

foreign trade

South America Begins
a New Decade

The South American
Markets

Department of Industry, Trade and Commerce, Canada



March 28/70



In This Issue

Oil derricks silhouetted against the setting sun are a fairly common sight in Venezuela, especially in the Lake Maracaibo area. We chose it as the cover picture for our annual issue on trading conditions and opportunities in South America because oil, long the economic mainstay in Venezuela, is also becoming important in other parts of the South American continent. Colombia already sells sizable amounts of crude petroleum abroad and is exploring additional fields; in Ecuador, a Texas-Gulf consortium has recently located large oil deposits and the Government there is looking forward to eventually earning foreign exchange through oil exports. And in the Chaco region of Paraguay, three companies are busy investigating possible oil deposits. Argentina and Peru are, of course, already producers.

Turning the magazine over and looking at the back cover, you may decide that the issue also contains at least one article about the Canadian Arctic. You would be wrong. The iceberg floating serenely on a choppy sea was photo-

graphed in the Argentine Antarctic. They tell us that Argentina organizes tours for tourists to this area—if you want to spend a holiday being blown upon by polar winds. At this point, with winter holding on here, we wouldn't be interested.

Many readers have told us of their interest in the movements for economic integration going forward in various parts of the world. There are a number of these in Latin America, less well known than the EEC and EFTA. Written by the director of the Latin American Division of the Department, **our introductory article explains in some detail the various regional integration groups** and deals with their progress and problems. The author also discusses some of the implications of these movements for Canadian export trade.

Those who need a guide to the acronyms of the various Latin American institutions that impinge on the trade field should turn to page 36. There they will find a listing of these institutions, plus a succinct explanation of the function

of each. Immediately preceding that article is a summary of the import and foreign exchange control regulations in each of the South American countries. You will probably want to file both these pieces for ready reference.

We confess to a weakness for "how to" articles, because we always want to know how things work. That is why **we included in this number an account of how Canada Wire and Cable went about setting up joint ventures in Latin America**. It was written by an executive of the company who is also a professional engineer. Other firms considering taking similar action should find it helpful.

Our April 11 number will carry articles on how to sell abroad products as varied as grey iron castings, women's and children's wear, timber and plywood, and food products. The leading article will answer the question, "How did Canadian export trade shape up in the year just ended?"

foreign trade



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The Hon. Jean-Luc Pepin, Minister

The Hon. Otto Lang,
Minister without Portfolio

J. H. Warren, Deputy Minister

Address correspondence to the Editor, "Foreign Trade", Tower B, Place de Ville, 112 Kent Street, Ottawa, Canada.

O. Mary Hill, Editor

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South America Begins a New Decade

Move towards economic integration characterized the sixties—a decade that saw Canadian sales to the area rise by 150 per cent. What will be the shape of the seventies?

G. W. GREEN

Director, Latin American Division, Office of Area Relations

South America, standing as it does midway between the developed and the developing world, occupies a rather unique position as a potential market for Canadian goods. If we were to look at these ten countries individually, we might find them noteworthy as much for their economic diversity as for their similarities. Taken as a whole, however, they comprise an area which by almost any economic measure is not only considerably more mature than most other parts of the developing

world, but seems determined to break through as quickly as possible to an even more industrialized society.

During the decade just ended, most talk of economic progress within Latin America tended to revolve almost exclusively around the concept of regional integration. In order to set the stage for the country-by-country discussion of market opportunities which follows, therefore, it may be useful to review the various initiatives during these ten

years and to look at some of their implications for the level and content of future Canadian trade.

The most far-ranging approach to regional integration is probably represented by the Latin American Free Trade Association (LAFTA), which was established by the Treaty of Montevideo on February 18, 1960, and which eventually came to include all ten of the South American republics as well as Mexico. As its name implies, its principal aim



Peasants, most of whom are of Indian stock, wearing their distinctive hats, crowd into a marketplace in a Bolivian village. Like its neighbors, Ecuador and Paraguay, Bolivia is still a relatively undeveloped country, unlike Brazil, Argentina or Mexico.

was to set up a free trade area over a twelve-year period by gradually eliminating all tariffs and other charges on goods originating within the member countries. This was to be done by establishing two separate lists: the "national list" and the "common list". It was envisaged that member countries would negotiate with one another each year on a commodity-by-commodity basis, each granting to the others reductions in duties equivalent to at least 8 per cent of the weighted average applicable to third countries. This process would be continued until duties had been eliminated completely on substantially all trade moving among them. Concessions negotiated in this way would comprise the "national list". Once granted, they might be withdrawn but only after consultation with the other member countries and the offer of adequate compensation.

To establish the "common list", members were to reach agreement at the end of the first three years on a list of products on which they were to commit themselves collectively to eliminate duties completely by the end of the twelve years. The value of such products in this initial list was to total at least 25 per cent of the aggregate value of all trade between them. Another 25 per cent would be listed three years later and so on until substantially all trade had been covered. Unlike the national list method, duties on products appearing in the common list need not be removed or reduced immediately. All that was required was a commitment to eliminate them completely before 1973. Once made, however, such a commitment was irrevocable.

