

# foreign trade

Department of Industry, Trade and Commerce, Canada

Are You Going to Japan?

TCS Broadens Its Role

Foreign Trade Service  
Abroad Directory



February 14/70



## In This Issue

At the time of writing, the opening of Expo 70 in Osaka, Japan, is just forty days away. It will run for 183 days and by the closing date an estimated 50 to 70 million people will have toured the striking Canadian Pavilion.

Most Canadians have seen pictures of its mirrored outside walls that reflect the sun, moon and stars. Inside, the Japanese-style courtyard in the center of the Pavilion has a stage surrounded by water. Out of the water rise 55- and 65-foot columns topped by five revolving spinners that cover both the stage and the activity areas. These spinners, made of plastic and each 39 feet wide, are of op-art design in bright colors. They are pictured on our cover.

This may be the second copy of this issue to reach you . . . and all because of the cover. Just as we were going to press, our office was moved lock, stock and barrel from the West Memorial Building to Tower B, Place de Ville, and the resulting delays and confusion upset our production schedule. To show how great the confusion was, the cover photograph was printed upside down, with the spinners at the bottom of the picture. Everything's right side up this time around.

A contest in 1964 for the best design for the Canadian Pavilion drew 308 entries and was won by Erickson/Massey of Vancouver. The structural designer was Jeffrey Lindsay and the graphics designer Gordon Smith. Of the 76 countries participating in Expo 70, Canada was the first one to complete its pavilion. Close by it rise the pavilions of three Canadian provinces—Quebec, Ontario, and British Columbia.

Canada's entry at Osaka is proof enough of the important ties between the two countries. One of these ties is trade and many of the Canadian visitors to Expo 70 will want to combine business with pleasure. The Commercial Division of the Canadian Embassy in Tokyo has been girding itself to meet the flood of Canadians and planning to deploy its staff to the best advantage. As part of its strategy, it has explained in the leading article in this issue how it proposes to brief Canadians who want to talk business and what it cannot undertake to do for them. The article that follows anticipates and answers many questions about travelling in the Land of the Rising Sun; it is aptly titled "An Unofficial Guide to Japan."

The past year brought the integration of the Departments of Industry and Trade and Commerce and with it, a far-reaching analysis of functions and methods in the various sectors of the new Department. One of the most thorough examinations was that undertaken by the Trade Commissioner Service—an examination that covered every post in the Service and that introduced to them Program Planning and Budgeting as a management tool. You can read about it and how it is expected to work—and also become acquainted with the new TCS "high command"—by turning to page 10.

One of the most useful features in *Foreign Trade*, our readers tell us, is the Directory of Foreign Trade Service Abroad. We apologize for the fact that we have not published it since the end of October and we promise to reform. It appears in this issue and we intend to include it in every third or fourth issue for the rest of the year.

Don't miss our February 28th number and its thorough coverage of the market in West Germany.

# foreign trade



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The Hon. Jean-Luc Pepin, Minister

The Hon. Otto Lang,  
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or money order made out to the  
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# Are You Going to Japan in '70?

Our Commercial Counsellor in Japan, S. G. Harris, offers advice to businessmen coming over to visit Japan this year and details what services the Tokyo office can provide.

With the World International Exposition in Osaka, Japan, Expo 70, only two months away, we in Tokyo have been studying how to handle the expected influx of Canadian business visitors. Estimates of Canadians coming to Expo 70 vary between 30,000 and 60,000. If only a small fraction of these are interested in exploring the market or doing business, there will be heavy demands for service from our

office. Obviously, we will not have the time nor the resources to give to each person the individual attention we normally try to provide. This is particularly unfortunate since Japan is such a distant, strange and foreign country where our assistance is so much needed and appreciated. Furthermore, the beckoning opportunities in Japan desperately cry out for exploitation by Canadian business people, and we do not want to dampen the interest and enthusiasm of Canadian businessmen which a visit to Japan is bound to generate. We hope to use to the visitor's advantage what facilities we have. I have therefore listed below some of the things we feel that we can do and, equally important, what we feel that we cannot do. We seek the co-operation of visitors so that we can maximize the former and minimize the latter.

## Accommodation

The first and probably the most pressing request that will be made of us is for accommodation. To this we must say "NO, NO!" Japan has far too few hotels as it is and during Expo 70 space will be tighter than ever. **Virtually all Western-style rooms were reserved nine months to a year ago by travel agents and airlines.** The Canadian Embassy has no block-booked rooms and we know of no one who has, with the exception of the Japanese travel agencies. Even Canadian Pacific Airlines, which considered initially booking blocks of rooms, has not done so. Anyone thinking about coming to Japan should get in touch with the travel agencies and not with the Canadian Embassy, and should have confirmed reservations before he leaves Canada.

## Business Appointments

We will do our best to line up appointments for those seriously interested in doing business, but we shall rely on mimeographed lists of names, addresses, etc. Normally we send a Commercial Officer out with Canadian visitors to act as guide and interpreter, but we will not be able to do this during Expo except in most unusual circumstances. Our entire staff will be busy arranging appointments and handling visitors in the office. The prospective visitor can



*These Japanese girls will be on duty at Canada's Pavilion in Osaka, adding a piquant flavor of the traditional Japan.*

*This Super Bus will draw up at the Canadian Pavilion in Osaka on March 15, the day that Expo 70 opens. To promote interest in Canada and to extend invitations to visit the Canadian Pavilion, it began its travels throughout Japan last fall. Its itinerary called for visits to 80 cities in 46 Japanese prefectures or provinces. Canadian and Expo officials accompanied the mod-looking bus on its rounds. During stopovers and at schools, films and slides on Canada were shown to big audiences.*



*Everywhere it stopped, the Super Bus and its passengers visited Japanese schools. Photographed with some of the pupils are Patrick Reid, (back row, fourth from left) Canada's Commissioner General at Expo 70. Standing near him are two of the hostesses at the Pavilion (they speak Japanese) and one of the hosts (at right). Naturally, a Mountie goes along and he always gets a tremendous reception. At every stop, formal calls are made on the Mayor, president of the Chamber of Commerce, and the Governor of the Prefecture.*



*When the Canadian Pavilion at Osaka was completed, an official ceremony took place, attended by Canadian and Japanese officials and guests. Here, as part of a Shinto ceremony, Patrick Reid, Commissioner General for Canada, makes an offering. Shintoism, the "Way of the Gods", is one of the traditional Japanese religions and reaches far back into the country's history.*



CIRCULAR LETTER TO ORGANIZATIONS REQUESTING INFORMATION

ON GROUPS VISITING EXPO '70

Group Name: \_\_\_\_\_

Sponsors: \_\_\_\_\_

Travel Agent in Canada: \_\_\_\_\_

Travel Agent in Japan: \_\_\_\_\_

Airlines: \_\_\_\_\_

Dates: \_\_\_\_\_

Itinerary:                      Dates:

Tokyo                              \_\_\_\_\_

Osaka                              \_\_\_\_\_

Other                              \_\_\_\_\_

\_\_\_\_\_

Area of Special Interest:

Please attach a list of names and indication of business connection of individuals.

Any special assistance you may require from us in Tokyo?

In Osaka?

P.S. We are sorry we cannot help you with hotel bookings. These must be the responsibility of the travel agent. Please ensure that all accommodation is confirmed before you leave Canada.

## Leading Japanese Trading Firms

**Mitsui & Co., Ltd.**  
2-9, Nishi Shimbashi, 1-chome  
Minato-ku, Tokyo, Japan

*Vancouver Branch*

Suite 2030, Bentall Centre  
505 Burrard St.  
Vancouver 1, B.C.

*Subsidiary*

Mitsui & Co. (Canada) Ltd.

*Head Office*

Toronto-Dominion Tower  
Toronto-Dominion Centre  
Suite 4004, Toronto 1, Ont.

*Montreal Branch*

3333 Place Ville Marie  
Montreal 2, Que.

**Mitsubishi Shoji Kaisha Ltd.**  
Mitsubishi Shoji Bldg.  
20, 2-chome, Marunouchi  
Chiyoda-ky, Tokyo, Japan

*Subsidiary*

Mitsubishi International Corp.  
630 Dorchester Blvd. West  
Montreal 1, Que.

Mitsubishi Canada Ltd.  
14th Floor, Bank of Canada Bldg.  
900 West Hastings Street  
Vancouver 1, B.C.

**Marubeni-Iida Co., Ltd.**  
3-3-chome, Hommachi  
Higashi-ku, Osaka, Japan

*Vancouver Branch*

1930, Bentall Centre  
505 Burrard Street  
Vancouver 1, B.C.

*Subsidiary*

Marubeni-Iida Canada Ltd.  
Suite 2700, 401 Bay Street  
Toronto 1, Ont.

*Montreal Office*

Suite 2140, CIL House  
630 Dorchester Blvd. West  
Montreal 1, Que.

**C. Itoh & Co., Ltd.**  
4, 2-chome, Nihombashi  
Honcho, Cuo-ku  
Tokyo, Japan

*Subsidiary*

C. Itoh & Co. (America) Inc.

*Main Branch*  
Suite 1004  
401 Bay Street  
Toronto 1, Ont.

*Vancouver Branch*

608 United Kingdom Bldg.  
409 Granville St.  
Vancouver 2, B.C.

*Montreal Branch*

Suite 1650  
555 Dorchester Blvd. West  
Montreal 1, Que.

**Nichimen Co., Ltd.**

15-2-chome, Nakanoshima  
Kita-ku, Osaka, Japan

*Subsidiary*

Nichimen Co., Inc.  
Room 920, City Centre Bldg.  
1450 City Councillors St.  
Montreal, Que.

**Toyo Menka Kaisha Ltd.**

64, 2-chome, Kawara-machi  
Higashi-ku, Osaka, Japan

*Subsidiary*

Toyo Menka Inc.  
Suite 350, 101 Cremazie Blvd. West  
Montreal 351, Que.

**Nissho-Iwai Co., Ltd.**

30, Imabashi 3-chome  
Higashi-ku, Osaka, Japan

*Subsidiary*

Nissho-Iwai Canada Ltd.  
100 University Ave.  
Toronto 1, Ont.

Suite 1112, United Kingdom Bldg.  
409 Granville St.  
Vancouver 2, B.C.

800 Dorchester Blvd. West  
Montreal 2, Que.

**Sumitomo Shoji Kaisha Ltd.**

15, 5-chome, Kitahama  
Higashi-ku, Osaka, Japan

*Subsidiary*

Sumitomo Canada Ltd.

*Head Office*

Room 1116, Standard Bldg.  
510 West Hastings St.  
Vancouver 2, B.C.

*Toronto Branch*  
Suite 401, 159 Bay Street  
Toronto 1, Ont.

**Kanematsu-Gosho Ltd.**

119, Ito-machi  
Ikuta-ku, Kobe, Japan

*Subsidiary*

Kanematsu-Gosho (USA) Inc.  
400 Maisonneuve Blvd. West  
Montreal 2, Que.

*Vancouver Branch*

904, 510 West Hastings Street  
Vancouver 2, B.C.

*Toronto Branch*

50 Prince Arthur Ave.  
Toronto 5, Ont.

**Ataka & Co., Ltd.**

14, 5-chome, Imabashi  
Higashi-ku, Osaka, Japan

*Subsidiary*

Ataka Canada Ltd.

*Head Office*

205-6 Rogers Bldg.  
470 Granville St.  
Vancouver 2, B.C.

*Toronto Office*

Room 2008, 44 Victoria St.  
Toronto 1, Ont.

**Chori Co., Ltd.**

32, 4-chome, Asuchi-machi  
Higashi-ku, Osaka, Japan

*Subsidiary*

Chori Canada Ltd.  
199 Bay Street  
Toronto 1, Ont.

*Montreal Office*

Suite 740, 110 Cremazie Blvd. West  
Montreal, Que.

**Kinsho-Mataichi Co., Ltd.**

8, 2-chome, Nihombashi Kayabacho  
Chuo-ku, Tokyo

*Subsidiary*

Kinsho-Mataichi Corp.  
Toronto Representative  
Suite 223-4, 77 York Street  
Toronto 116, Ont.

**Itoman & Co., Ltd.**

46, 4-chome, Hon-machi  
Higashi-ku, Osaka, Japan

## Japanese Trade Representatives in Canada

Mr. M. Yoshida  
Commercial Counsellor  
Embassy of Japan  
Suite 1005, Fuller Bldg.  
75 Albert Street  
Ottawa 4, Ontario

Mr. T. Kanbara  
Consul General  
Consulate General of Japan  
1210 Board of Trade Tower  
1177 West Hastings Street  
Vancouver 1, British Columbia

Mr. K. Urabe  
Consul General  
Consulate General of Japan  
Suite 2001,  
1155 Dorchester Blvd. West  
Montreal 102, Quebec

Mr. I. Tsuge  
Consul General  
Consulate General of Japan  
Suite 1803  
Toronto-Dominion Centre  
Toronto 1, Ontario

Mr. T. Hayashi  
Consul General  
Consulate General of Japan  
Room 301, Tribune Bldg.  
257 Smith Street  
Winnipeg 1, Manitoba

Mr. M. Kataoka  
Consul  
Consulate of Japan  
Suite 500  
Toronto-Dominion Bank Bldg.  
10004 Jasper Avenue  
Edmonton, Alberta

Mr. I. Sasabuchi  
Director  
Japan Trade Centre  
Britannica House  
151 Bloor Street W.  
Toronto 5, Ontario

Mr. M. Matsugi  
Representative, JETRO  
Suite 318, IBM Bldg.  
5 Place Ville Marie  
Montreal 2, Quebec

Mr. N. Kinoshita  
Representative, JETRO  
Room 916, Standard Bldg.  
510 West Hastings Street  
Vancouver 2, British Columbia

Mr. T. Ide  
Representative, JETRO  
Room 1216, Royal Bank Bldg.  
10117 Jasper Avenue  
Edmonton, Alberta

help by doing some spadework before he comes by calling on or writing to the Canadian offices of Japanese trading companies (see list in accompanying box feature) or, if he is interested in importing Japanese goods into Canada, on the JETRO offices in major Canadian cities (see list).

