeared as part of the Classics entertainment of Expo 70. The Osaka Philharmonic Orchestra provided the musical accompaniment and all performances were held in the Festival Theatre in downtown Osaka.

Kuehne & Nagel's German-based head office, controlling 200 branches and affiliates around the world, were utilizing containers years before they became accepted in Canada. The Canadian operation, part of the \$250,000,000 international for-

warding group, gained expertise during Expo 67 when it was responsible for vast quantities of exhibition freight going to some 20 pavilions and also for the transport of both the Vienna State Opera and the Austrian Ballet.



# 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

## Peru

M. R. Bell, Commercial Secretary  
in Lima:

Toronto: July 25-31

Montreal: August 1-8

## Trinidad

K. G. Ramsey, Commercial Counsellor  
in Port-of-Spain:

Vancouver: Sept. 1-6

## U. S. S. R.

R. A. Bull, Commercial Counsellor  
in Moscow:

Toronto: July 20-21

Montreal: July 22-23

R. H. Gayner, who will be posted to  
Moscow as Commercial Counsellor:

Winnipeg: June 22-23

Toronto: July 20-21

Montreal: July 22-23

## 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. R. Bell

Commercial Secretary

Lima, Peru

July 16-24

### R. A. Bull

Commercial Counsellor

Moscow, U.S.S.R.

July 24-29

### L. D. Burke

Commercial Counsellor

Buenos Aires, Argentina

June 29-July 3

### J. E. G. Gibson

Commercial Secretary

Islamabad, Pakistan

June 28-July 3

### R. H. Gayner

who will be posted to Moscow,  
U.S.S.R., as Commercial Counsellor

July 13-17

### J. N. Grantham

Assistant Commercial Secretary

Mexico, D.A.

July 4-11

### A. D. McArthur

Assistant Commercial Secretary

Mexico, D.A.

July 12-17

### D. W. R. McTaggart

Assistant Commercial Secretary

New Delhi, India

June 23-26

### B. M. White

Consul and Assistant

Trade Commissioner

Milan, Italy

July 16-23

## In Territory

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

### Bulgaria, Hungary, Rumania

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

### Cyprus

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

### People's Republic of China

Trade Commissioners in Hong Kong regularly attend the Commodities Fair in Kwangchow in the spring, April/May, and in the fall, October/November. Canadian businessmen who would like the Trade Commissioners to assess prospects for them for sales or purchases should send full particulars of their offers or requirements to the Hong Kong office.

### Puerto Rico

Trade Commissioners from San Juan regularly visit the Dominican Republic, Haiti and the Virgin Islands. Canadian businessmen who would like officers to undertake assignments for them in these countries are invited to write to the Canadian Consulate.

### Taiwan

B. A. Gagosz, Consul and Assistant Trade Commissioner in Manila, Philippines, will visit Taipei June 18-27.

### Turkey

Trade Commissioners in Ankara visit Istanbul frequently. Canadian businessmen who would like the officers to undertake assignments for them in that city are invited to write to the Commercial Division, Canadian Embassy, Vali Dr. Resit Caddesi 52, Cankaya, Ankara, Turkey.

# Markets in Brief

## GULF STATES

**Area:** 10,130 square miles (mostly desert) in the Arabian peninsula. The states are Bahrain, Qatar, and the Trucial States of Abu Dhabi, Dubai, Sharjah, Fujeirah, Ajman, Ras Al-Khaimah and Umm Al-Qaiwan.

**Population:** 410,000.

**Climate:** Very hot and humid in summer and mild in winter.

**Language:** Arabic. The leading firms employ English-speaking Arab and Indian nationals.

**Currency:** Bahrain and Abu Dhabi, dinar of 1,000 fils; official rate, one dinar equals Cdn.\$2.25. Qatar, Dubai and others, riyal; official rate, one riyal equals Cdn.\$0.22.

**Weights and measures:** Metric system. A local system of weights and measures also is used in Abu Dhabi.

**Capital:** (provisional) Abu Dhabi.

**Chief ports:** Dubai and Abu Dhabi.

**Economy:** Based mostly on oil. In non-oil-producing states the inhabitants depend on fishing, tobacco crops and the annual rental paid by oil exploration companies. Estimated national revenue is expected to reach \$500 million in 1970.

**Total imports:** 1967—Cdn.\$347 million; 1969—(estimated) Cdn.\$452 million.

**Chief imports:** Air-conditioning equipment, motor vehicles and parts, foodstuffs, clothing and textiles, household appliances.

**Chief suppliers:** Britain, United States, Japan, Pakistan.

**Value of imports from Canada:** 1968—Cdn.\$798,000; 1969—Cdn.\$4.4 million.

**Chief imports from Canada:** Aircraft, pumps, appliances.

**Chief exports:** Crude oil.

**Value of Canadian purchases:** 1968—Cdn.\$4.63 million; 1969—Cdn. \$14.9 million.

**Chief Canadian purchases:** Crude oil.

**Prices:** Quote in U.S. dollars or pound sterling.

**Samples:** Admitted free of duty if not of commercial value.

**Visa:** Visa is required and is obtainable from the British High Commission.

**Foreign exchange and import regulations:** Import licences are not required except for arms and ammunition, explosives, narcotic drugs and alcohol.