In addition to these two methods of liberalization, the Treaty of Montevideo also provided for what were called "complementarity" or "complementation" agreements. It was recognized that the reduction of tariffs alone as a prelude to closer economic co-operation might tend to perpetuate the dominance of the larger countries. By allowing particular countries to become the exclusive producer of a given product or component as a prior condition to free trade in such products, it was hoped that regional industry might be rationalized without necessarily accentuating the existing pattern of development.

The difficulties that the LAFTA countries have experienced in carrying out



Brazil and Argentina stand out among the South American countries in degree of industrialization. The picture above shows one of the completed Bandeirante aircraft built in Brazil for use by the Brazilian Air Force. These planes use Canadian turbine engines, built by United Aircraft, of the Pratt & Whitney PT6-A20 type. In 1969 Canada shipped to Brazil some \$1.2 million worth of aircraft engines and parts and about \$250,000 worth of aircraft assemblies, equipment and parts.

these objectives are well known. As is often true of commodity-by-commodity negotiations, tariffs were easily reduced in the first stages because concessions were offered on products of minor importance or on those which were not actually produced in the countries concerned. As they continued, however, and the hard core of sensitive items rose into sight, tariff reductions became considerably less appealing. Common list concessions proved to be even more of a problem. During the first negotiations in 1964, the necessary 25 per cent commitments were made without too much difficulty. By 1967, however, the point had been reached where it was necessary to consider several products of such importance in regional trade that they had to be included, but of such national sensitivity that it was almost impossible politically to do so. Despite several postponements, this second stage of negotiations has not yet been concluded.

In complementarity agreements only six have so far been signed, dealing with data-processing equipment, radio and television valves, domestic electrical equipment, chemical products, petrochemical products, and household appliances. As one might expect, few countries were willing at this early stage to waive completely their right to produce any given product or component, particularly when, as with the first few agreements, the tariff reductions were to be extended not only to those signing the agreement but to all other member countries as well.

It is clear that the Latin American Free Trade Association is still a long way from accomplishing the objectives it set for itself so enthusiastically in the late fifties—a judgment that appears to be borne out by the decision late last year to extend the original 12-year target date from 1973 to 1980. One of the principal reasons for this disappointing performance, it has been suggested, is LAFTA's ambitious geographical scope and its attempt to impose integration on economies of all sizes and at all levels of development. Generally speaking, the member countries may be divided into three categories: the industrially advanced nations (Argentina, Brazil and Mexico), the relatively backward nations (Bolivia, Ecuador and Paraguay), and a rather disparate middle group (Chile, Colombia, Peru, Uruguay and Venezuela). The last two groups have claimed that they have so far gained little from regional free trade and that they are merely exposing themselves to the danger of becoming markets for the surplus industrial production of the more advanced group. The latter countries, preoccupied with their own national development, have been slow to offer the special concessions that might allay some of these anxieties.

Under the circumstances it is not surprising that several of the less advanced nations were led to seek a solution along different lines. **The agreement establishing the so-called "Andean Group" was signed in Bogota on May 26, 1969,** almost two years after the

preliminary discussions at Vina del Mar. The countries concerned (Bolivia, Colombia, Chile, Ecuador and Peru) felt that they had sufficient common ground to pursue a more rapid and more closely-knit policy of economic integration than the general provisions of LAFTA afforded. Their right to do so without invalidating their membership in the larger group was established at a meeting of LAFTA Foreign Ministers in August 1967. Venezuela participated in the discussions leading up to this agreement but withdrew at the last moment, largely because of uneasiness over the possible effect on its own high-cost and highly-protected domestic industries. It still retains the right, however, to join as a founding member if it desires to do so before the end of this year.

Under the terms of the agreement, **all non-tariff barriers affecting trade among the five countries will be eliminated by the end of this year**, except for products included in special regional and national industrial development programs to be agreed upon between them. Tariffs on products included in the LAFTA "common list" are generally to be removed by next April, those on products not yet produced in the area by early 1971, and those on all other products by 1980. Bolivia and Ecuador, however, as less-developed members, are to be allowed a slightly more relaxed pace of liberalization.

The agreement will also, hopefully, involve the gradual establishment of a common external tariff by the end of 1980; a common policy on the treatment of foreign capital; a uniform system for multinational enterprises; the harmonization of industrial promo-

tion legislation; the co-ordination of monetary, financial and fiscal policies, and the harmonization of agricultural production. Finally, an agreement was signed on February 7, 1968, setting up the supra-national Corporacion Andina de Fomento (Andean Development Corporation) to promote and finance regional industrial and infrastructure projects that would normally be beyond the means of private enterprise acting alone.

Almost simultaneously, on April 23, 1969, the ground was broken for still another kind of economic co-operation when the foreign ministers of **Argentina, Bolivia, Brazil, Paraguay and Uruguay signed a treaty in Brasilia for the economic integration and joint development of the River Plate Basin**, which will become effective after ratification by the five countries. This treaty has as its primary objective the geographical integration of the region on an infrastructure basis. This includes plans for building port installations; the improvement of rail, road, water and air transport, and of electricity and communications systems; the development of complementary regional industry; the preservation and development of animal and vegetable life; the promotion of advances in education and health, and the inventory, evaluation and development of the natural resources in the area. As a treaty, it is far from inflexible. Members may pursue whatever projects they please within their own boundaries or in co-operation with other individual members. They may withdraw from the agreement if they so desire or other Latin American nations may join. Its duration is unlimited.