### Group Visits

Many businessmen will be coming as part of a group. We would like to be alerted as soon as possible to any such groups, particularly those that are sponsored by a Chamber of Commerce or other type of commercial organization which may have an interest in trade. We already know of some of these but sufficient details are often lacking. We have worked out a questionnaire, which is reproduced on page 4. Filling out this questionnaire and mailing it to our office will help us a great deal in planning ahead and in avoiding last-minute confusion. We propose to handle groups by giving them a short general presentation on Japan and business prospects there, amply supported by literature and by reports on a variety of subjects, lists of contacts, etc. Individual counselling we shall have to keep to a minimum and reserve our strength for the really important instances in which it will be necessary.

### Facilities at Osaka

Unlike Expo 67, which had a useful and successful Business Development Bureau, Expo 70 in Osaka will provide no facilities whatsoever for visiting businessmen. Moreover, the Fair authorities have decided not to allow us to have a commercial office in the Canadian Pavilion on the Expo site. As the next best alternative, we have booked a small suite in the Osaka Royal Hotel in downtown Osaka, some 16 miles from the Expo site. We propose to staff this with a secretary and a Japanese Commercial Officer, plus Canadian personnel supplied on rotation from Tokyo. This, we hope, will give us some opportunity to capitalize on whatever business potential presents itself from the visits of so many Canadians. As this will be very much a shoestring operation, its scope will be limited, but we will do our utmost to be of assistance wherever we can.

We hope many of our readers will come. We hope you will enjoy yourselves—and we hope you will take a little time out from the merriment to look at the many beckoning business opportunities which the Japanese market presents. On this last point we would like to help. Write to us, but please write to us early. Write now!

## International Loan Announced

The World Bank's first loan to the Dominican Republic, \$25 million, will be used to build and operate facilities for the mining and metallurgical processing of laterite ore to produce ferronickel. The entire project, the most important industrial one ever undertaken in the Republic, will cost the

equivalent of \$195 million. The loan will be made to Falconbridge Dominicana, C. por A. (Falcondo), a company sponsored by Falconbridge Nickel Mines Limited of Toronto and Armco Steel Corporation of Ohio; an agency of the Dominican Government is also a shareholder. The project

will eventually produce approximately 63 million pounds of ferronickel a year. Among the supporting facilities to which the Bank loan will be applied are a 198 mw. thermal power station, a 44-mile oil pipeline to the plant, and water treatment installations.

# An Unofficial Guide to Japan

F. M. GALBRAITH  
Assistant Commercial Secretary, Tokyo

## **Tipping**

One of the most civilized and endearing features of Japan is that there is almost no tipping. You will tip the skycap at the airport 100 yen (one yen = Cdn.\$0.0030) per piece of luggage, but limit your tipping to skycaps and railway station redcaps only. It is not the custom to tip for any other services. You will find service charges added to your bill at most places to compensate for the lack of tips.

## **Transportation**

**Taxis**—From the airport you will probably take an exciting taxi or a not-so-exciting bus, depending on whether you come by yourself or on a package tour. Be sure that your taxi-driver knows exactly where you want to go before you set out, because both communications and directions are difficult. If in doubt have someone write out the directions for you to give to the driver. Because taxis are inexpensive and plentiful we find them the most convenient way to get around in Japanese cities. Remember, don't tip the driver!

**Buses**—Aside from buses which have been laid on by group organizers, it is better to avoid public buses because drivers or passengers speak very little English and route signs and maps are written only in Japanese.

**Cars**—We do not recommend driving yourself in Japan. After your first taxi ride you will see why. Cars with drivers can be hired at all leading hotels but they are expensive.

**Trains**—Excellent train service is available throughout Japan. You have no doubt heard of the New Tokaido Express. Try it, it's as good as it looks. So are the many other fast trains that service all major points in the country. Be sure to reserve seats well ahead of time to avoid disappointment. Reservations can be made through the travel agents or Japan Travel Bureau.

**Planes**—For longer trips within Japan, for example to Sapporo (site of the 1972 Winter Olympics) or Hiroshima, you may want to take advantage of the frequent top-flight

air services. Again, reserve ahead of time through your travel agent or Japan Travel Bureau.

## **Hotels**

It is imperative that you have all your hotel reservations confirmed before you leave Canada because virtually all space is booked well in advance, especially during the Japanese holiday periods in spring and autumn. Hotels are divided into Western style and Japanese style. Although a Japanese-style hotel sounds romantic and in fact is usually extremely comfortable, the big problem is communication. You will probably find that two or three nights are more than enough before reverting to Western-style living.

## **Communications**

This is likely to be your biggest problem. In general, even in the big cities like Tokyo and Osaka, people do not speak English. Sometimes they can understand spoken English or written English, but few Japanese have the courage to attempt to reply to your questions in English.

Be sure to have explicit instructions written down in Japanese before you embark on any trip either inside or outside the cities. And don't expect to get by with a few words of Japanese if the going gets tough. Japanese is a difficult language to use even in its elementary forms. Try to learn as much as you can before you come, but don't be disappointed if you can't pick up handy phrases as easily as you could in, say, Italian or Spanish.

For business meetings you should always have an interpreter with you unless you know that your Japanese counterpart speaks fluent English. Interpreters, as well as a myriad of other services, can be arranged through the hotels.

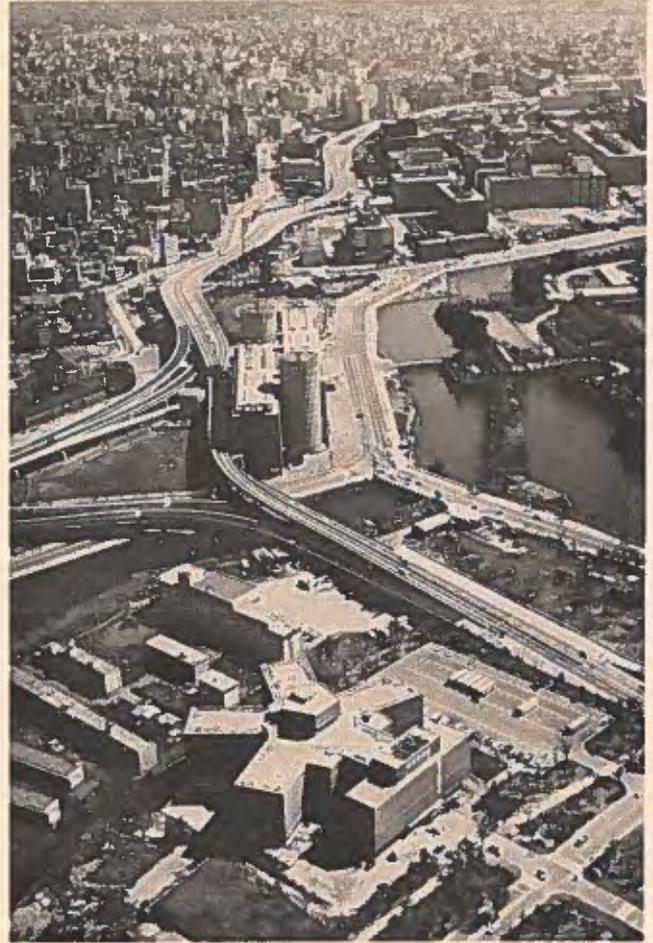
## **Business Interviews**

If you and your interpreter visit a business contact you should observe certain rituals. Be on time, even a little early. You will be expected to exchange business cards



*This is Midosuji Boulevard, one of the main streets in the business district of Osaka. It has room for eight lanes of traffic, which is heavy in this city of about three and a quarter million people and center of the important textile industry. The site of Expo 70 is in the Senri Hills, about 16 miles away.*

*Expressways run throughout Tokyo and help to keep the dense traffic moving. Most of them are four-lane, with exit-entrance ramps every 500 meters in the city itself and every two kilometers in outlying areas. The unusual building in the center of the picture is the Palaceside Building; it is the headquarters of the Mainichi Newspapers, one of which is published in the English language.*



*The fastest train in the world—many Canadians will travel on it from Osaka to Tokyo in the coming spring and summer. It runs over a wide-track, double-gauge line and reaches speeds of 125 miles an hour. It was partially financed by a World Bank loan of \$80 million that was negotiated in 1961; the job was completed in 1964. Known as the Tokaido Line, it links Tokyo with not only Osaka but also with the cities of Yokohama, Nagoya, Kyoto, and Kobe.*



when introduced so have an abundant supply. Normally, it is a good idea to have Japanese printed on the reverse side of your regular cards. We understand that Canadian Pacific Airlines in Vancouver offers this service at a reasonable cost.

If you haven't had experience in using an interpreter, think about it beforehand. You should get used to the idea of speaking in simple, uncomplicated phrases with pauses after every one or two sentences to allow for consecutive interpretation. Since the man you are speaking to may not be familiar with your company, it is useful to give him some general background material on the size of your operation, its growth and development, and the reputation it enjoys for high quality both nationally and internationally. He may not understand everything you say even through your interpreter and your literature will give him something to study.

Expect to take time before getting down to direct questions. Avoid a high-pressure approach; a quiet presentation is much better received. Make sure that the Japanese businessman has the opportunity to ask all the questions he wants before you make a move to leave. Don't take your wife along with you on any business calls unless she is part of the business operation. If possible, leave a brochure which gives a summary of your products and operations.

#### **Gift Giving**

Gifts, or "presentos" as they are more often called, are used frequently in Japan. To master the art of gift giving with its delicate nuances and twists—what to give to whom and when—is a lifetime study in itself. But you will undoubtedly find among the incredibly polite Japanese people a few who will be exceptionally kind to you and you will want to repay their thoughtfulness. On the business side, you may think it worthwhile to give small gifts to people who have been helpful or to those whose interest you would like to cultivate.

Here are a few tips. Don't give Japanese-type gifts. Try to give something that will be novel to them, especially something Canadian that they are not likely to receive from Japanese or other foreigners. Because some importance is attached to the value of the gift, it's a good idea to present things the value of which is not immediately apparent. Gifts don't have to be expensive, but unique items are appreciated.

#### **Side Trips**

Day trips can be arranged from both Tokyo and Osaka to the more traditional and beautiful areas of Japan. Mt. Fuji, Nikko, Kyoto and Nara are among the most popular places with both Japanese and foreign tourists. Trips like these provide an excellent opportunity to examine the captivating mixture of ancient and modern which is uniquely Japanese. It is a good idea to make arrangements before you leave home to ensure that you get the trips you want when you want them.

#### **Food**

Tokyo is one of the best places in the world for gastronomical adventure. All kinds of Western and Japanese food are available. Although Sukiyaki is what most foreigners think of as being typically Japanese, there are dozens of other dishes, ranging from raw fish and vinegared rice to broiled chicken on skewers, and a great variety of fish, meat, and vegetable stews. An excellent book called *From Soup to Ginko Nuts* gives you a good idea of the variety at hand.

It is safe to eat in even the tiniest restaurants. Because health standards are so high, you can drink tap water anywhere in Japan without problems.

Some Western-style restaurants can be expensive. For example, a steak dinner for two with one drink each beforehand but no wine or liqueur can cost up to \$40. Men accompanied by women are always welcome at restaurants, theatres and at the night clubs in the larger hotels.

#### **Night Clubs**

Tokyo has tens of thousands of clubs, all designed to separate the customer from his loose change. Most are for men only but have hostesses waiting to make your stay more pleasant. Normally, in the larger clubs and bars there is a cover charge and then a charge for each girl who spends time with you, at a minimum of so much an hour. But each time a new girl sits beside you, you pay the minimum rate even if she's there only ten minutes before leaving you to sit with one of her regular customers who by chance has come in. This adds up to a lot of money for the unwary or even the wary. Foreigners who have taken one male Japanese guest to such spots have come out \$100 lighter. But not all clubs are that expensive. Be wise—be sure you know what you're getting into to avoid withdrawal symptoms.

#### **Baths**

Don't expect to find communal baths filled with oriental beauties at every corner. Communal baths now exist only in the remoter areas of Japan. Other baths run the gamut from the first-class hotel sauna and turkish bath with massage to their not-so-innocent cousins. All do a booming business. Try one, it's an experience to remember! Again, bath attendants seldom understand English.

#### **Shopping**

It is well worth considering the convenience of the arcades that are located in nearly all the big hotels. Good buys are cameras, hi-fi components, all electronic goods, pearls and silks. If you show your passport you are entitled to purchase tax-free. Traditional wood-block prints, dolls, kimonos, and pottery are also good buys. If you are going on to Hong Kong, you may be able to buy some Japanese products there at less cost. But a much wider selection, especially of traditional items, is found in Japan.

# TCS Broadens Its Role

As Canada's Trade Commissioner Service enters its 75th year, its external role is being reshaped and internal changes introduced to make it the world's most effective foreign service.



*This is the group responsible for the planning and implementing of the "management by objectives" approach in today's Trade Commissioner Service, under the direction of D. B. Mundy, (fifth from left), Assistant Deputy Minister (External Services). Gathered around him are (left to right) W. J. Collett, Director, Finance and Administration for the Trade Commissioner Service; H. M. Maddick, General Director; H. S. Hay, Director, Operations and Development, who is shown making a point; R. W. Burchill, Regional Co-ordinator, Asia, Africa, and Australasia; Mr. Mundy; A. T. Eyton, Regional Co-ordinator, Latin America and the Caribbean; and E. L. Bobinski, Regional Co-ordinator, Europe. Absent when the picture was taken were R. C. Anderson, Director, Personnel, and N. C. Currie, Regional Co-ordinator, United States. They administer a Service comprising 250 Trade Commissioners serving at 73 posts in 52 countries throughout the world.*

Canada's career foreign service began in 1894 with the posting of a full-time Commercial Agent to Sydney, Australia. Now 250 Trade Commissioners at 73 posts in 52 countries and in Ottawa are busy striving to augment the more than \$13 billion of Canadian goods and services sold abroad annually. In 1970, they will handle over 50,000 inquiries for every conceivable product, including some we don't make—at least, not yet.

Growth of the Canadian economy is a top priority of the Government. Full employment, better productivity, stable prices, and an improved balance of payments require more Canadian goods to be sold outside Canada. Already one quarter of every dollar that Canadians earn comes from abroad. A domestic market of 20 million people strung out along a 4,000-mile corridor is not of sufficient size or logical shape to provide the living standards that our rising expectations demand. Even if it's just across the border to Buffalo, Canadian producers, large and small, will find themselves increasingly engaged in international commerce.