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

**Correspondence:** Airmail only.

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

Commercial Counsellor, Canadian Embassy, P.O. Box 2300, Beirut, Lebanon.

# 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 .93.\**

To convert column two, *divide by .93.*

| Country and Currency                            | Value of  |   | Country and Currency                        | Value of  |   |
|---|---|---|---|---|---|
|   | foreign currency unit in Canadian dollars at May 29 | Canadian dollar in foreign currency units |   | foreign currency unit in Canadian dollars at May 29 | Canadian dollar in foreign currency units |
| Algeria Dinar                                   | .1939   | 5.15                                      | Denmark Krone                               | .1432   | 6.98                                      |
| Argentina Peso (free)                           | .3073   | 3.25                                      | Dominican Republic Peso                     | 1.074   | .93                                       |
| Australia Dollar                                | 1.204   | .8306                                     | Ecuador Sucre (official) (free)             | .0597<br>.0534                                      | 16.75<br>18.74                            |
| Austria Schilling                               | .0415   | 24.10                                     | El Salvador Colon                           | .4296   | 2.33                                      |
| Bahamas Dollar                                  | 1.074   | .93                                       | Fiji Dollar                                 | 1.240   | .81                                       |
| Belgium and Luxembourg Franc                    | .0216   | 46.72                                     | Finland Markka                              | .2557   | 3.91                                      |
| Bermuda Dollar                                  | 1.07  | .93                                       | France, Monaco, etc. <sup>2</sup> Franc     | .1946   | 5.14                                      |
| Bolivia Peso                                    | .0902   | 11.09                                     | Franco-African Republics <sup>3</sup> Franc | .0039   | 257.4                                     |
| Brazil Cruzeiro (official free)                 | .2400   | 4.17                                      | French Pacific <sup>4</sup> Franc           | .0107   | 93.63                                     |
| Britain Pound                                   | 2.581   | .38                                       | Germany D Mark                              | .2957   | 3.38                                      |
| British Honduras Dollar                         | .5364   | 1.86                                      | Ghana New Cedi                              | 1.053   | .95                                       |
| Burma Kyat                                      | .2256   | 4.43                                      | Greece Drachma                              | .0358   | 27.93                                     |
| Ceylon Rupee                                    | .1804   | 5.54                                      | Guatemala Quetzal                           | 1.074   | .93                                       |
| Chile Escudo (bank rate) (free)                 | .0924<br>.0790                                      | 10.82<br>12.66                            | Guyana Dollar                               | .5367   | 1.86                                      |
| China, Republic of New Taiwan Dollar (official) | .027  | 37.04                                     | Haiti Gourde                                | .2148   | 4.66                                      |
| Colombia Peso (fixed)                           | .059  | 17.02                                     | Honduras Lempira                            | .5370   | 1.86                                      |
| Congo (Kinshasa) Zaire                          | 2.144   | .46                                       | Hong Kong Dollar                            | .1772   | 5.64                                      |
| Costa Rica Colon                                | .1621   | 6.17                                      | Hungary Forint (official)                   | .0921   | 10.85                                     |
| Cuba <sup>1</sup> Peso                          | .....   | .....                                     | Iceland Krona (official)                    | .0122   | 81.03                                     |
| Czechoslovakia Koruna                           | .1492   | 6.70                                      | India Rupee                                 | .1426   | 7.01                                      |
|   |   |   | Indonesia <sup>5</sup> Rupiah               | .....   | .....                                     |