Another development might be mentioned—the LAFTA complementarity agreement on petrochemicals which, as noted above, was signed in July 1968 by Bolivia, Chile, Colombia and Peru. Unlike the other agreements of this sort which provided for little more than the elimination of tariff barriers, the petrochemicals agreement contained a complete plan for the development of those branches of the industry concerned through the planning of investment, the co-ordination of production policies, and the location of plants in the various countries. It established in addition an automatic and irrevocable program of liberalization and a common external tariff which varies according to the degree of processing of the products. It demonstrated, in short, the special potential of this kind of agreement as an instrument for integration and development.

It has often been suggested in the light of all this past experience that South America is not yet ready for economic integration in any meaningful sense and that economic nationalism and political instability are still too powerful to allow close co-operation between them. This would appear to be looking at the problem from a rather limited viewpoint. In the enthusiasm of the moment, many things may have been attempted which had little chance of fulfilment during the time allowed. A more striking aspect of these attempts, however, has been the willingness of the nations concerned, when thwarted in one direction, to seek solutions along other lines. It may be a bit too early to judge the practicality of these later initiatives: the formation of the Andean Group, the co-operative ventures of the River Plate countries,

CANADIAN EXPORTS TO SOUTH AMERICA 1960-1969

	Cdn.\$ million		1962	1963	1964	1965	1966	1967	1968	1969
	1960	1961								
Argentina	19.4	30.9	22.5	37.0	26.9	32.7	39.5	33.4	48.0	62.3
Bolivia	.3	.4	.4	.6	1.0	1.7	2.1	2.2	3.5	2.1
Brazil	19.8	30.1	28.5	29.4	23.0	17.5	21.2	27.5	48.2	50.2
Chile	6.6	8.2	13.3	12.3	12.9	10.5	12.3	17.7	20.7	22.8
Colombia	16.6	19.5	19.9	23.3	21.3	17.4	25.4	18.2	18.6	18.8
Ecuador	3.9	3.9	3.8	3.9	5.7	4.7	3.0	3.1	3.5	2.6
Paraguay	.1	.1	.1	.2	.5	.2	.1	.1	.7	.4
Peru	8.9	8.2	8.1	11.6	10.7	21.9	36.3	32.3	22.2	26.2
Uruguay	2.4	3.0	3.2	3.0	5.7	3.3	4.8	3.0	2.4	3.4
Venezuela	35.3	35.0	42.3	46.3	64.1	73.0	76.0	82.0	102.5	92.9
Total	113.3	139.4	142.1	167.8	171.8	182.8	220.8	219.5	270.3	281.7

and the more broadly-based complementarity agreements. It is not too early to suggest, however, that the Latin American drive towards balanced industrialization is bound to triumph over any short-term or institutional obstacles, particularly when supported by effective financing bodies like the Inter-American Development Bank.

The implications of all these developments for Canada's export trade remain to be worked out. The development of new industries within South America, the substitution of regional products for those which were previously imported, and the establishment of tariff preferences against outside suppliers are almost certain to affect some of our traditional sales to the area. Industrialization as such, however, offers a wide range of other opportunities. A number of development sectors which rate a high priority in the area are those in which Canadian industry has displayed particular competence. These include telecommunications; consulting engineering services; airport construction; mining, forestry and fishing equipment; hydroelectric equipment; grain storage facilities; port handling equipment; forest fire fighting equipment; pulp and paper machinery; aerial surveys and specialized aircraft; nuclear reactors; subway equipment and road and railway equipment, and educational equipment. This list provides an excellent indication of the degree of complementarity which exists between the Canadian and South American economies, not only in the traditional sense that geography, climate and resources provide obvious areas where we can fill each other's needs, but in the sense that these sectors are also those on which Canada concentrated in the process of its own industrialization.

In the longer term, of course, both the growth and nationalization of industry in South America are bound to bring about a higher standard of living and a consequent demand for a wider range and greater number of imported goods. **Canada may therefore expect to see increasingly larger markets, not only for many of our traditional foodstuffs and raw materials but for industrial plant and equipment and consumer goods as well.** It may be instructive to glance at the accompanying table which illustrates the growth of our export trade to South America during the past ten years.



Recently Northern Electric Company won a \$2 million contract in Chile for a microwave system between Puerto Montt and Temuco. The picture shows, left to right, Mr. Santiago Astrain, general manager of Chile's telecommunications corporation, and Mr. Walter Godbehere, director of international marketing for Northern, shaking hands after signing the contract. This is being financed by a CIDA soft loan.

In relative terms, our exports to this area still account for a very small proportion (3 per cent) of Canadian sales to the world as a whole and for only a very slightly larger proportion of South American imports. In absolute terms, however, **our shipments have risen from just over \$113 million at the beginning of the decade to nearly \$282 million at its end, an increase of some 150 per cent.** It is equally interesting to note the breakdown of these sales among the various countries. Venezuela, Argentina and Brazil accounted for total purchases last year of over \$205 million, or nearly three-quarters of the total. Paraguay, Ecuador and Bolivia, at the least developed end of the economic spectrum, bought Canadian goods to the value of only \$5 million, less than \$1 million more than they had purchased ten years previously. Sales to the four remaining countries—Chile, Colombia, Peru and Uruguay—rose by \$36 million in absolute terms and by just over 103 per cent in relative terms, placing these nations in roughly the same in-between category in trade as on the economic development scale.