**For the Trade Commissioner Service this is the challenge of the 70's.** To meet it, an organization constructed on sound management principles is being molded. Its objectives stem mainly from those of the Trade and Industrial Development Program of the Department of Industry, Trade and Commerce to achieve efficient and sustained growth in the production of and trade in Canadian goods and services. The methods to be used to gain this objective are:

1. Improving the international and domestic environment in which Canadian business operates.
2. Inducing Canadian manufacturing and processing industries to innovate products and productive technology suited to the developing economic strength and the changing demands of a total world market.
3. Persuading Canadian manufacturing and processing industries to improve their productive efficiency.
4. Influencing Canadian industry to expand total markets and to exploit market opportunities more completely.

More specifically, the Trade Commissioner is charged with formulating and executing sales promotion programs overseas, assisting Canadian and foreign businessmen with any commercial matters likely to benefit Canada, providing a continuing flow of economic and commercial intelligence on which business and commercial policy decisions can be based, and generally encouraging and assisting the Canadian businessman in trading abroad.

**Today's Service follows a businesslike "management by objectives" approach; the goal is to maximize results for money spent.** Results are hard to gauge, but one can usually determine when a successfully completed business transaction probably would not have been achieved without the Trade Commissioner's involvement. In relation to its current budget of \$13 million, the Service is expected to achieve a cost/benefit ratio that will result in several hundred million dollars worth of new business influenced during the year. Individual posts are encouraged to set individual targets in accordance with market conditions and resources at their disposal, in the same manner as field sales offices do in some private companies.

Employing a management tool called Program Planning and Budgeting, posts are being asked to broaden their over-all view by analyzing sales opportunities and trends in their particular markets for five years in advance. Their knowledge of the region is combined with a knowledge of Canadian industry and then related to over-all departmental plans to produce post strategy.

**Within this framework, posts detail the specific activities they propose to undertake during the following year and estimate the costs, including cost of personnel.** To this, probable costs of unprogrammed activities are added. The total is brought into balance on a global basis and forms the core of the Trade Commissioner Service estimates presented to the Government. Post managers are then held responsible for using the funds and personnel placed at their disposal efficiently and effectively. The end result is a more structured approach to exploiting worthwhile business prospects for Canada in a given territory. The businessman gets better service and the taxpayer better value for his money.

Traditionally, the Trade Commissioner's role has been largely responsive. Now the morning mail and the unforeseen problems of the day must compete for attention with high payoff initiated programs. Responsive work will not be neglected, because it constitutes the "service" aspects of his job and may prove just as rewarding. But it is being treated in proper perspective.

**Initiated programs start with the identification of major sales opportunities,** the exploitation of which may require the involvement of a number of Canadian sellers and local buyers, backed up by trade fairs, trade missions, or other promotional support. Travel, reporting, and even official hospitality are linked to programs. The concept is regionalized when two or more contiguous posts combine their efforts on the same program. Toward this end, officers from posts within a region now get together regularly.

The strength of the Canadian Service has always been the ability of its officers to function more as overseas representatives of Canadian industry than as agents of government. Most dealings between the Canadian company and the trade officer are individual and direct. It is important to maintain this personal approach. The Department in Canada and related agencies provide backup by locating sources of supply, preserving and enhancing terms of access, mounting trade missions and trade fairs, disseminating commercial intelligence, and in a variety of other ways.

**The focus of the modern Trade Commissioner is on more than just marketing.** The rest of the product cycle—research, development, pre-production and production—are receiving increasing attention from him. Canadian industry must be alerted to innovations necessary to keep pace with trends abroad and to new developments in foreign technology. Marketing is only the end phase.

Even greater flexibility in the deployment of promotional resources is necessary and is being achieved. Posts are under constant scrutiny to ensure that what they are able to accomplish is commensurate with the cost. If it is not, they will be reduced in size or closed. Other posts may be opened

or expanded. In the past year Canadian trade officers have begun operations in four new locations and have closed out three.

To broaden global coverage, an increasing number of respected local businessmen are being appointed as Honorary Commercial Agents for Canada in markets where there is no post.

An organization is only as good as its people. The Service continues to attract some of the best recent university graduates. Almost all have a combination of advanced degrees, business or foreign experience, and language ability. They include engineers, lawyers, agriculturalists and scientists, as well as arts and business majors. They are trained to be "professional generalists", able to go anywhere in the world at any time to advance Canada's commercial interests. Outside specialists are brought in for short-term assignments as needed. Personality traits such as imagination, resourcefulness, and adaptability are emphasized. Intimate contact with Canada and Canadian industry is maintained by regular coast-to-coast business tours and assignments to Ottawa. Otherwise, officers spend at least two-thirds of their time residing abroad in a cross section of climates and environments.

Career advancement is solely on merit—the performance and potential that the officer exhibits. Proficiency at accomplishing job objectives he sets for himself is increasingly important. To update knowledge and management skills, more and more officers are being put into short courses at academic institutions.

In another new development, the cadre of 100 local Commercial Officers at posts abroad is being expanded significantly. These are permanent local residents, normally with considerable business experience in the post city and completely fluent in the local language. They provide continuity and have a wider knowledge of local contacts than the rotational Trade Commissioner finds possible. The plan is to have almost as many Commercial Officers as Trade Commissioners in the field within a few years.

Today's Trade Commissioner acts as a marketing consultant with expertise in a specific foreign business environment. He works directly with Canadian companies or industries to develop marketing strategies and plans custom-tailored to their requirements. He influences company market analyses, product development, and production planning. He supplies vital information on pricing, packaging, distribution, financing and advertising. He suggests local contacts and makes introductions. And when problems arise with local businessmen or governments, he is there to intervene.

Nevertheless, new directions and initiatives taken to make the Service more effective will be marginal unless they complement a genuine awareness by the typical Canadian producer that his future is inextricably linked with the international marketplace. Unhappily, widespread recognition of this fact is only beginning. Better marketing management skills in particular are crucial. The wave of courses, seminars and publicity currently being sponsored by various institutions and organizations provides a hopeful sign. Ultimately these may help make Canada truly a nation of international traders.

## Canada's Minerals Trade

In 1968, the Canadian minerals industry broke all previous records in output for the tenth consecutive year. Production was valued at more than \$4.8 billion, an increase of nearly 8 per cent over 1967 and an almost tenfold increase since 1946. This substantial gain enabled the industry to maintain its share of more than 7 per cent of Canada's GNP.

Per capita mineral production climbed to \$228 in 1968. Metallic mineral output reached \$2.49 billion, industrial mineral production \$908 million, and mineral fuels \$1.34 billion. Canada produced 60 mineral commodities which included 26 metallic and 30 industrial minerals and four mineral fuels.

The top ten—all of which set new record highs in value—were: crude petroleum, \$933 million; copper, \$593 million; iron ore, \$555 million; nickel, \$527 million; zinc, \$329 million; natural gas, \$225 million; asbestos, \$190 million; cement, \$156 million; sand and gravel, \$128 million, and silver, \$106 million. Although aluminum smelted in Canada is not considered to be of Canadian origin because it is produced from imported

bauxite, nevertheless, last year Canada was the world's third largest producer with output valued at \$471 million.

In international trade, the Canadian position in the minerals market has been won mainly because our producers have pursued new opportunities aggressively in the highly competitive export field. In 1968, Canada exported about \$4.1 billion worth of crude and fabricated minerals and these shipments accounted for over 30 per cent of all Canadian exports. If goods manufactured in Canada from domestic minerals are included, this figure rises to almost 40 per cent. A number of unusual factors favored Canada in 1968. The copper strike in the U.S. caused consumers there to increase imports of this metal from Canada by \$38 million over the previous year. Canadian shipments of steel mill products to the U.S. went up by about \$100 million because of a threatened steel strike in that industry which did not take place.

Although Canada imports certain minerals such as coal, total Canadian mineral exports exceed imports by more than \$1.5 billion a year. In 1968, the Canadian

mineral export surplus was not only larger than the country's total trading surplus of \$1.3 billion, but much of the \$814 million increase in the over-all trade surplus resulted from the increase in mineral exports.

In future years Canada can be of considerable help in supplying increasing export demand for minerals. At the present time, only about one-third of the Canadian mineral output is consumed locally and production continues to increase at an average annual rate of more than 8 per cent. Canada has tremendous known reserves that can be tapped when this becomes economic. For example, if the epic voyage of the S.S. *Manhattan* through the Northwest Passage proves that the Arctic is navigable for many months of the year, it will not only help open a large high-grade asbestos deposit in Ungava and copper in the Coppermine area, but could lead to an early development of lead, zinc and silver deposits, and what is reported to be one of the continent's major high-grade iron ore deposits, all located on Baffin Island.

HENRY C. ARMSTRONG  
Commercial Counsellor, Washington



# Pleasure Boats and Equipment

Interest in boating shot retail sales in U.S. above \$3 billion in 1968, much of it spent in the Middle Atlantic States and in Michigan. Trade shows offer best docking facilities for Canadian manufacturers anxious to reach both dealers and the boating enthusiasts.

*This American-made sailing dinghy is built of fiberglass, the "in thing" in boats these days. Because of the enormous demand for pleasure craft in the U.S., Canadian manufacturers are selling boats there.*

## Michigan

P. J. WRIGHT  
Commercial Officer, Detroit

The number of power craft registered in Michigan in 1968 was reported at 437,361, an increase of 52,237 over 1967. This does not include sailboats (estimated at 125,000). Michigan has 31,000 miles of shoreline on four of the Great Lakes. The U.S. Coast Guard estimates that there are 80,000 pleasure boats between Detroit and Port Huron; St. Clair Shores alone boasts 10,000. The boating boom in Michigan is particularly important for Canadians in the pleasure craft industry. The largest dealer for Chris Craft and the leading dealer for Trojan boats are located here—right on the Canadian border.

Competition is keen. **Good representation is at a premium and advertisements and sales promotions are professionally presented.** Quality is a much-used—perhaps over-used—term in the sales pitch, but it is a major factor in the image-creating activity of the U.S. boat-builders. Their advertising and sales promotion material literally exudes it. Advertising and promotion play a large part in marketing boats with price tags of up to \$70,000 that are often sold without buyer and seller leaving the showroom. Boats may be selected on appearance only; purchasers are swayed by

color, trim and interior appointments, often to the exclusion of handling characteristics or hull design.

Leading trade publications offer excellent exposure. A good ad well promoted creates a product image of quality among the avid boating public and is an excellent backup to the salesman's efforts. Promotional assistance offers a big plus to a boat dealer and to one carrying a Canadian line is the best assurance of a share of this booming market. Detroit has large boat shows every year: the Greater Michigan Boat Show is held in January at the Detroit Artillery Armory and the Annual Boat, Sports and Vacation Show in early February at Cobo Hall. Last year, attendance exceeded 150,000 at each show with actual sales in the millions of dollars. In 1970 the National Boat Show may come to Detroit. This exhibition offers excellent opportunities for Canadian boat-builders to be seen and to sell.

The market is characterized by an affluent public indulging in a luxury sport. Buyers do shop price, but dealers definitely sell quality. For example, the entire showroom wall of a leading sailboat dealer spells out his warning: "The

bitterness of poor quality remains long after the sweetness of low price has disappeared." The current demand is for fiberglass boats and sales promotion should be directed accordingly by prospective Canadian exporters.

**Financing is conducted for the most part on a floor-plan arrangement between the boat dealers and local banks.** The banks assist the dealer with up to 90 per cent of the purchase price of new stock, the percentage calculated according to past dealer performance and established credit financing criteria. The dealer pays the remaining 10 per cent, plus freight, insurance and handling costs. This guarantees the boat-builder cash for his boats, allows the dealer room to move financially, and ensures an adequate stock of boats for display and sale. In return, the bank is given the right

to approve new sales contracts and carries the finance paper of approved contracts of sale, in much the same way that automotive finance companies assume this responsibility in the purchase of automobiles.

Michigan is easily accessible by expressway or Great Lakes waterway. There is no better advice to give a Canadian than to say: "Come on down." One visit will convince you. Why not come by car, towing a sample behind you to let the dealer see your product.

The Canadian Consulate maintains information on the boating market in Michigan that should help Canadian boat-builders take advantage of this nautical gold mine on Canada's doorstep.

## Middle Atlantic States

PIERRE J. GOSSELIN

Consul and Assistant Trade Commissioner, Philadelphia

The resurgence in demand for pleasure boats and allied products in the United States, which began in 1960 and has continued unabated for another year, now accounts for a staggering U.S.\$3,150 million in retail sales of boats, services and allied equipment (see Table 1). This tremendous growth in interest, motivated partly by the urban dweller's need to fill his leisure time, has been assisted by improved credit facilities and advanced production techniques. Boating is an increasingly accessible form of family recreation that offers a feeling of adventure and achievement which is all too often lacking in a regimented urban environment.

The area serviced by the Canadian Consulate at Philadelphia contains all the ingredients necessary for the expansion of the substantial market for Canadian pleasure craft. Table 2 shows that the population of the states of Delaware, Maryland, New Jersey, Pennsylvania and Virginia is 26.4 million and that the per capita income is equal to or higher than the U.S. national average. The area is blessed with abundant and accessible waters suitable for boating: the Chesapeake and Delaware Bays, the Intra-Coastal Waterway which stretches from New Jersey to Florida, and the numerous sheltered bays and inlets of the Atlantic sea-

TABLE 1

### 1968 SALES IN U.S. BOAT MARKET

Over U.S. \$3 billion was spent at the retail level for equipment, services, insurance, fuel, mooring and launching fees, and boat club memberships.

#### Boats

Outboard—283,000 sold

Inboard—35,000 sold

Inboard-outdrive—42,000 sold

Sailboats—13,300 sold (excluding sailboards)

Sailboards—approximately 14,000 sold, bringing the estimated number to 50,000

Pontoon—6,500 sold

Canoes—92,000 sold

#### Engines

Outboard—500,000 sold; brought the total sold since 1919 past the ten million mark

Inboard—an estimated 80,000 sold, with 10 per cent of them going to the replacement market; close to 8,000 engines were diesel-fueled, and some 3,200 were marine conversions of automobile engines; over half the total went into inboard/outdrive installations

Inboard-outdrive—51,000 estimated sold

Jet drives—approximately 1,200 sold

#### Materials, Equipment, Accessories

Fuel—an estimated one billion gallons of gasoline were consumed by pleasure craft; about half probably sold through marine outlets

Aluminum hulls—298,000 were built, an increase of 14.6 per cent over 1967; average length, 14 to 16 feet

Fiberglass—nearly 201 million pounds consumed by boating, an increase of more than 25 per cent over 1967

Electronic equipment—an estimated \$18 million of marine electronic equipment shipped by manufacturers to the boating market

Air conditioners—4,000 sold, over one-half of them direct to boat builders; 1,600 units sold in 1966, 2,500 in 1967

Anchors—one million sold

Life-saving equipment—\$10 million (wholesale) sold, representing 5.8 million units

Trailers—200,000 sold

Water skis—886,000 units (pairs and singles) sold

board. It is not surprising that the area is judged to be the largest market for sailboats in the United States.