| Country and Currency        | Value of  |   | Country and Currency                    | Value of  |   |
|-----------------------------|---|---|---|---|---|
|                             | foreign currency unit in Canadian dollars at May 29 | Canadian dollar in foreign currency units |   | foreign currency unit in Canadian dollars at May 29 | Canadian dollar in foreign currency units |
| Iran Rial                   | .0142   | 70.42                                     | Peru Sol (free)                         | .0247   | 40.49                                     |
| Iraq Dinar                  | 3.007   | .33                                       | Philippines <sup>6</sup> Peso (free)    | .185  | 5.39                                      |
| Ireland Pound               | 2.580   | .39                                       | Poland Zloty (fixed basic rate)         | .2700   | 3.71                                      |
| Israel Pound                | .3069   | 3.26                                      | Portugal & Colonies <sup>7</sup> Escudo | .0374   | 26.74                                     |
| Italy Lira                  | .0017   | 586.51                                    | Saudi Arabia Riyal                      | .2062   | 4.84                                      |
| Jamaica Dollar              | 1.290   | .77                                       | Sierra Leone Leone                      | 1.508   | .66                                       |
| Japan Yen                   | .0030   | 334.11                                    | Singapore Dollar                        | .3507   | 2.85                                      |
| Kenya Shilling              | .1526   | 6.55                                      | South Africa Rand                       | 1.507   | .66                                       |
| Lebanon Pound (free)        | .3330   | 3.00                                      | Spain & Dependencies Peseta             | .0154   | 64.94                                     |
| Malaysia Dollar             | .3509   | 2.85                                      | Sweden Krona                            | .2067   | 4.84                                      |
| Mexico Peso                 | .0859   | 11.64                                     | Switzerland Franc                       | .2484   | 4.03                                      |
| Morocco Dirham              | .2157   | 4.64                                      | Syria Pound (free)                      | .2819   | 3.55                                      |
| Netherlands Florin          | .2959   | 3.38                                      | Thailand Baht (free)                    | .0521   | 19.19                                     |
| Netherlands Antilles Florin | .5695   | 1.76                                      | Trinidad & Tobago <sup>8</sup> Dollar   | .5370   | 1.86                                      |
| New Zealand Dollar          | 1.207   | .82                                       | Tunisia Dinar                           | 2.046   | .49                                       |
| Nicaragua Cordoba           | .1534   | 6.52                                      | Turkey Lira                             | .1193   | 8.38                                      |
| Nigeria Pound               | 3.017   | .33                                       | United Arab Republic Pound (official)   | 2.58  | .38                                       |
| Norway Krone                | .1503   | 6.65                                      | United States Dollar                    | 1.074   | .93                                       |
| Pakistan Rupee              | .2256   | 4.43                                      | Uruguay Peso (free)                     | .0043   | 231.91                                    |
| Panama Balboa               | 1.074   | .93                                       | Venezuela Bolivar (official free)       | .2391   | 4.18                                      |
| Paraguay Guarani (free)     | .0086   | 116.55                                    | Yugoslavia Dinar (official)             | .0859   | 11.64                                     |

1. There is no trading in Cuban pesos in U.S. or Canadian banks at present.

2. Franc is also used in French Guiana, Guadeloupe and Martinique.

3. Chad, Central African Republic, Congo (Brazzaville), Dahomey, Gabon, Ivory Coast, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Camerons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.

4. New Caledonia, New Hebrides, French Polynesia.

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

6. Exchange rate in Philippines on floating basis with daily quotations by banks.

7. Approximately same rate for Portuguese territories in Africa.

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

\*The listing here reflects rates based on Canada's dollar before it was returned to a floating basis June 1. At publication time the rate was .97 American. Moderate changes result therefore in currency values as related to the Canadian dollar.

# Boarding now for Singapore



When Prime Minister Trudeau was in Singapore during his tour of Pacific countries, he visited Jurong Industrial Park to see some Canadian birds—the feathered kind—that had been flown out as a special gift to the park.

The story of Canada's gift goes back more than a year to the time when Industry, Trade and Commerce Minister Jean-Luc Pepin was in Singapore. At that time Singapore's Minister of Finance said he would like to have some Canadian birds in the new bird park. Mr. Pepin said he would be happy to arrange a gift of representatives of Canada's wildfowl population.

Putting together the shipment involved co-operation between Industry, Trade and Commerce, the Canadian Wildlife Service of the Department of Indian Affairs and Northern Development and the Ontario Waterfowl Research Foundation, a non-profit conservation organization in Guelph, Ontario.

The Wildlife Service arranged for collection of the birds from their various habitats in Canada. They were brought together at Guelph, Ontario, where they wintered. They were then prepared for shipment under direction of William Carrick, manager of the foundation. Mr. Carrick is also one of North America's foremost wildlife photographers whose films have been used worldwide by Disney, Ducks Unlimited and the Audubon Society, among others.

The shipment of Canadian birds included two pairs of Canada Geese (*Branta Canadensis Interior*), one pair of Blue Geese (*Anser Caerulescens*), two pairs of Lesser Snow Geese (*Anser Hyperborea*), one pair of Ross Geese (*Anser Rossii*), two pairs of Wood

Ducks (*Aix Sponsa*) and two magpies. All are reported to be thriving in their new environment, except for one wood duck which was dead on arrival.

The birds were packed in crates which were covered in burlap sacking to prevent distractions and annoyances on the journey half way around the world. Each crate contained sufficient food for the journey but water had to be provided at London, Zurich, Rome, Beirut, Karachi and Calcutta. This service was provided by BOAC.

The bird park on the Jurong Town Corporation's industrial estate has a huge walk-in aviary with a 100-foot waterfall, ponds and half a dozen large paddocks which will accommodate birds of the orders of Passerines and Passeriformes (perching birds), Anseriformes (swans, geese and ducks), Hemipodes (Australian birds that include the Australian quail), Tinamiformes (a South American order), Casuariformes (an order of ostrich-like birds that come from Indonesia) and Galliformes, (the grouse and partridge family).

The Ontario Waterfowl Research Foundation is located in Guelph's Kortright Waterfowl Park, which was opened to the public in 1965 and dedicated to the late Frank H. Kortright, founder of the Canadian National Sportsmen's Show. The Foundation itself was founded in 1961. It is incorporated and recognized as a charitable organization.

Its objectives are to build public support for waterfowl management by establishing a display of waterfowl and waterfowl management techniques. More than 300,000 persons visited the park last year.



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