Canadian exporters would do well to keep a close watch on progress in this part of the world—and not only for the shorter-term opportunities provided by its current drive towards industrialization. They should also observe the effect of such industrialization on an increasingly prosperous and egalitarian society which by the end of the decade may well provide a potential market of a quarter of a billion people.

Financing for Farming

Venezuela has recently established an Agricultural Development Bank to provide financing for large-scale farming and livestock breeding. Its capital of 100 million bolivars (Cdn.\$25 million) has been provided half by the Government and half by the private sector. The new bank will permit the existing Banco Agricola Pecuario (BAP) to concentrate on the financing of the small-scale farmer. It will also absorb activities formerly carried on by the credit department of the Ministry of Agriculture.

Argentina

Government plans to expand exports to increase exchange reserves; is encouraging investment, making use of foreign loans. Raw materials, capital equipment offer best prospects for Canadian suppliers.

L. D. BURKE
Commercial Counsellor, Buenos Aires



These Argentine gauchos are rounding up cattle for shipping to customers. Livestock and livestock products brought in about \$650 million in foreign exchange earnings last year and further gains in this trade are expected during the current year.

In 1970 the Onganía Government in Argentina will be faced with two main problems. One is continuing with its program to achieve sustained and stable economic development. The second is devising means to meet the labor and social problems that will probably appear during the current year. Even if the Government is not able to achieve all its economic and social goals, 1970 should still be a good year for Argentina. It should also be a year when Canadian exporters should make even greater efforts to sell in this market—efforts

which have been successful, especially during the past two years.

Economically 1969 started off well, with output and exports rising and prices stable. Confidence in the Government's capacity to maintain the policies that had created these conditions was shaken, however, when labor and student riots erupted and finally culminated in a general but not completely successful strike. These disturbances affected the foreign exchange reserves, which began to decline immediately, and the peso, which for a time came

under pressure. To meet some of labor's demands, the authorities in October announced a general wage increase of 6 per cent and a further increase of 7 per cent effective in March 1970. Private firms were not to be allowed to pass these wage increases on in the form of higher prices unless they qualified as labor-intensive industries.

Notwithstanding these social difficulties the Argentine economy performed well throughout 1969. The GNP rose by 7 per cent compared with

4 per cent in 1968. Expansion was also more general in nearly all sectors of industry. Unemployment was at a low of approximately 4 per cent. There was record production in steel (1.7 million tons, up nearly 10 per cent over 1968), vehicles (219,000 units compared with 180,000 in 1968), cement, petroleum and many other fields.

The greater activity in the country, however, meant that imports rose by nearly 40 per cent to approximately \$1,520 million. Exports also rose but by a smaller amount to reach \$1,620 million, the highest figure in 30 years. The result was a favorable balance of trade of only \$100 million compared with \$200 million in 1968. Signs of inflation once again became apparent. The Government's goal was to hold the increase in prices to 5 per cent but this did not prove possible. According to official statistics, the cost of living last year rose by 6.7 per cent. This index, however, is computed for a working class family living in Buenos Aires in accommodation with a rent ceiling. Other organizations set the actual price increase at closer to 10 per cent.

The main economic problems to be tackled by the authorities this year are the control of prices and the balance-of-payments position. Inflation is already causing concern. In January prices of a number of products rose and the Government responded with a threat of price controls. The question now is whether a relative degree of price stability can be maintained through 1970. The Government has shown a willingness to tackle this problem. In its budget for 1970 the deficit (which still amounts to approximately \$120 million) is slightly below that of 1969. To give a new sense of the value of money, to dampen inflationary expectations, and to provide accounting benefits, the Government introduced a new peso effective January 1, 1970, the value of which is arrived at by multiplying the value of the former peso by 100. The previous rate of exchange for the Canadian dollar, for example, was 320 pesos to the dollar; now it is 3.2 pesos. In announcing its economic plans for 1970 the Government also indicated its determination to protect the present rate of exchange for the peso (which has remained stable for almost three years), to control prices, and not to consider wage in-

creases beyond those already authorized during 1970.

At the beginning of 1969 Argentina had foreign exchange reserves of \$810 million (gross reserves, IMF basis). By the end of the year these had dropped to \$580 million. **One of the major tasks of the Government in 1970 is thus to expand exports; it has set a target of \$1,800 million for the year, or an 11 per cent increase over last year.** The bulk of these exports will still have to be agricultural, especially wheat, maize and livestock and livestock products. Argentina is hoping this year to obtain \$106 million through the sale of two million tons of wheat, \$188 million through the export of four million tons of maize, and approximately \$650 million through sales of livestock and livestock products. These estimates were enhanced by a sudden change in production estimates for the 1969/70 wheat crop, which is now expected to reach 6.4 million tons, providing an exportable surplus of two million tons. In maize, a bumper crop of between 8 and 8½ million tons is expected. The meat trade did well in 1969. Beef exports during the year increased by 38.7 per cent and 1970 should show further gains. Frozen cooked beef sales, for example, are being aggressively pursued in both the United States and Canada. Considering all these factors, total exports of agricultural products at approximately \$1,200 million for this year should be possible.