The number of boats in this area in 1968 is shown in Table 3; it is not comprehensive because only owners of boats with at least 10 horsepower are required to register. Here are some details on the various types sold.

**Outboards**—It is interesting to note that though wooden-hulled boats account for a large proportion of the number,

the demand for them is declining. The expansion in this market is in fiberglass and aluminum-hulled boats which are sturdy, attractively styled and virtually maintenance-free.

In the 1967-68 period, sales of wooden outboard boats declined by 33 per cent but those of fiberglass and aluminum increased by 12 and 11.4 per cent respectively. The bulk of the demand for aluminum boats lies in the less than 14.5-foot length; for fiberglass boats it is concentrated in the 13.5- to 17.5-foot range. This sales distribution pattern

TABLE 2  
THE MIDDLE ATLANTIC MARKET

	Delaware	Maryland	New Jersey	Pennsylvania	Virginia
Population (July 1968)	533,000	3,716,000	7,070,000	11,750,000	4,604,000
Per capita income*	U.S.\$3,795	U.S.\$3,742	U.S.\$3,954	U.S.\$3,419	U.S.\$3,068
Marine dealers	43	219	529	445	231
Marinas	13	202	273	80	107
Boatyards	5	54	98	15	19
Manufacturing representatives	—	19	33	36	9

\* United States average income is U.S.\$3,421

TABLE 3  
MOTORBOAT REGISTRATIONS, MIDDLE ATLANTIC STATES

	less than 16 feet		16 to 26 feet		26 to 40 feet		40 feet and over	
	inboard	outboard	inboard	outboard	inboard	outboard	inboard	outboard
<b>Wooden Hull</b>								
Delaware	40	3,005	720	1,761	767	18	48	—
Maryland	228	10,286	7,343	11,938	8,676	133	742	14
New Jersey	453	26,271	15,287	24,693	8,915	241	698	13
Pennsylvania	261	17,303	2,426	4,616	905	46	39	5
Virginia	133	12,783	3,469	11,177	4,106	114	262	8
Totals	1,115	69,648	29,245	54,185	23,369	552	1,789	40
<b>Fiberglass Hull</b>								
Delaware	5	2,518	271	1,195	101	4	6	—
Maryland	133	9,912	2,171	8,381	553	94	38	1
New Jersey	126	18,541	3,796	16,002	724	109	73	3
Pennsylvania	218	17,771	1,671	7,890	81	13	7	3
Virginia	118	12,813	3,119	10,977	239	24	25	1
Totals	600	61,555	11,028	44,445	1,698	244	149	8
<b>Aluminum Hull</b>								
Delaware	5	2,274	39	447	1	2	—	—
Maryland	19	3,277	116	1,384	15	20	1	—
New Jersey	39	11,795	93	1,867	61	141	12	4
Pennsylvania	68	32,678	157	2,332	21	36	1	2
Virginia	24	4,411	116	1,712	105	32	7	1
Totals	155	54,435	521	7,742	203	231	21	7
<b>Steel Hull</b>								
Delaware	3	35	9	92	19	—	2	—
Maryland	28	38	104	124	129	18	18	5
New Jersey	24	162	155	83	124	16	11	—
Pennsylvania	51	2,254	67	758	113	91	23	3
Virginia	39	94	63	288	104	68	24	4
Totals	145	2,584	398	1,345	489	193	78	12

is in keeping with the design and structural capabilities of the materials employed. Together, sales of aluminum and fiberglass outboard boats accounted for approximately 84 per cent of the total demand for this type of craft.

**Inboard-outdrives**—These boats, which are still relative newcomers, have gained a good deal of popularity in the past few years. They offer the advantages and prestige of the inboard cruiser without the concomitant cost. Although unit sales of these boats are smaller than those of outboards, they account for an equivalent dollar value. Demand in this sector is for boats in the 16.5-foot and over class.

The sector of the industry which manufactures the outboard and inboard-outdrive pleasure boats is in the process of structural change. It was once the preserve of relatively small private firms with limited resources and geographic distribution. Today the trend seems to be towards concentration, with increasing participation by large conglomerate firms. There is some evidence of vertical integration with the increasing activity of large marine-engine manufacturers. These new arrivals enjoy obvious financial advantages. Their presence should give the industry greater stability and offer dealers more support in terms of inventory credit and advertising.

**Sailboats**—Little statistical information is available on the distribution of sailboats on a regional basis because most are not powered and therefore need not be registered with any governing body. Table 4 gives the production and value of fiberglass sailboats in the United States.

The interesting feature of the sailboat market is its recent growth in popular appeal, stemming largely from the introduction of sailboards. Because of their simplicity, these small boats have attracted more people to the sport and have taken sailing out of the realm of purists. This should also favor an eventual increase in sales of the more conventional sailboats.

TABLE 4

UNITED STATES PRODUCTION OF FIBERGLASS SAILBOATS

Type	1967-68		1968-69	
	Units	Factory value	Units	Factory value
<b>Auxiliary sailboats</b>				
under 30 feet	760	3,732,804	1,059	5,181,086
over 30 feet	255	5,243,258	462	9,448,186
Total	1,015	8,976,062	1,521	14,629,272
<b>Sailboats, no power</b>				
12 to 15 feet	15,462	6,544,631	16,562	7,078,445
16 to 20 feet	1,546	2,149,678	1,889	2,550,119
over 20 feet	609	2,182,702	644	2,685,351
Total	17,617	10,877,011	19,095	12,313,915
<b>Sailing dinghies, prams, sailboards, sailboats</b>				
under 12 feet	11,480	1,336,742	11,179	1,529,723
Total		21,189,815		28,472,910

Interest in boating is not restricted to the mini-sailors; it shows up in the increase in effective demand for large sailboats and yachts. Sales of auxiliary sailboats of over 30 feet increased by more than 80 per cent in one year. It would appear, once one gets into this truly luxury class, that price becomes less of a factor in the ultimate buying decision. When a boat becomes a floating status symbol, quality is the main factor. "Elegant quality" is probably a more apt description. J. P. Morgan once remarked that if you have to ask the price of a yacht, you can't afford one.

Opportunities for Canadian pleasure boat manufacturers in this area are limited only by their ability to produce and deliver at competitive prices. **Delivery is especially crucial in this seasonal market.** Canadian manufacturers have begun over the past several years to take an active interest in the United States market, with good results. From 1961 to 1968 the number of pleasure boats exported to the U.S. increased from 960 to 6,707 and the value increased from Cdn.\$1,139,471 to \$6,705,863. This record is impressive, yet Canadian exports still account for little more than 2 per cent of the U.S. market.

This initial success indicates the business Canadian exporters can expect. **To increase our share of the market we must acquaint dealers and the public with our capabilities.** Probably one of the most effective devices for achieving this goal is national and regional trade shows. The former will provide contact with the dealer and broker; the latter is mainly directed at the public.

For initial exposure, we feel that the regional show is the more effective because it allows the manufacturer to test his designs and price structure in the marketplace. He can also assess the trends in that locality and tailor his marketing approach accordingly. Success in a regional show will assist the manufacturer in obtaining competent dealers and representatives.

**The territory covered by the Philadelphia office is particularly well served by regional boat shows.** Each year the following trade fairs are held in our area:

**New Jersey Boat Show, February 7-15, Cherry Hill, N.J.**  
1968 attendance: 106,000.

**Chesapeake Bay Boat Show, February 7-15, Baltimore, Md.** 1968 attendance: 65,000.

**Eastern Sports & Outdoor Show, February 8-14, Harrisburg, Pa.** 1969 inaugural year.

**Philadelphia Boat Show, February 14-23, Philadelphia, Pa.**  
1968 attendance: 197,000

To date there has been little Canadian presence at these shows. This is unfortunate since the area offers considerable potential for exporters who can supply well-designed, quality products at appropriate prices. In the coming months this office will attempt to rectify this lack of exhibitors. For further details on the possibilities offered by this market, contact the Canadian Consulate, Suite 300, 3 Penn Center Plaza, Philadelphia, Pa. 19120.

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*Territory:*  
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*Territory:*  
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*Territory:*  
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Provinces of Toscana, Marche, Umbria,  
Lazio, Abruzzi-Molise, Puglia, Campania,  
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Other countries: Libya, Malta

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*Territory:*  
Provinces of Emilia-Romagna, Lombardia,  
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*Territory:*  
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 Transvaal. Other countries: Angola,  
 Botswana, Comoro Archipelago, Lesotho,  
 Malagasy, Mauritius, Mozambique, Reunion,  
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*Territory:*  
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 Provinces outside the peninsula—Balearic  
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H. C. Armstrong  
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Consul and  
Assistant Trade Commissioner

D. Keddie  
Vice Consul and  
Assistant Trade Commissioner

D. J. Bachand  
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Assistant Trade Commissioner

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Night Line: 586-2321

Telex: 00126242 (DOMCAN NYK)

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Consul and Senior Trade Commissioner

K. R. Higham  
Consul and Trade Commissioner

J. N. R. Ferland  
Consul and  
Assistant Trade Commissioner

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Telex: 0094567 (DOMCAN BSN)

Territory:  
States of Maine, Massachusetts, New  
Hampshire, Rhode Island, Vermont.  
Other countries: St. Pierre and Miquelon.

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Consul and Trade Commissioner

Z. W. Burianyk  
Consul and  
Assistant Trade Commissioner

K. G. DeWolf  
Consul and  
Assistant Trade Commissioner

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Vice Consul and  
Assistant Trade Commissioner

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Telex: 00254171 (DOMCAN CGO)

Territory:  
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Dakota, South Dakota, Wisconsin

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C. R. Donley  
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Territory:  
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Territory:  
States of Texas, Arkansas, New Mexico,  
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# Businessman's Bookshelf

## Cameroon

This attractive brochure provides an excellent introduction to a country where Canada maintains an Embassy but about which Canadians know little. The Federal Republic of Cameroon is a bilingual state set up in 1961 and consisting of West Cameroon and East Cameroon. It has a population of 5.2 million and looks upon itself, as the introduction to this booklet puts it, as "a bridge between West Africa and Central Africa." It also has well-formulated plans for economic development.

The information presented here stems from a survey made in 1968, sponsored by the Cameroon Economic Plan Organization. The general economic setting for development is first described—taxation, the investment code, the government budget and how it is spent. An analysis of the development plan follows, an outline of how it is to be financed, the various economic sectors, and what the plan envisages for each. The section on projects going forward and those planned for the future should interest potential suppliers of services or equipment. More information on any aspect of development there can be obtained from La Société Camerounaise d'Étude et de Promotion pour l'Afrique.

Prepared by CAMEP, and available in Canada from the Commercial Attaché, Embassy of Cameroon, 85 Range Road, Ottawa 2, Ontario.

## The National Buyers' Guide 1969

As a comprehensive guide to U.S. industrial products and services, this 1,334-page directory could prove invaluable to Canadians looking at markets across the border. Compiled by the Reuben H. Donnelley Corporation of New York, it lists over 100,000 U.S. industrial and service companies both alphabetically and under 8,000 classified headings, with many subheadings. For example, it takes 22 pages to cover all the makers of castings—from alloy to zinc types.

The alphabetical listing gives each company's name, address with zip code, classification, and telephone number and often (by code) its annual sales. The product classification follows a similar format. Included too is information on postal rates, scheduled airline services, and key U.S. railroads.

Produced by Reuben H. Donnelley Corporation, New York, \$25.00; distributed in Canada by Torontrade Company, 122 Kendal Avenue, Toronto 4, Ontario.

## The Middle East and North Africa 1969-70

To those who are familiar with the *Europa* series of reference works, it is enough to say that this sixteenth edition maintains the high standards that Europa Publications have set. It does not matter whether you want information on Chad, Southern Yemen, Niger, or Sharjah or on the numerous UN agencies in the area, you will find it here. The business traveller to this region who reads before he sets out the introductory chapters and those covering the countries he intends to visit will be well briefed from this one volume alone on their culture, history, religion, politics, economics and trade. The section on "Who's Who" incorporates new biographies in each edition and continues to be a useful feature. For those who want to dig more deeply, there is an extensive bibliography of books and periodicals.

Produced by Europa Publications Limited, 18 Bedford Square, London, W.C.1; \$23.50.

## Golden Guide to South and East Asia

This is an adventurous guidebook, intended both for those who seldom stray from the well-marked tourist routes and for those who branch off into the byways. Two chapters are slanted towards the latter: "Asia on the Cheap" and "Motoring through Asia". (That chapter ends with: "Choose a reliable car, and Bon Voyage!")

The traditional tourist magnets—Japan, Hong Kong, India, Thailand—receive coverage in depth. The chapter on Japan, for instance, runs to 43 pages and gives information on centers throughout the country, hotels, restaurants, night clubs, plus maps of the central areas of the main cities, tour outlines, and much more. By contrast, it takes only four pages to cover Bhutan and two for Portuguese Timor. The guide gives information on 27 countries in all and concludes with a guide to Asian currencies, weather, and electricity.

For those who hope one day to visit the People's Republic of China, there is a down-to-earth treatment called "Through Far Cathay" and another on "The Russian Way Round", written by the editor of the Guide, P. H. M. Jones. The fact that most of the material was contributed by the staff of that respected periodical, the *Far Eastern Economic Review*, speaks well for its accuracy.

Published by Far Eastern Economic Review 1969; 490 pages, \$4.75. Order from M. G. Hurtig, Limited, 10411 Jasper Avenue, Edmonton, Alberta.

# Joint Ventures: One Answer in Mexico?

Joint ventures may prove to be the best approach for Canadian companies facing a decreasing export market in this rapidly industrializing country.

T. F. HARRIS

Commercial Counsellor, Mexico, D.F.

The Mexican economy has achieved the highest rate of growth in Latin America in recent decades, accompanied by continued diversification of the productive structure and equilibrium in the balance of payments. In 1968, the gross national product rose by 7.1 per cent in real terms, which is equivalent to an increase in per capita product of 3.4 per cent. The average growth rate for the three preceding years was 6.4 per cent. With a population of 50 million, the gross national product in 1968 was U.S.\$26.7 million, higher than that of Brazil, Argentina or Spain. The 1969 per capita product is expected to be close to \$600, compared with \$566 last year. Relatively free from inflation, with annual price increases of less than 3 per cent since 1965, Mexico has a strong currency backed by impressive reserves and no restrictions on convertibility or transfer.

Canada's exporters have taken advantage of this expanding market. Our sales to Mexico in 1968 were worth over \$54.5 million, the highest since the record year of 1964, when the total was \$65.1 million. The 1964 total, however, was inflated by the exceptionally high shipments of one item, railway rails, which alone accounted for \$14.8 million. Canadian exports to Mexico in the first eight months of 1969 were up almost \$7 million over the same period in 1968 and the total for the year should approach the 1964 figure. Although nearly 300 products were included in the 1968 exports, five major ones accounted for over 50 per cent of the total—newsprint, parts and accessories for motor vehicles, asbestos milled fibers, commercial communications equipment and railway rails. **These figures are impressive and there appears little doubt that in the short term Canada can maintain or even better its position in the Mexican market.**

But what of the long term? I have already mentioned the growth of Mexico's gross national product. In 1968, the industrial sector (manufacturing, mining, construction, petroleum and electric power) accounted for 38 per cent of

gross national product, which is very close to the share registered in Japan and various countries of Western Europe. About 3.3 million persons, or 22.3 per cent of the total work force, are at present employed in industrial activities. Mexico is industrializing rapidly. This fact, together with the policy of levying higher tariffs on goods similar to those produced in the country, make it increasingly difficult to sell manufactured goods here and, in our opinion, the prospects for sales by Canada and other non-LAFTA countries are not encouraging. The exception is sophisticated products that require an unusually high degree of specialized engineering and knowhow.

What can be done about it? Certainly the answer is not to write off Mexico but rather to take advantage of the country's rapid industrialization and of the Government's policy. **Mexico needs technology, and it needs and welcomes foreign investment—under certain conditions.** Direct foreign investment amounts to about U.S.\$2 billion. Of this, U.S. \$1.5 billion represents United States ownership, of which over 65 per cent is in manufacturing, almost 9 per cent in mining and smelting, and approximately 12 per cent in commercial activities. Britain has an estimated 5 per cent of the total, Canada 2 per cent, Sweden, West Germany and Japan lesser amounts.

Approximately 1,600 companies, 75 per cent of them American, operate in the country with total or partial foreign capital. Many Canadian companies have both the experience and the capital to share in Mexico's development and to realize attractive returns on their investment, as others have done. **If you have a product unique in design and application, why not consider having it made in Mexico?**

Before explaining the various ways in which this can be done, the following points must be emphasized. Once a product is manufactured in Mexico, even when the Mexican

content is not particularly high, the Government will give sympathetic consideration to considerable tariff protection. On the other hand, products similar to those manufactured locally not only are subject to high tariffs but nearly always require an import licence which is granted only after approval by an import licence committee on which the local manufacturer sits.

Mexico is determined, however, to increase its exports of manufactures, which now amount to 24 per cent of the country's total merchandise exports. There have been indications recently that, in support of this objective, the Government will consider softening its protective policy towards companies that have taken advantage of the lack of competition to keep prices high and hence non-competitive in the export market. Manufacturers not in this position are assured of tariff protection which in turn results in high profits and an attractive return on investment. In addition, there are tax incentives, land is comparatively cheap, labor is abundant and inexpensive, and Mexico has enjoyed political and economic stability for many years. An important consideration is that products of Mexican manufacture in many instances receive tariff preferences from other members of LAFTA.

The Mexican Department of Industry and Commerce published in late 1967 a list of 528 products that it felt should and could be made here. (An earlier list of 370 investment opportunities was published in 1965. By December 1967, 70 per cent of these items were being turned out in Mexico.) The current list, which can be obtained from our office, is based on an analysis of items imported in 1965 and 1966 and valued at over 1.25 million pesos (Cdn.\$108,000). The study was complementary to one that the industrial associations carried out in the private sector.

There are only two approaches worth considering for a Canadian company wishing to manufacture its products here. These are a licensing agreement or a joint venture. Although it is possible to establish a wholly-owned subsidiary, this is the least desirable approach in the eyes of the Mexican Government and, taking into account the Government's nationalistic attitude, does not appear to be worth the effort.

**Licensing Agreement**—The expanding Mexican market is extremely attractive to many potential licensors, particularly if they make arrangements with their Mexican licensee for distribution in the other LAFTA countries. Often this is a convenient and easy solution for a Canadian manufacturer who is busy elsewhere and is not interested in equity participation. This approach has been used successfully by a few Canadian companies and by many from other countries.

**Joint Venture**—Since 1965, 228 new foreign manufacturing operations, most of them American, have been established in Mexico. All but 29 were set up as joint ventures. There are growing indications that Canadians would do well to examine the possibility of joining hands with suitable Mexican partners. We believe that it would be useful for more Canadian companies to consider the possibility of joint ventures before entering into licensing arrangements or pinning their hopes on initiating or continuing direct exports to the Mexican market. There are formidable organizational and administrative impediments to be cleared away but many of these apply equally to securing licensing agreements. Local lawyers should always be consulted, not alone for their legal opinion but, more important, for their judgment on the current picture, and their experience with and insight into local administrative procedures.

One of the first steps in undertaking joint ventures is the discovery and selection of a Mexican partner. The selection process should include all the standard tests: financial responsibility, technical attainments, market organization, and any others that sound business sense prompts. Despite the best possible selection, some adjustment requiring patience, understanding and flexibility is, as in marriage, essential. Of prime importance, of course, is the viability of the project. To minimize the risk of failure, you should make a thorough analysis of the principal economic factors—market projections, selling prices, manufacturing costs, total investment, and so on.

As the box below indicates, a number of activities have been reserved to the Federal Government because of their public service character or because, for one reason or another, they are regarded as basic to the country's economy.

## Mexican Industry Ownership Requirements

### Exclusively Government

Coining money  
Issuing bank currency  
Administration of postal and telegraphic systems  
Generation and distribution of electric power  
Petroleum industry  
Basic petrochemical industry  
Railroads

### 100 per cent Mexican ownership

Mutual funds  
Bonding companies

### Insurance companies

Banks  
Ownership of land within 100 kilometers of land borders and 50 kilometers of coastlines  
Concessions for radio and television  
Concessions for transport services (land, air and maritime)  
Concessions for development of forest reserves

### At least 51 per cent Mexican ownership (list subject to change)

Secondary petrochemical industry (60 per cent and in some cases even 66 per cent required)

### Rural real estate for agricultural activities

Concessions for mining and smelting (in certain cases even 66 per cent required)  
Distribution and exhibition of motion pictures  
Fisheries and fishing  
Manufacture, sale and distribution of soft drinks, extracts, concentrates and syrups used in their preparation  
Bottling of fruit juices  
Publishing  
Advertising  
Preparation and distribution of insecticides and fertilizers  
Preserving and packing of food products

By specific law, other activities must be 100 per cent owned or at least 51 per cent controlled by Mexican interests. With the exception of the cases shown, foreign enterprise is theoretically free to enter the Mexican market with 100 per cent foreign control. The Mexican Government, however, has made it clear (and with increasing frequency) that the majority capital should be Mexican. The disadvantages for the foreigner are fairly obvious. Management control can be lost when 51 per cent or more is owned by local interests, local businessmen often tend to prefer a faster payout of returns, and may favor accounting practices at variance with those of the foreign partner. Friction may also develop because of differences in culture and patterns of thought.

The advantages, however, can far outweigh the disadvantages.

1. Agreement to accept a minority position may mean the difference between entering or not entering the market, and losing the Mexican market may mean losing the LAFTA market as well.
2. The Government is more likely to view with favor the company's activities and needs. The public in general, and investors in particular, may take an interest in the company that can be quite useful, whether tangible or not. The employees may recognize a closer relationship between their work and their aspirations for advancement.
3. Mexican partners, if chosen wisely, are invaluable for their intimate knowledge of the local scene, labor relations, government relations, and local commercial practice—to say nothing of the language.
4. Because reasonable technical assistance fees are in order, the investment return to the Canadian partner can actually be higher than the proportion of stock ownership would normally indicate.

One of the most experienced foreign firms engaged in joint ventures in Mexico is on public record as finding its arrangements highly beneficial. Frank B. Loretta, head of the Dupont interests in Mexico (Dupont is actually a minority foreign partner in a number of joint ventures) had this to say in a recent address: "It is my conviction that in Mexico, a country with dynamic growth potential, an intelligent people rapidly becoming better educated, and a highly individualistic cultural background, the joint venture concept of industrial growth is sound and is frequently preferable. I believe, too, that foreign capital can realize in Mexico its maximum potential by blending its knowledge and experience with the knowledge and experience of local investors."

We would like to see more Canadian companies participate from the inside in Mexico's dynamic growth. There are at least ten Canadian companies engaged successfully in one type or other of the operations listed above in such diverse fields as mining, the manufacture of wire and cable, agricultural implements, electrical apparatus, synthetic rubber, steel, automotive parts and alcoholic beverages. We appreciate fully the great advantages derived from the export of completely manufactured products but we also believe it would be short-sighted to expect to be able to export completed products indefinitely to a country industrializing as rapidly as Mexico, and with its current tariff policy. We believe it would be to your advantage to consider an operation which will enable you to export knowhow and component parts and to earn dividends and profits.

If you are interested, let us know. We can help by advising whether there is a market for your product here and whether a similar Mexican product is being manufactured. If conditions appear favorable we can also help you locate potential partners, and provide you with the names of competent lawyers and bankers and a list of authoritative publications on investing in Mexico.

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## International Loans Announced

Thailand's private, medium-size industries will receive loans from the country's Industrial Finance Corporation, thanks to a U.S.\$10 million credit from the Asian Development Bank. The IFCT has already made loans to scale-ice and cold storage, strawboard, vinyl floor tile, ceramic, paper and electrical appliances plants.

The 1970-74 development program of the Sarawak Electricity Supply Corporation (SESCO) will be financed partially by an Asian Development Bank loan of U.S.\$3.1 million. The loan, made to the Malaysian Government, will finance the installation of diesel generating plants at Kuching, Sibul and Miri; the construction of a 33 kw. transmission system at Kuching, and equipment to improve and expand SESCO's distribution systems.

SESCO, in a long-range development program, 1970-80, will undertake a number of capital works, mainly generation and distribution projects. The generating plants are expected to be diesel-powered.

Sierra Leone's program to improve the quality and content of secondary and technical education and primary teacher training is to be assisted by a \$3 million credit from the International Development Association (IDA). This loan will be used to provide secondary schools with facilities for teaching agricultural, commercial, scientific and industrial subjects. Two technical institutes, two trade schools and the Freetown Primary Teacher's College will be expanded and provided with better equipment. The Canadian International Development Agency will make a grant

equivalent to U.S.\$600,000 for instructional equipment for all the schools. The United Nations Development Program is expected to provide an eight-man team of specialists in technical and vocational training and associated teacher training at a cost of U.S.\$500,000.

Nepal's airport program will benefit from a concessional loan of U.S.\$6 million and a technical assistance grant of U.S.\$350,000 from the Asian Development Bank. These loans cover the improvement and/or reconstruction of five airports, including ground transport and pilot training for the Royal Airlines Corporation (RNAC), Nepal's flag carrier. Consulting engineers will be engaged to design runway extensions, taxiways and aprons, and the new terminal buildings.



*Following the official opening ceremonies of Asia 69, His Imperial Majesty The Shahanshah Aryamehr and Her Imperial Majesty The Shabanou are seen passing the Canadian Pavilion on their initial tour of the fair.*

# Canada at Asia '69

The Second Asian International Trade Fair, Asia 69, held in Tehran in October, offered Canadian exhibitors a first-hand look at the rapidly expanding Iranian economy and the potential for supplying goods and services.

The Canadian Pavilion, covering almost 1,000 meters in a section set aside for foreign participants, was easily accessible to all fair visitors. One striking feature which appealed to the public was the projection of films on the exterior wall of the pavilion during evening hours. This excellent idea, plus the red and white Maple Leaf shopping bags and pins seen everywhere, helped keep Canada in everyone's mind during the fair.

The list of distinguished visitors to the Canadian Pavilion included the Queen's mother, the Shah's sister, the Prime Minister of Iran, and most of his Ministers. The Canadian Ambassador, Mr. C. C. Eberts, and the Hon. Jean-Luc Pepin, Minister of Industry, Trade and Commerce, showed keen interest in the Canadian displays. The flag-raising cere-

mony on Canada Day was given wide publicity on local TV stations.

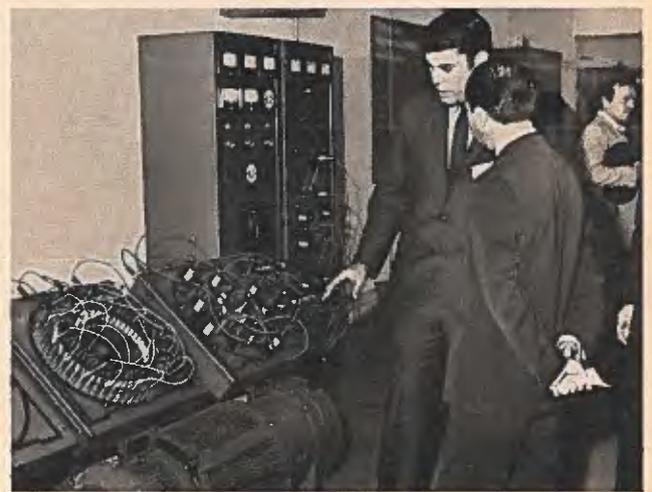
Our hostesses, outfitted in white and red dresses with white and red capes, matching shoes and stockings were the talk of the fair. All of them spoke at least two languages and most three or four.