Exporters of manufactured goods will face a greater problem in trying to increase their foreign sales to approximately \$600 million if the over-all goal of \$1,800 million is to be reached. To assist them (and in fact all exporters) the Government has decided on an aggressive trade promotion program beginning this year. It includes a reduction in export taxes on meats; removal of special taxes formerly paid on exports of wheat, oats, barley, maize and sorghum; increase in drawbacks payable on exports of industrial goods; the creation of an autonomous organization to promote exports, and improvements in the exports insurance coverage.

It is estimated that imports in 1970 will amount to approximately \$1,550 million; this would mean a favorable balance of trade of \$250 million if the export

goal is achieved. From this and from reserves if necessary, Argentina must pay for the usual invisible items and also service charges on a substantial external debt. The consensus is that Argentina has the basic strength to continue its economic recovery through 1970, but the Government must provide firm and effective management.

The year 1970 promises to be a good one for investment, both domestic and foreign, in this country, especially in the petrochemical, steel and automotive industries. Indicative of this are Dow Chemical's plans for the establishment of a large petrochemical project with a total investment of nearly \$100 million. PASA, another chemical organization, is awaiting approval for its investment of \$50 million for a new naphtha steam cracking plant and ancillary production facilities. General Motors has submitted a proposal for a new automobile plant in Tucuman. FIAT expects to invest \$98 million by 1971 and Renault will probably channel an additional \$35 million into the Cordoba factory of IKA-Renault. In steel, Propulsora Siderurgica is in the process of adding a blast furnace, steel mill and hot rolling mill to its present cold rolling facilities.

The international lending agencies also have active programs planned for 1970 in Argentina, especially the IADB and the World Bank. The IADB has just agreed to a \$25.5 million loan to finance the dredging of a canal between the port of Buenos Aires and the mouth of the Parana de las Palmas River. Because the funds for this come from the Bank's Ordinary Resources, Canadian companies can compete for this work. In addition, the Bank is considering financing projects for this year totalling \$170 million. These include the following: hydroelectric generating and transmission facilities for a proposed aluminum industry at Puerto Madryn in the south of Argentina; mining and transportation facilities and pelletizing plant to develop iron ore deposits at Sierra Grande; ports, including the deepening of and improvements to the port of Bahia Blanca and other ports, and a program designed to increase production and distribution of natural gas by the National Gas Company. Until the lending contracts are signed it will not be known what type of funds the IADB

will use for the above projects, but because of their nature it will probably be Ordinary Resources, allowing Canadian companies to compete. As actual loans are approved, our office will advise the Department so that it can contact interested Canadian firms.

The World Bank has granted credits to SEGBA, the largest private electricity producer in Argentina, amounting currently to \$74 million, to improve transmission and distribution facilities. A considerable amount of imported equipment is needed and Canadian firms have and are continuing to bid on these requirements. The huge \$500 million hydroelectric scheme at El Chocon, partly financed by the World Bank, is making good progress and international tenders for equipment and supplies are continually being called. Tenders will soon be issued for consulting services (involving both foreign and local firms) for the Bank's \$25 million highway construction loan to Argentina. Other loans to the Argentine Railways and to the meat-processing industry are being studied by the Bank.

Most of the projects initiated under the River Plate Agreement are either being carried out by experts of various international organizations or by firms within the individual countries. However a Canadian consulting company was recently awarded a contract for a hydroelectric and navigation study for the Salto Grande project on the Uruguay River. (For further information on the River Plate Agreement and how Canadian firms may participate in projects sponsored under it see *Foreign Trade*, September 27, 1969.)

In the first ten months of 1969, Argentina exported goods to Canada valued at nearly \$6 million. (In this section of the report all dollars are Canadian; in the remainder they are U.S.) This compares with \$3.7 million for the same period in 1968. Total Argentine sales to Canada in 1969 are estimated at \$8.5 million, or a 60 per cent increase over 1968. Traditional items such as canned corn beef, cheese, tea, wool and quebracho still constitute the bulk of this trade. A number of new items have appeared, however; the most notable is precooked frozen beef. This trade began late in the year but in a few months amounted to nearly \$500,000. Precooked frozen

beef is used in Canada for TV dinners, soups and other prepared foods.

Canadian sales to Argentina in 1969 totalled \$62.3 million, an increase of \$14 million or 30 per cent over 1968. In 1969 we were able to diversify our trade with Argentina, but most of our exports are still concentrated on industrial raw materials and equipment. The following were the major exports to Argentina last year with the value shown in millions of dollars for the first ten months of 1969 and in brackets for the similar period of 1968: newsprint \$11.4 (\$8.3); automotive parts \$10.5 (\$7.5); aluminum ingots \$7.0 (\$4.3); construction machinery \$4.5 (\$1.4); tinplate \$4.4 (\$5.3); wood pulp \$2.6 (\$2.3); asbestos fibers \$1.1 (\$1.3).

Sales of Canadian goods to Argentina in 1970 should reach a figure of between \$70 and \$75 million, because of the emphasis on increased industrial activity. This should mean improved sales of many of our traditional exports, such as asbestos, nickel, lead, automotive parts, etc. Active investment programs will also require significant imports of equipment and materials. It is reported that duties may be substantially reduced, perhaps down to 20 per cent from the prevailing rates of 90 and 100 per cent. for capital equipment of a type not manufactured in Argentina. As a member of GATT, Argentina grants m.f.n. tariff treatment to imports from Canada and is virtually free from import licensing controls.