Asia 69 attracted one and a half million visitors; non-Iranian businessmen were estimated at 5,000 and total business visitors at 50,000. The Canadian exhibitors who manned their stands were well satisfied with the business that resulted. They showed products as diverse as swimming pool heaters, portable coolers, off-road vehicles, educational equipment and a concentrated deodorizer. Of the 25 Canadian companies participating in the exhibit, six appointed local representatives during their stay in Tehran. Business transacted on site totalled approximately \$1 million. Sales in 1970 from contacts made during the fair are estimated at \$2.5 to \$3 million.

*The Honorable Jean-Luc Pepin, photographed with H. M. Okhawati, local representative of Automotive Hardware of Toronto, greets two of the hostesses in the Canadian Pavilion.*



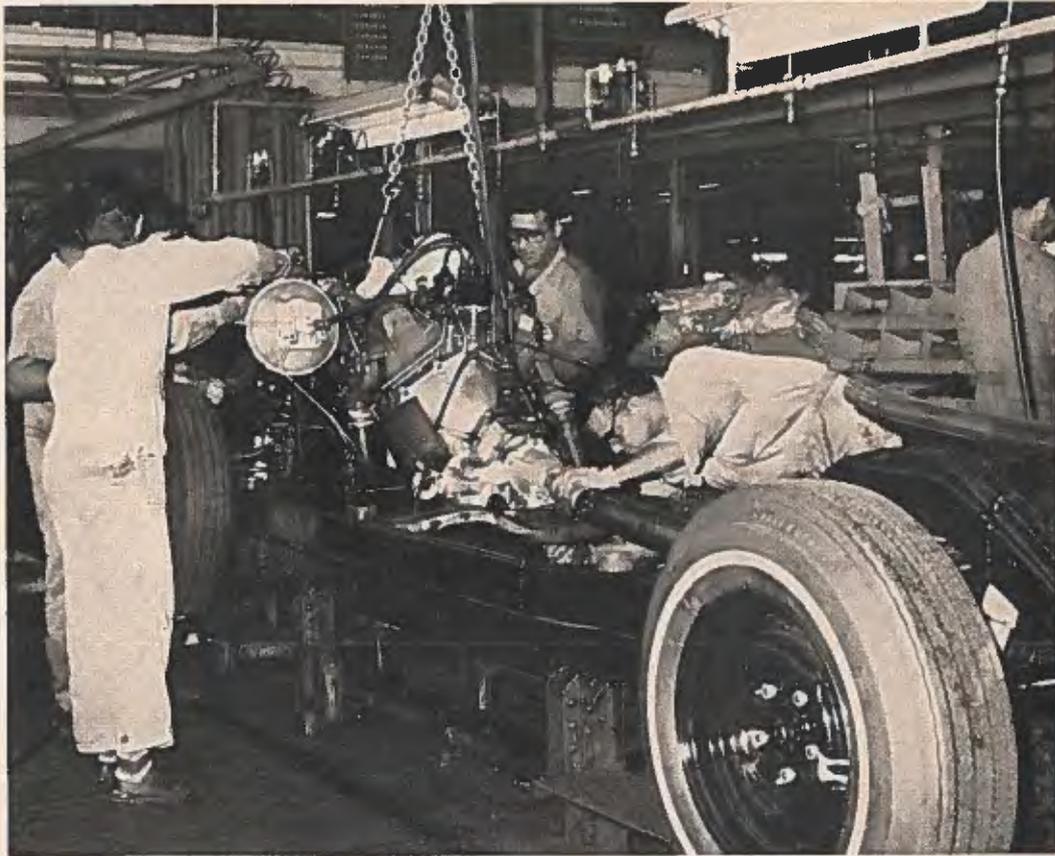
*André Lachance (left) of La Compagnie Pharmaco-Chimique of Montreal explains his product, Nilodor, to His Excellency Fereydoun Motamed-Vaziri, Administrative and Under-Secretary of Economy, guest of honor at Canada Day.*



*Ed Washbrook, Sales Manager, Edwards of Canada, Owen Sound, Ontario, explains his firm's educational equipment to a visitor. This particular piece of equipment was sold during the fair.*

*Douglas Branion, Canadian Commercial Secretary in Tehran, introduces His Excellency Fereydoun Motamed-Vaziri to Ben Jones, Manager of the Tehran office of Hoyles Niblock of Vancouver, telecommunications consultants, which has contracts in Iran.*

# Automotive Parts



*Assembling automobiles at the General Motors plant in Caracas, one of the seven major ones there.*

Canadian suppliers of equipment for automotive industry in Venezuela should look into setting up parts manufacturing plants there. Dependable local partner can be great asset.

JOHN H. BAILEY  
Commercial Counsellor, Caracas

Traffic jams in Caracas are a daily headache, but the very fact that there are such problems, in spite of a number of expressways opened during the past ten years, is an indication of the tremendous growth of the automotive industry in Venezuela since 1959. **There are now more than 468,000 passenger cars and 188,000 trucks registered** in the country and by 1975 there should be 610,000 cars and 247,000 trucks. Most of the major manufacturers of the western world have now set up assembly plants as a result of the introduction of a protective import licensing system for the automotive industry. Any day the Japanese may join the 14 other plants to push the production level beyond the 62,617 vehicles produced in 1968.

In 1961 the Government passed a law that forced the automobile assembly plants to use an ever-increasing percentage of locally made parts. This percentage, based on weight rather than value, increases every six months and by the end of 1969 had reached 38 per cent. This in turn has led to some benefits and abuses. The major benefit is that more than 60 new industries—including three major U.S. tire companies—have established plants in Venezuela to supply the original equipment as well as the replacement market. This means more employment for local labor and a saving of some foreign exchange. On the other hand, it has led to a serious abuse so far as costs are concerned. The car manufacturers, in order to comply with the law,

have had to buy at any price on the local market. There are certain local parts that cost five times more than the equivalent imported product and the quality is not always as good.

The above problems, coupled with the short production runs of individual models by the automobile assembly plants and the high profit margins demanded by the parts manufacturers through to the car dealers, have resulted in very inflated prices at the retail level. A Chevy II six-cylinder four-door sedan, which sells in Canada for \$2,750, retails at approximately \$5,450 in Venezuela. This high cost to the consumer in a country where wage rates are less than a third as high as those in North America is a serious problem. The new Government, which took over in March 1969, is reviewing the whole range of regulations affecting the industry; some amendments may be made.

**There are really only two ways in which Canadian firms can participate in the original equipment field.** One is indirectly through the supply of parts to the "big two" in Canada (it is hoped that in 1970 it will become the "big three") which have their assembly parts packed and shipped to Venezuela from Tillsonburg, Ontario. These shipments include U.S. and Canadian parts but all are invoiced out of Canada. The other is to set up a parts manufacturing plant in Venezuela to supply the car assembly plants and the replacement market locally. Canadian firms already selling here should

### Major Car Manufacturers

Ford de Venezuela S.A.  
 General Motors de Venezuela S.A.  
 Chrysler de Venezuela S.A.  
 Fabrica Industrial de Automotores (FIAT)  
 Volkeswagon Interamericana S.A.  
 Automovil de Francia C.A. (Renault and American Motors)  
 Rootes Motors de Venezuela C.A.

	1967	1968
Total production	58,131	62,617
of which		
Automobiles	41,975	44,664
Station wagons	3,045	3,906
Commercial	13,161	14,047

### Swiss Buy Paper

The twenty Swiss paper mills and the thirteen board factories have a yearly production of 650,000 metric tons. Until 1960 these mills supplied 95 per cent of total Swiss requirements. The formation of the European Free Trade Association and the abolition of customs duties within EFTA opened the market to imports from Austria and the Scandinavian countries. Domestic producers now hold only 78 per cent of the market and imports are still rising. In 1968 they totalled 147,276 metric tons and in 1968 rose to 180,140; the EFTA countries supplied 85.6 per cent.

The value of these imports was equal to Cdn.\$52.5 million in 1967 and Cdn.\$61 million in 1968.

Despite the keen competition, the Swiss are still interested in obtaining some specialty and finished paper products from Canada. To indicate the size of the market, in 1968 Swiss imports of selected paper products (in kilos) were as follows: floor coverings, paper or board 27,210; bituminous paper 38,200; building boards 8,140; paper napkins, handkerchiefs 13,831; coated papers 5,169; paper bags 2,500; carbon paper 2,293; other paper products 2,055.

Canadian manufacturers in this field have not yet explored the market fully. As an indication, Swiss importers would be interested in coated offset paper and other coated papers, book papers, bristols, groundwood printing papers, kraft paper and boxboards. There is also some demand for kraft linerboard. The Commercial Division of the Canadian Embassy in Berne (Kirchenfeldstrasse 88, CH 3005 Berne, Switzerland) would be pleased to assist any Canadian company which would like to submit offers to Swiss paper importers.

MAX MEISTER  
 Commercial Officer, Berne

seriously consider such a move; if they do not come into the market, someone else will.

In setting up production facilities in Venezuela, the Commercial Section of the Embassy strongly recommends that a joint-venture or licensing agreement approach be used to break into the market. A knowledge of local labor relations, taxation, and government regulations simply cannot be learned quickly by foreign firms. Hence a **dependable local partner can be a great asset, even if his financial and technical contribution is limited.** The Embassy suggests that interested parties also seek guidance from other sources within the country. These include the car manufacturers themselves as they are more than willing to tell potential parts manufacturers what parts are considered "next in line" for local production, the quantities required, etc. The Canadian banking community in Venezuela is another excellent source. The Royal Bank of Canada has six branches in the country, the Bank of Montreal has an interest in a large local bank, and the other Canadian banks all have reliable correspondents in Venezuela. All can provide information on financing. Finally, there are a number of first-class accounting and legal firms in a position to provide information on taxation, incorporation, and other matters.

**The replacement parts market becomes increasingly more difficult to penetrate from abroad because of the import licensing system.** There is no hope of selling Canadian replacement parts in this country for tires, batteries, mufflers, window glass and a number of other parts. However, imports are still a major factor in the parts and accessories field: in 1967, for example, the country imported \$31.6 million of automobile and tractor replacement parts from the U.S. alone, compared with imports of original equipment assembly parts of \$69.8 million from the U.S. and Canada.

These replacement parts are always subject to a fairly high duty, based on a charge per kilo, and the retail price is at least double that of the same item in Canada, in spite of a flood of cut-rate offers from the U.S. As a matter of fact, prices in the U.S. can be taken as a guide: a Canadian supplier should not try to enter this market unless his prices are competitive with those of a similar product in the U.S. If they are, the Commercial Section of the Embassy will be pleased to assist the Canadian firm in trying to find a suitable agent or distributor.

# How to Market Major Appliances

Selling either "white goods" or "brown goods" in New England demands an understanding of the complex distribution system and of the elements of a good marketing program.

HERBERT B. STEARNS  
Commercial Officer, Boston

There is substantial opportunity for the Canadian manufacturer of major appliances who wants to set up a profitable, long-term export program in the New England States. The way in which these commodities are bought and sold by the New England wholesale trade is unique, and characteristic of this territory and of this highly specialized field of home appliances. The over-all classification, "major appliances", includes refrigerators, freezers, washing machines, electric ranges, gas ranges and dishwashers, known in the trade as "white goods." It generally also includes the television receivers, record players and combination home entertainment units known as "brown goods."

**Nationally known brand-name product lines of major appliances are generally sold through exclusive wholesale distributors in appointed territories.** Because each exclusive distributorship then represents the only source of supply for a given product line within a territory, the method is often referred to as "vertical distribution". In contrast, there are the many distributors (more correctly defined as "jobbers") of small appliances, such as toasters, electric kettles, hardware products and housewares, and all other small consumer hard goods. As each territory contains many sources of supply for any given brand-name product line, this method is referred to as "horizontal distribution".

Of the major vertical appliance distributorships, many are privately owned companies and few are factory-owned subsidiary corporations. In recent years a number of U.S. manufacturers of major appliances and home entertainment products have terminated some of their independent distributorships to establish experimental factory branch operations and determine their effectiveness. The current trend, however, is strongly in favor of the privately owned companies with their long experience and marketing expertise and their knowledge of and control over regional markets. Both the factory-appointed privately owned distributorships and the factory-owned subsidiaries are responsible for the purchase and maintenance of warehouse stock for satisfactory distribution to retail outlets within the territory. For vertical distribution of major appliance and home entertainment products in New England, the territory is divided traditionally as follows:

1. Eastern Massachusetts as far west as Worcester County, plus southern New Hampshire as far north as the city of Manchester
2. Western Massachusetts from Worcester County, plus the state of Connecticut

3. The state of Maine plus New Hampshire north of the city of Manchester
4. The state of Vermont
5. The state of Rhode Island.

**The factory-appointed distributor with his staff of salesmen has complete control over the establishment of authorized dealers (retail outlets) in his territory.** In most instances, dealers selected to handle a given product line will comply with certain franchise requirements in order to benefit from continuing buying incentives and marketing programs provided by the distributorship and frequently by the distributor in co-operation with the factory. Liaison between factory and distributor is provided by the factory-employed regional salesmen. Most of them are seasoned professionals. The regional salesman is generally responsible for a territory (such as the northeast United States), which may include as many as ten exclusive distributorships, factory branch operations, or a combination. He is responsible for product and sales training meetings and sales seminars for distributor principals and salesmen and spends a portion of his time visiting, with the distributor salesmen, the dealers in the territory. In addition, he works closely with distributor management on policies covering shared advertising funds, required content, supplies of display material, extended credit incentives for the dealers, and stock requirements for distributor warehouses. He also endeavors to bring to the attention of his factory the problems and specific product requirements of each of his distributors. In fact, he performs every function necessary to maintain and to increase sales penetration in every county—and, in fact, in every town and city in each distributor territory.

Many secondary brand lines and name-brand imported lines of major appliances and home entertainment products are also sold through privately owned exclusive distributors. **The Canadian manufacturer may therefore choose to establish his product line and his marketing program using the vertical distribution method.** If production for export is limited, he could begin his export program by selecting a suitable distributor in the state of Maine or in any of the above-listed territories. A distributor who, for example, is already handling a line of major appliances but who wants to add a line of home entertainment products would offer an excellent start. In this way the Canadian manufacturer with a suitable product line and a well-planned product program could gain a foothold in the New England market and expand to neighboring markets when he finds this practical and desirable.