We have already suggested some of the types of Canadian products for which opportunities are most promising at the present time in Argentina. To these could be added transportation and port equipment, space products, scientific equipment and instruments, defence products, consulting services and process machinery for primary industry.

Argentina already has a well-developed and diversified industrial sector. As a result, even for the lines which we have mentioned, the general rule is that if an item is made here, it is usually difficult to import a similar product for any length of time. This rules out most consumer goods and makes it necessary to know what is produced locally and to concentrate on those items which are not. In many instances, to secure orders or contracts here it is becoming increasingly necessary for Canadian companies to join forces with Argentine firms, with each partner supplying the equipment or services which he can provide best.

To develop sales, Canadian firms must normally have an active agent, must stay in contact with him, must know the market well and, because an important and growing share of sales is made to government entities, must have patience. The net result could be well worth the effort—as a growing number of Canadian companies have already learned. Their success is apparent from the trade figures that have been quoted in this article.

EDC Provides Credit for Mexico

To help the smaller Canadian producer of sophisticated goods—the producer who finds it difficult to put together a transaction to meet the normal \$1 million minimum required for direct financing—the Export Development Corporation has granted a \$5 million re-lending credit to Mexico. This loan, the first of its kind made by EDC, is tied to the purchase of Canadian-made goods and services. Nacional Financiera S.A., the Mexican Government agency responsible for handling it, will re-lend the proceeds of the credit to Mexican buyers, providing them with a source of financing at competitive rates

to buy Canadian goods for cash. It will be up to the Canadian producers to seek out the Mexican buyers themselves, but the buyer will negotiate the financing terms with Nacional Financiera. Sub-loans may be made for transactions that, except for dollar value, would otherwise qualify for EDC export financing. Credit terms offered to the Mexican buyers will be in accord with those usually granted by international lenders for similar equipment and services. The signing of this loan puts Canadian exporters in a favorable position to compete for the supply of smaller amounts of capital equipment and services.

Bolivia

Sales to Bolivia will be sharply curtailed until government policies are worked out and exchange reserves recover.

DEAN J. BROWNE

Assistant Commercial Secretary, Lima

Bolivia's period of sustained economic and political stability came to a violent end in April 1969 with the death of President Barrientos in a tragic air crash. The interim government of Acting President Siles was subsequently replaced in September by a military junta led by General Ovando, who became President. Recent government legislation and statements have given rise to a serious loss of confidence in the economy. International trade is today at a virtual standstill, except on a cash basis or under terms of previously negotiated commitments.

Demonstrating strong nationalistic tendencies, Bolivia soon followed the pattern of Peru by suddenly nationalizing in October the entire operations of the Gulf Oil subsidiary. Its activities accounted for a growing share of Bolivian exports and constituted an important diversification from metals, which have traditionally contributed more than 90 per cent of export earnings. This action has been followed by further statements from General Ovando indicating that additional "revolutionary" legislation can be expected.

These policies have brought Bolivia into conflict with the United States, the major supplier of aid. Pending clarification of government policy on this expropriation, foreign and local investment has been halted and foreign aid programs are under review.

IMF reports indicate that Bolivia's gold and foreign exchange reserves fell from U.S.\$35.2 million on June 30 to only U.S.\$31.5 million at the end of September, as a result of a steady third-quarter drainage. Trade figures are not available but it seems unlikely



This is the central plaza in the heart of La Paz, capital of Bolivia, situated at an altitude of 12,500 feet. Business visitors find that it takes time to get accustomed to this altitude and try to take things easy for the first few days of their stay.

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that this drop resulted from worsening of the trade position.

The problem was aggravated in October when Bolivia lost one-tenth of its reserves in a single day following the Gulf Oil nationalization. To safeguard the official parity of the peso, the Government suspended all banking activities between October 22 and October 27 while measures were taken to stop the outflow. When the banks were officially reopened, their employees went on strike to aid in stopping the drain on reserves.

It would appear that strict exchange controls are not contemplated, at least for the time being. The Government has decreed, however, that all proceeds from exports by the public and private sectors must be surrendered to the Central Bank at the official exchange rate and that the public sector must henceforth pay full export and import duties. No further concessions will be granted. Prices of all basic

services and essential goods have been frozen, hoarding is prohibited, and increases in wages and salaries have been temporarily suspended.