Or he may choose the alternative of engaging the services of a manufacturers' representative in the major appliance and home entertainment products field. The manufacturers' representative is preferred by companies whose pricing structure does not contain an adequate margin of profit for the wholesale distributor. The commission for manufacturers' representatives in this line is generally 3 per cent, is paid once each month, and is based upon the wholesale dollar total of business written in the territory. A manufacturers' representative does not usually warehouse, ship or bill for merchandise. He calls on retail outlets throughout the New England territory and may arrange for the warehousing of merchandise consigned by the factory. In all cases it is the responsibility of the factory to make final decisions on the credit standing of any of the outlets to which the representative has sold merchandise. The latter will, however, supply background information on all new accounts and advise the manufacturer of his own long-term credit relations with potential outlets. A suitable manufacturers' representative is capable of carrying out every phase of marketing and programming at the dealer level as the exclusive distributor.

**The well-planned marketing program for Canadian-made major appliances or home entertainment products in the New England territory must contain a number of components and the division of responsibility between the factory, the wholesale distributor or the manufacturers' representative for the costs involved and for the administration of each component must be well defined and the percentages set forth clearly. Some of the necessary components of the well-planned marketing program are:**

**1. Service and Repair**—If the product line is to be sold through a wholesale distributor, it is his responsibility to maintain a parts and service station with trained technicians. The distributor's requirements for parts stock should be detailed by the factory and a factory-trained technician made available from time to time to conduct repair seminars for distributor and retail store repairmen. There should be a warranty packaged with each product and it should cover factory policy on fees and payments for service in and out of warranty. If the product line is to be sold through a manufacturers' representative, authorized warranty stations in each major market must be provided and a stock of parts and a list of fees for

### Floor Plan Procedures for Major Appliances

**Free Floor Plan**—A specific length of time is agreed upon by the vendor and the purchaser during which the vendor pays the monthly rate of interest. The vendor could be the manufacturer or the distributor, or they may agree to share the payment of the monthly interest.

**Curtailment**—When a floor plan comes into being, the purchaser pays an immediate 10 per cent to the bank or floor-plan company. This 10 per cent, plus the monthly rate of interest, is paid on the balance each time the floor plan is renewed. The renewal and extension of the floor plan under these terms is called a curtailment.

**Trust Receipt**—A trust receipt is the instrument of the floor plan and a copy of it is given immediately to the purchaser with the merchandise. The latter's 10 per cent payment appears on the receipt on a per unit basis. (See example.) All merchandise on a floor plan must have both a model number and a serial number. Each model, with its serial number, is then itemized on the trust receipt. With each model there is a release price—this term refers to the remaining wholesale balance.

In the above example, a dealer is given a 90-day free floor plan and the amount of his order wholesale is \$1,000. As shown, he has bought five models at \$200 each wholesale. Upon receiving this merchandise, he pays 10 per cent

#### EXAMPLE

##### XYZ Corporation Trust Receipt

Model	Serial No.	Release Price
A	12464	\$180
B	123456	180
C	89067	180
D	19078	180
E	56708	180

immediately. Because this is a 90-day free floor plan, the supplier pays immediately the monthly interest for the 90 days. The trust receipt which the dealer then receives works in the following manner. During the 90 days of the free floor plan, a dealer must pay immediately the release price of any model sold. If he fails to do this, he violates the agreement and is guilty of selling "out of trust". At the end of the 90 days, he can choose either to pay the balance, thus ending the floor plan, or to curtail the balance, thus extending the floor plan for 60 days. To curtail the floor plan for 60 days, he must pay 10 per cent of the remaining wholesale balance of the floor plan but this time he must add the monthly interest rate himself.

Following this 60-day term, the dealer may repeat this procedure for 60 additional days. Should he choose to curtail the plan once again, he will reach a total of seven

months, at the end of which the floor plan must terminate. Various methods are used to compensate for seasonal purchases. When goods are sold, for example, in December for sale during the summer season, the supplier may sell the order on open account for perhaps 90 days. At the end of 90 days, the goods go on floor plan on the basis of three or six months free. In effect, the purchaser could therefore benefit from credit extensions totalling nine months. Using this method the purchaser can buy December 1st, sell from May 1st through August, and complete payment in late August or early September.

A similar method of credit extension is the trade acceptance agreement. It too is a binding contractual agreement between vendor, purchaser and bank, and any bank can supply details about the workings of a T.A. agreement.

Up to six years ago, it was fairly common for firms to purchase on floor plan and for the purchaser to handle the monthly interest rate. Generally, this type of floor plan was used when the purchase was relatively small or the order not considered seasonal. At that time most suppliers saved the free floor plan for use in conjunction with seasonal trade promotions and trade shows.

At present, virtually all floor plans are free although the length of the free period is still determined by individual agreement between vendor and purchaser.

in-warranty repair must be prepared for each. The factory may delegate the responsibility for selecting warranty stations to the representative.

**2. Credit**—A factory uses standard credit terms for most distributor shipments and extended payment terms for special orders, seasonal purchases, and instances in which the distributor has agreed to co-operate with the factory by purchasing slow-moving models and over-productions of special models. Because credit handling is of greatest importance at the dealer level, the factory must work with the distributor or manufacturers' representative in making a floor-plan credit arrangement available to the dealer. On standard purchases, the dealer generally receives a 90-day free floor-plan and six-month free floor-plans are not uncommon for new product lines. The interest on free floor-plan credit arrangements may be shared by the factory and the distributor. The factory must, however, assume the entire interest charge if it is selling the product line through a manufacturers' representative. Any purchases by dealers from distributors on standard or extended credit terms are, of course, the distributor's responsibility.

**3. Display Material**—Catalogues, specification sheets, in-store display material, signs, banners, mailers and product-line folders should be given to the manufacturers' representative in adequate quantities without charge. The distributor should get them either free or at a nominal cost. Special product displays, battery and electric displays, and outdoor signs might be given the dealers free as incentives with product purchases and either billed or made available to distributors on the same basis.

**4. Co-operative Advertising Funds**—The wholesale distributor should receive from the factory an advertising fund which he will in turn pass on to the dealer. This fund should be a percentage of all product purchases from the factory and therefore should be self-replenishing. It is the responsibility of the distributorship to supply from this fund to its key dealer similar funds on the basis of purchases and/or on a co-operative basis for special purchases.

Newly established dealers are generally given a sum of money by the distributor. Subsequent co-operative advertising is generally given by the distributor to the dealer on a 50/50 basis. This means that a \$100 advertisement will cost the dealer \$50 and the distributor \$50. With a 75-25 per cent co-operative advertising arrangement, the distributor always pays the 75 per cent. All co-operative advertising extended to the dealer by the manufacturers' representative is shared on the same basis between factory and dealer.

**5. Special Promotion Allowances**—The SPA (also referred to as "spiffs") is a designated per unit allowance, usually from \$5 to \$25, which factories offer their distributors from time to time as an added incentive to stock and sell certain slow-moving or high-priced models. It is extended to manufacturers' representatives on the same basis as an addition to commissions earned. Distributors often pass these allowances on to their salesmen as extra earnings or request the salesmen to pass them on to dealers as an added incentive to purchase. The SPA is also given to the dealer by the manufacturers' representative when the factory specifies this.

**Each Canadian manufacturer of major appliances and home entertainment products must decide whether in his product line he wants to emphasize quality, or quality at a price.** He must decide whether his product is best suited to the mass merchants (discount house) trade or to selective distribution to department stores, music stores, independently owned television stores and major appliance dealers. The most important segment of the well-planned marketing program is market direction or product image. The rest is commentary.

Each of the marketing factors mentioned above is extremely important to a smooth and successful attack on this enormous market. If you are baffled by its complexity, why not ask your Boston office for help? We can introduce you to a good selection of dealers or agents and keep you on the right path.

## Hockey Boom Creates Demand

Three U.S. national championships, two regional championships and one Canada-U.S. tournament victory—this was the record for amateur hockey teams in St. Clair Shores, Michigan, in 1968. This city of 92,000 people along the Canadian border some 20 miles from Detroit has developed an outstanding hockey program for its youth and, as a result, a good market for Canadian hockey equipment.

An enthusiastic group from St. Clair Shores was able to set up in 1963 a privately-financed firm known as Gordie Howe Hockey-Land. From then on, the recreational hockey program in St. Clair Shores was a success. The association today includes 12 leagues, with four teams to a league, seven age brackets from seven to 21 years, and additional team representation from the five local high schools. In all,

900 boys are enrolled in the program. Other Michigan communities are hoping to emulate St. Clair Shores.

The mushroom-like growth of hockey has spawned a brisk equipment business. One retailer, Radke's Hardware Inc., a combined hardware-sporting goods outlet located in the heart of this residential community, has a business supplying hockey hopefuls that would stir the envy of even the largest Canadian sporting goods store. Lew Radke claims to have pioneered the high-priced market. Area stores feature defencemen's skates in kangaroo leather by Bauer at \$79.00 a pair. Hockey gloves by Cooper Weeks and Wellinger and Dunn are suitable for NHL stars or St. Clair Shores amateurs! There are sticks for the Red Wings or the mid-gets. In fact, items stocked by all retail sporting goods dealers in the area underline that this is a quality market—even for

eight-year-olds. A recent study indicates that U.S. families earning over \$10,000 per year spend more than \$500 on recreation, including \$90 on participant sports.

Teams from St. Clair Shores frequently visit nearby points in Ontario for practices and games, and exchange a series of games with more distant teams in the Toronto area. A series recently begun with a sister city in Quebec led to the introduction of a novel award: a full-size, chrome-finished, highly polished "cream can".

It is conceivable that St. Clair Shores will provide a feeder system for U.S. college hockey teams and one day, perhaps, a star in the NHL. The sport is spreading quickly and Michigan offers an affluent market where Canadian products and brands already set the standards.

P. J. WRIGHT  
Commercial Officer, Detroit

# Trade Lines

**A Dutch company set up in Almelo, the Netherlands, will manufacture centrifuges to enrich uranium** which, after further processing as fissionable material, can be used in nuclear reactors to produce electric power. The new firm, Ultra-Centrifuge Nederland N.V. (UCN), will also build a pilot plant at Almelo where the centrifuges will be installed. The plant will have a capacity of 25 tons of separative work a year. Firms which cooperated with the Netherlands Government in forming UCN included Dutch State Mines, Philips, Shell, Verenigde Machine Fabrieken, the Rhine-Scheldt Group and Reactor Centrum Nederland. The Netherlands Government owns 56 per cent of the share capital—The Hague.

**Hong Kong has set up a committee to advise on the timing of the changeover to the metric system** in different sectors of the economy. The committee resulted from a recently completed study on the advantages of introducing the metric system. The study suggested that there are areas of activity where, because of international relations or other circumstances outside of Hong Kong, it is essential to convert to the metric system at an early date—Hong Kong.

**Brazil's soybean production is rapidly increasing** in the State of Rio Grande do Sul. This is mainly the result of good prices on international markets and a modern industrial complex that is constantly developing. In 1969 soya production exceeded the 673,000-ton target—Rio de Janeiro.

**The number of new dwellings built in Switzerland in the first seven months of 1969 dropped by 1.4 per cent** compared with the same period in 1968. The number of building permits for new dwellings, however, increased by 8.8 per cent over the previous year. Switzerland has built an average of 53,000 new dwellings per year over the last decade but has not yet caught up with demand. It is expected that some \$1.4 billion will be spent on new dwellings in 1969. Prefab houses account for only about one per cent of new homes—Berne.

**Some 200 persons have enrolled in Thailand's training course for tourist guides.** The lectures are sponsored jointly by Chulalongkorn University and the Tourist Organization of Thailand (TOT). Eight courses have been held since 1960 and applicants number almost 700. The TOT recently held its fourth seminar on Travel and Tourism in Chiang Mai. Projects to improve

facilities at places of interest in the provinces and to increase local tourist promotion were among the subjects discussed—Bangkok.

**A Soviet technical mission arrived in Lima, Peru,** recently. The 15-man mission will study financing and development of the Olmos irrigation project in northern Peru. The first stage of the project is expected to involve more than 250,000 acres of land and benefit over 300,000 people. The project also includes an electric power program for Tumbes, Piura and Lambayeque—Lima.

**Argentina plans to call tenders to explore and develop 54 potential copper areas** discovered by a UNDP copper porphyry study in Mendoza, San Juan and Neuquen. Of the 54 areas, 33 show significant economic potential and seven definite copper porphyry characteristics. Fabricaciones Militares, Argentina's military-industrial entity, will open tenders to both national and international firms on March 17, 1970. The successful bidder will explore the deposits for a term of up to five years and will pay all exploration expenses. Fabricaciones Militares will own the mines and grant a concession for a period not exceeding 50 years. The copper will be processed in Argentina—Buenos Aires.

**Thailand will produce some 400,000 tons of kenaf in the 1969-70 season,** but prices are low on both domestic and world markets and there is a surplus of 180,000 tons from last year. It is expected that India will buy some of the existing stocks although gunny bag factories will require only 80,000 tons. The hope is that Japanese and European markets will absorb some 275,000 tons and India, Singapore and African countries the remainder—Bangkok.

**Three turbine plants will be installed in northern Peru** by the Corporacion Peruana del Santa, representing investment of some Cdn.\$16 million. The World Bank will finance 60 per cent of this with an 18-year, 8.5 per cent loan with three years' grace—Lima.

**Ocean Industries Inc. of the U.S. has received approval to mine, process and sell Bahamian aragonite** that consolidates into limestone. The contract calls for the creation of a 200-acre artificial island some 20 miles south of Bimini with a 300-foot channel extended eastward from the Great Bahama Bank. Title will rest with the Crown and will be leased to a subsidiary, Ocean Indus-

tries (Bahamas) Ltd. The hope is that annual royalties will reach \$500,000 within three years of completion—Kingston.