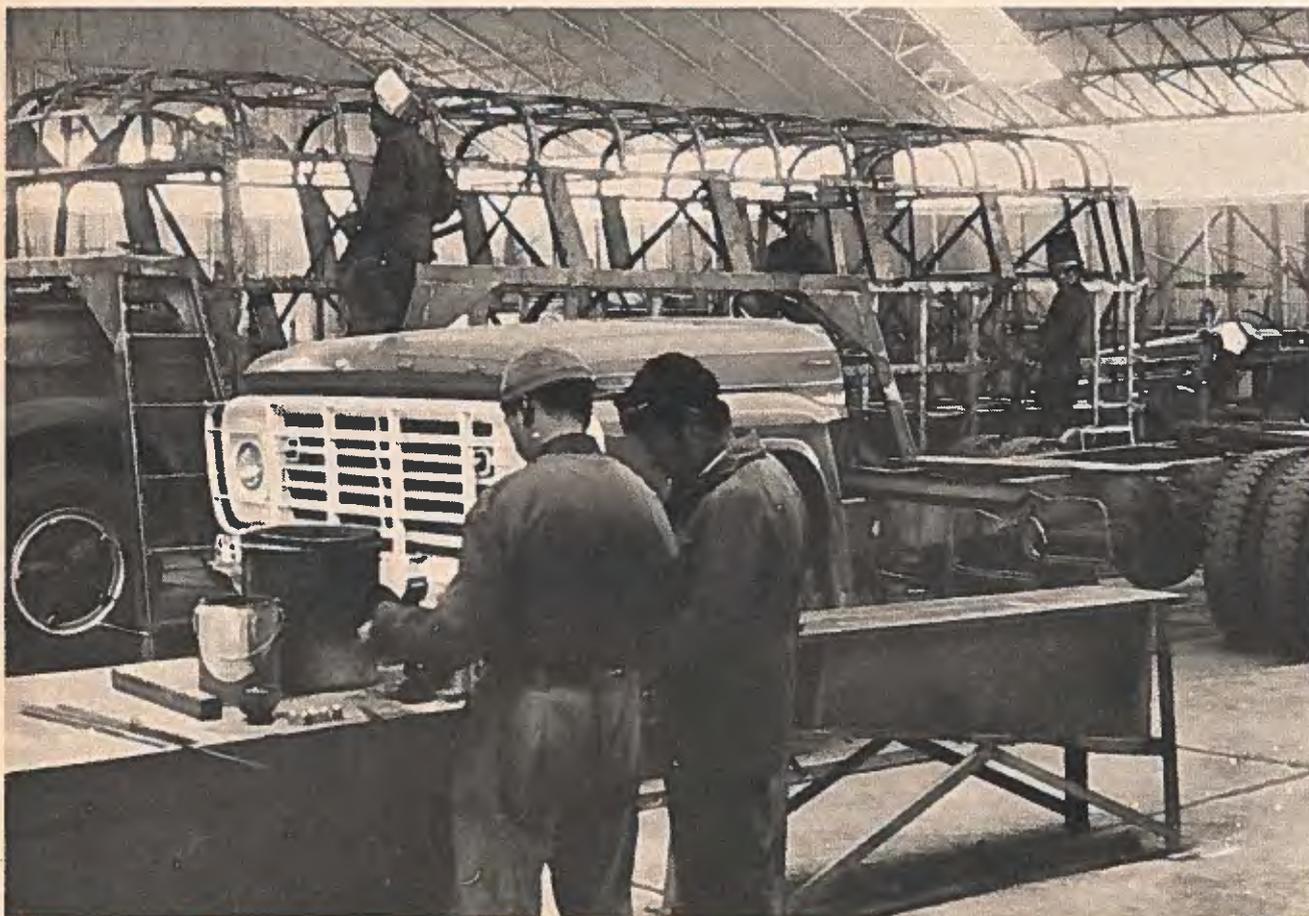
All private companies must now place all declared dividends or profit distributions, after payment of taxes, in time deposits with national banks, for at least one year. In addition, they must deposit with national banks, for at least one year, 2 per cent of their paid-up capital and reserves as of December 31, 1968. The mining sector is an exception to the latter ruling, although it too must make one-year deposits with national banks calculated as a percentage of the gross value of its sales.

It is said that these time deposits in national banks will be channelled into highly productive activities but, in fact, there seems to be scant hope for new investment when profits and dividends are frozen. Undoubtedly the main intention is to reduce liquidity

and over the short term the effect will be severe. The Government has also committed itself to a sharp reduction in public expenditure and to cutting the size of the armed forces. Such spending cutbacks will be necessary to compensate for the income normally received from Gulf Oil.

Until government policy is clarified, international trade will be severely curtailed, with reductions in trade with Canada. Although demand for many products continues, Canadian exporters would be well advised to confine their activities at present to maintaining their contacts in the country and to the negotiation of contracts either on a cash basis or with suitable financial guarantees.

The Trade Commissioners in Lima are studying Bolivian developments closely and will be pleased to advise interested exporters about changing conditions there. Write to us at the Lima office.



Subsistence agriculture and mining used to be the main Bolivian ways of earning a living. Now, with the help of foreign loans, industries are appearing. This bus-body plant received a \$1.5 million loan from the IADB's Canadian resources.

Brazil

Fight against inflation is succeeding; exports are rising; foreign aid is coming in.
Continued buildup of industry, capital projects open doors to Canadian suppliers.

J. R. BROCKLEBANK

Assistant Commercial Secretary, Rio de Janeiro

J. H. TRELEAVEN

Vice Consul and Assistant Trade Commissioner, Sao Paulo

The year 1968 was a banner one for the Brazilian economy, and reports indicate that 1969 was even better. But there is a cloud forming on the horizon.