**The Montecatini Edison Group plans to invest \$700 million in southern Italy in the next five years, particularly in the chemical, petrochemical, mining and textile sectors. The group has already invested over \$1 billion there in the last 15 years—Rome.**

**South Africa recently exported frozen peas to the European market for the first time. This is expected to open up opportunities for South African growers and manufacturers—Cape Town.**

**The number of foreign currency credits granted to Czechoslovak enterprises to import machinery in 1968 trebled over 1967. The credits are granted by the Czechoslovak Commercial Bank and are redeemed by the debtors through their export earnings. More than one half of capital investment was financed in this way in 1968—Prague.**

**Tourism now shares third place with the fruit industry as a leading foreign exchange earner in South Africa, according to the International Union of Official Travel Organizations in Geneva, Switzerland. South Africa's chief exports in 1967 were gold (\$1.1 billion), wool (\$150 million), and fruit (\$140 million) and tourist receipts also reached \$140 million—Johannesburg.**

**A tin smelter will be built in Bolivia by Klockner-Humbolt of West Germany. The smelter is expected to cost some U.S.\$9.3 million and to be in operation by June. It will have an initial annual capacity of 7,500 metric tons, increasing to 20,000 metric tons by 1971—Lima.**

**Soviet scientists have increased the growth of seeds by exposing them to a permanent magnetic field. The respiration of treated seeds increases 25 per cent in the first few days of growth, and their rate of photosynthesis is doubled. The experiments may help increase the rate of growth of plants where the growing season is short and step up crop yields—Moscow.**

**The Hong Kong Government will spend more than Cdn. \$1.6 million to introduce educational television in Hong Kong. The capital cost includes a two-studio building, production equipment and 3,000 TV sets for government and subsidized schools. Tenders will be called in the near future and it is expected that facilities will be ready early in 1971—Hong Kong.**

**A 22-storey combined commercial center and 750-room hotel is planned in Tel Aviv, Israel. The building will cost Cdn.\$12.3 million and will be known as the Migdalar. The Alben company in Tel Aviv is investing Cdn.\$8.6 million in the project and the hope is that the Government will provide the remainder—Tel Aviv.**

**Argentina's Salto Grande project on the Uruguay River is receiving high priority now that construction of the El Chocon complex is well under way. Acres International Ltd., Canadian consultants, are planning the final engineering design and preparing specifications for the construction of the 1.4 million kw. international development—Buenos Aires.**

**A new company, Aeritalia, has been set up in Naples, Italy, to co-ordinate various ventures. It has been approved by Finmeccanica of the IRI Group and Fiat. The hope is that the new firm will revitalize Italy's aircraft industry. Canadian trade officials have visited Aeritalia and are in contact with its officers—Rome.**

## Foreign Tariffs and Trade Regulations

**The Office of the Chief Controller of Imports and Exports of the Government of Pakistan has announced the following changes in import policy for January to June 1970 in the "Gazette of Pakistan":**

1. Steel ingots, iron or steel blooms, billets and slabs, length 18 feet and above with maximum 10 per cent shorts down to 10 feet, have been transferred to the Free List for which import licences are not required. Imports of billets under the Free List are subject to U.S. AID financing.
2. Umbrella wire for manufacture of umbrella ribs, milk food for infants (for East Pakistan only), day-old

chicks (parent stocks only), and ingredients for poultry feed manufacturing (excluding items produced locally) have been added to the Licensable List for which specific import licences are available.

3. Mirbane oil, tires and tubes for motorcycles, motor scooters and automotive parts and accessories have been added to the cash-cum-bonus list for which licences will be issued on the surrender by importers of bonus vouchers.

For further information, interested firms may contact the Commonwealth Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

# Trade Commissioners on Tour

## In Territory

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

### Afghanistan

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

### Bulgaria, Hungary, Romania

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

### Chile

J. D. Leach, Assistant Commercial Secretary in Santiago, will visit Concepcion March 23-27.

### Cyprus

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

### El Salvador

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

### Guyana

D. Hobson-Garcia, Commercial Officer, in port-of-Spain, Trinidad, will visit Guyana March 16-20.

### Honduras

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

### Pakistan

Officers at the Islamabad office will make the following visits:

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

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

### 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.

### Southern Africa

G. P. Orban, Assistant Trade Commissioner in Johannesburg, South Africa, will visit Luanda, Angola; Beira and Lourenco Marques, Mozambique; Tanarive, Madagascar, and Mauritius, March 2-April 2.

### Taiwan

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

### Trinidad

J. A. Ahow, Commercial Officer, in Port-of-Spain, will visit South Trinidad March 25.

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Businessmen can now obtain a business visit visa from the Libyan Embassy in Washington upon receipt by the Embassy of authorization from the Immigration Department in Libya. Business visitors should therefore ask their associates in Libya to sponsor their visit and request the Immigration Department to telegraph authority to the Embassy.

Readers of "Foreign Trade" who are planning business trips to Hong Kong and other Far Eastern cities during EXPO 70 are aware of the critical situation in hotel accommodation in Japan. Those who include Hong Kong in their itinerary should note that, if anything, hotel accommodation in the Colony is perhaps even more critical than it is in Japan, and reservations should be made at once.

Businessmen who have recently sent mail to the Philippines are advised to send copies to the addressees. Some mail may have been lost during a fire in the Manila Post Office on January 15, the Canadian Trade Commissioner has advised the Department.

Western Samoa's only airport will be upgraded to serve short-haul, twin-jet aircraft with a concessional loan of U.S.\$2.4 million from the Asian Development Bank. The money will also be used to improve the 24-mile road linking the airport with Apai, the capital, and to equip the airport with new navigational aids and terminal facilities.

The Canadian Embassy in the Dominican Republic, which will shortly be closed, informs us that it is still receiving correspondence on commercial matters from Canada. The Trade Commissioner in San Juan, Puerto Rico, is also responsible for trade promotion in the Dominican Republic, Haiti, and the U.S. Virgin Islands and all export correspondence should be directed to him at the Canadian Consulate, 1606 Pan Am Building, Hato Rey, Puerto Rico 00917.

# 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 February 16	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at February 16	Canadian dollar in foreign currency units
Algeria Dinar	.1935	5.16	Denmark Krone	.1431	6.98
Argentina* Peso (free)	.3069	3.25	Dominican Republic Peso	1.078	.93
Australia Dollar	1.202	.8319	Ecuador Sucre (official) (free)	.0596 .0536	16.72 18.65
Austria Schilling	.0415	24.03	El Salvador Colon	.4290	2.33
Bahamas Dollar	1.073	.93	Fiji Pound	1.232	.81
Belgium and Luxembourg Franc	.0216	46.72	Finland Markka	.2554	3.91
Bermuda Pound	2.572	.39	France, Monaco, etc. <sup>2</sup> Franc	.1935	5.16
Bolivia Peso	.0906	11.06	Franco-African Republics <sup>3</sup> Franc	.0039	256.4
Brazil Cruzeiro (official free)	.2442	4.09	French Pacific <sup>4</sup> Franc	.0107	93.44
Britain Pound	2.582	.38	Germany D Mark	.2910	3.43
British Honduras Dollar	.5369	1.86	Ghana New Cedi	1.056	.94
Burma Kyat	.2255	4.43	Greece Drachma	.0359	27.93
Ceylon Rupee	.1804	5.54	Guatemala Quetzal	1.073	.93
Chile Escudo (bank rate) (free)	.1025 .0884	9.75 11.31	Guyana Dollar	.5395	1.85
China, Republic of New Taiwan Dollar (official)	.027	37.04	Haiti Gourde	.2148	4.65
Colombia Peso (fixed)	.059	16.80	Honduras Lempira	.5369	1.86
Congo (Kinshasa) Zaire	2.154	.4651	Hong Kong Dollar	.1772	5.64
Costa Rica Colon	.1620	6.17	Hungary Forint (official)	.0921	10.85
Cuba <sup>1</sup> Peso	.....	.....	Iceland Krona (official)	.0122	81.96
Czechoslovakia Koruna	.1491	6.70	India Rupee	.1425	7.01
			Indonesia <sup>5</sup> Rupiah	.....	.....

\*Peso recently revalued.

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at February 16	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at February 16	Canadian dollar in foreign currency units
Iran Rial	.0142	70.42	Peru Sol (free)	.0248	40.65
Iraq Dinar	3.006	.33	Philippines Peso (free)	.2741	3.64
Ireland Pound	2.582	.38	Poland Zloty (fixed basic rate)	.2700	3.71
Israel Pound	.3064	3.26	Portugal & Colonies <sup>6</sup> Escudo	.0375	26.66
Italy Lira	.0017	588.23	Saudi Arabia Riyal	.2066	4.84
Jamaica Dollar	1.286	.77	Sierra Leone Leone	1.502	.66
Japan Yen	.0030	333.33	Singapore Dollar	.3506	2.85
Kenya Shilling	.1526	6.55	South Africa Rand	1.502	.66
Lebanon Pound (free)	.3325	3.00	Spain & Dependencies Peseta	.0155	64.93
Malaysia Dollar	.3504	2.85	Sweden Krona	.2075	4.81
Mexico Peso	.0859	11.64	Switzerland Franc	.2497	4.00
Morocco Dirham	.2215	4.50	Syria Pound (free)	.2819	3.55
Netherlands Florin	.2949	3.39	Thailand Baht (free)	.0523	19.15
Netherlands Antilles Florin	.5687	1.75	Trinidad & Tobago <sup>7</sup> Dollar	.5367	1.86
New Zealand Dollar	1.204	.82	Tunisia Dinar	2.044	.48
Nicaragua Cordoba	.1534	6.51	Turkey Lira	.1192	8.38
Nigeria Pound	3.017	.33	United Arab Republic Pound (official)	2.468	.40
Norway Krone	.1499	6.67	United States Dollar	1.073	.93
Pakistan Rupee	.2255	4.43	Uruguay Peso (free)	.0043	232.56
Panama Balboa	1.073	.93	Venezuela Bolivar (official free)	.2389	4.18
Paraguay Guarani (free)	.0086	116.28	Yugoslavia Dinar (official)	.0858	11.65

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, Cameroons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Peirre and Miquelon.

4. New Caledonia, New Hebrides, French Polynesia.

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

6. Approximately same rate for Portuguese territories in Africa.

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

# Marketing Data Sheet

## Austria

### Area

32,374 square miles.

### Climate

The mean temperature in Vienna and eastern Austria is 25°F in January and 65°F in July and in the Alpine area (south and west) 17°F in January and 59°F in July. Centigrade scale is used.

### Population

7.3 million (1967)—3.4 million males and 3.9 million females. There were 3.6 million aged 35 and over, 969,499 aged between 25 and 34, and 702,220 between 18 and 24.

### Households

2.3 million families (1968). Total dwellings, 1961, 2.2 million. There were 607,326 one or two unit dwellings, 1.2 million three or more unit dwellings, 387,995 agricultural units and 57,396 other units.

### Income

National income (1968) Cdn. \$11.8 billion. Per capita income Cdn. \$1,670. Average hourly wage Cdn. \$0.86.

### Retail Sales

Total retail sales, 1968, Cdn. \$3.4 million. Per capita retail sales, 1968, Cdn. \$480.

### Motor Vehicles

Registrations, 1968, 2.1 million; 1.1 passenger vehicles, 374,078 commercial vehicles, 632,000 motorcycles and scooters.

### Telephones

170 per thousand persons (1968).

### Radio and Television

2.0 million radios and 1.2 million television receivers were licensed in May

1969. Radio and television broadcasting facilities (625 lines per picture) are publicly owned.

### Water Supply

Safe to drink. Average pressure ranges from a minimum of 20 meters to a maximum of 80 meters water column. Hardness averages some 7 per cent (German water-hardness scale).

### Electric Power

5-cycle a.c., 220/380 volts, single phase for domestic use and three phase for commercial and industrial use. Cost for household and commercial use in Vienna ranges from Cdn. \$0.012 to Cdn. \$0.12 per kw. depending on day or night, summer or winter and appliances or motors installed. Cost for industry in Vienna depends on special arrangements made with suppliers. Cost in other provinces varies slightly. Frequency is stable as it is connected with West German, French and Swiss power grid. A grounding conductor is required in the electrical cord attached to an appliance and the distribution system has a ground wire. Electric energy production was 24,339 gigawatt hours in 1967, of which 72.4 per cent came from waterpower stations and 27.6 per cent from thermal power stations. No changes in the distribution system are proposed.

### Coal

Lignite and hard coal available. Consumption (1968) 8.8 million metric tons. Production (1968) 4.2 million metric tons. Reserves 117.8 million metric tons.

### Gas

Only natural gas available. Production (1968) 808.6 million cubic meters. Reserves are put at 11.6 billion cubic meters. Thermal content (1968) 4,600 kilocalories per cubic meter (high val-

ue). Operating pressure of 120 mm. water column. Length of this low-pressure system is 2,330 km. Two gas works distribute primarily to the middle-pressure supply system (pressure 5,000 to 10,000 mm. water column) and then some 100 regulating stations supply the low-pressure system. There are some 700,000 domestic customers and 70,000 commercial and industrial customers. Domestic cost is Cdn. \$.039 per cubic meter and commercial cost is Cdn. \$.036 per cubic meter. Consumption is increasing.

### Petroleum

**Gasoline**—super 96 to 98 octane, normal 86 to 88 octane. Fuel oils—light 9,900 to 9,950 kilo/cal., middle 9,800 kilo/cal., heavy 9,500 to 9,700 kilo/cal.

**Automotive oils**—20 to 40 SAE. Consumption of fuel oil, 1967, 3.3 million metric tons. Production of oil, 1967, 2.7 million metric tons. Reserves are estimated at 24.8 million metric tons.

### Weights and Measures

Metric system.

### Screw Thread

Metric system. Whitworth and North American SAE are used to a small extent for imported machines.

### Standards

Official approval for gas, electrical or other fuel appliances is recommended. Application should be filed by the importer. The standards organizations are: Bundesversuchs u.-Forschungsanstalt, Arsenal, Objekt 210, 1030 Vienna; Chem. u.-phys. techn. Labor der Gemeinde Wein, Eslarngasse 23, 1030 Vienna; Technologisches Gewerbe-museum, Wahringerstrasse 59, 1090 Vienna, Austria.

## Expertise + Equipment = Exports



This oil and gas separator crossing a Calgary road is starting a long journey to Caltex Petroleum in Libya. It is one of many which Le Grand Limited, Calgary, Alberta, manufacturers and suppliers of petroleum equipment, is shipping to Iran, Bahrain, Kuwait, Iraq and other oil-producing countries in the Middle East. Fifteen went to Iran in 1969

Le Grand's success in export sales rests firmly on this Canadian company's extensive knowledge of oil and gas production and its ability to manufacture equipment suited to the operation to be performed. This separator breaks up the total production from an oil well into oil, gas and water that will be routed through different pipelines.

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