Most economic comparisons start with 1963, just before the new government took power. It was a time of extreme inflation, declining investment, and virtually no economic growth. Since 1964 conditions have been improving and 1969 saw a continuation of this process. The first published estimates of economic growth in 1969 show a rate of 9 per cent, up from 8.4 per cent in 1968. The rate of inflation, which in 1963 exceeded 100 per cent, fell in 1969 to 21 per cent from 25 per cent in 1968. **The Brazilian Government has clearly indicated that controlling inflation is one of its top priorities** and its budget for 1970 reflects its determination to bring the rate down to less than 20 per cent per year. In the early sixties the government deficit was covered by borrowing from the banking system and this produced much of the inflationary pressure. In 1963 the government deficit represented 5.3 per cent of the gross national product. For 1970, the Ministry of Finance has predicted, the deficit will be only 0.5 per cent of the GNP, down from 0.6 per cent in 1969.

Brazil remains an agricultural country with most of its population still on the land, but industry has been developing rapidly since the depression. Heavy restrictions were imposed on imports in the 1930's and local industry, particularly textiles and food products, received a big boost.

Since the Second World War, much of the Brazilian Government's effort has been directed toward building the

infrastructure to allow for industrial development. Roads have been cut through the wilderness and the rivers have begun to be harnessed to produce hydroelectric power. **The investment in infrastructure has both laid the base for further industrialization and stimulated foreign investment** in plants to produce transformers for the power plants and cement for the highways.

Today in the area around Sao Paulo there are companies turning out everything from automobiles to zippers, from popcorn to railway locomotives. Although the Sao Paulo region is the most heavily industrialized in South America, there are also factories throughout the country processing local raw materials or supplying manufactured goods to the local market.

Brazil's exports, it is reported, rose from U.S.\$1,950 million in 1968 to U.S.\$2,250 million in 1969. Foreign reserves at the beginning of 1970 are estimated at about U.S.\$600 million. Firm year-end figures have not yet been received, but it is known that the reserves rose 47 per cent over the period January to mid-June 1969—or from U.S.\$257 million to U.S.\$377 million.

Of this export total, coffee beans made up only about 31 per cent, compared with 50 per cent in some recent years. **Coffee is, in fact, a rather difficult problem in Brazil.** It has declined somewhat in importance but it is still the largest foreign exchange earner, far ahead of iron ore and cotton. It seems only a short time ago that Brazilians were burning coffee; today the problem is not a surplus but a shortage. From 1962 to 1968 over 1.7 billion coffee trees were destroyed, with the aim of eliminating over-production

and switching inefficient coffee plantations to other crops. The crop year 1965/66 was the last to produce a surplus. Both the 66/67 and 67/68 crops were affected by dry weather and coffee stocks were run down to supply foreign and domestic markets.

In July 1969 below freezing weather hit the states of Parana and Sao Paulo, the most fertile coffee-producing areas. This affected 68/69 production which is estimated at only 17 million bags (of 60 kilos each) compared with an expected consumption of 27.8 million. More seriously, the frost has damaged many trees so severely that harvests will be down for the next three years. In response to this, world coffee prices have risen to new highs (to the benefit of other coffee exporters) while Brazil attempts to restore its production.

In general, the foundations have been laid for continuing economic development in Brazil. Though the problems of the coffee industry may mean a brief pause, this is a rapidly growing market for Canadian exporters, particularly of capital goods.

Much of Brazil's industrial development has been carried out with government capital assistance or tax exemptions. All such industries have their imports controlled by the "Law of National Similarity". Briefly this means that a firm or government organization cannot import anything similar to a product made in Brazil. A similar product is described at length in Brazilian law, but it means basically that a Canadian firm can only get the business if the landed price of the Canadian item is 15 per cent below that of a similar locally made product, or delivery time is crucial and the local firm cannot match the Canadian



This is a rather unusual view of downtown Rio de Janeiro, with its mosaic pavements and its traffic-crowded streets. Rio and its competitor, Sao Paulo, are the two Brazilian cities through which pass most of the country's imports and exports.

delivery date, or the Canadian product can be clearly shown to be substantially superior to the domestically produced one for the specific application for which it is intended. The Law of National Similarity gives more favorable treatment to goods for which more than 15 years' financing is offered by partially freeing the import of such commodities from control by the Customs Policy Council and in some cases allowing exemption from duty. In brief, selling industrial equip-

ment in Brazil means sharpening pencils as fine as possible and concentrating the sales effort on lines which are either not produced in Brazil or in which Canadian producers have demonstrable superiority.

Some Canadian companies have already found opportunities by a detailed study of Brazilian industrialization. Turbine engines made in Montreal are used in a new light aircraft made by the big state-owned aircraft plant. A Cana-

dian manufacturer of meters has recently won a contract from one of the electricity authorities, even though some of the world's largest electrical firms, such as Brown Boveri and Siemens, have subsidiaries operating in Brazil.

Canada and Brazil have a long-established trade in raw materials. Canadian sales of non-ferrous metals and asbestos will continue to increase with the needs of Brazilian industry as long

as Canadian firms keep up their contacts. Aluminum continues to be imported for processing but local aluminum production is growing. Brazil is a large importer of sulphur because its oil and gas finds have not contained much of this element. There may be possibilities for sulphur sales in the short run but considerable investments are planned to reduce dependence on imported sulphur over the next decade.

Consumption of fertilizer is increasing and farmers now receive assistance from the Government to improve farm land. There is a potential market for Canadian exporters of bulk chemicals for local fertilizer plants, as much of the nitrogen and potash fertilizer must be imported by processors. Local production of plastics, synthetic resins, chemical fibers and synthetic rubber reduces potential sales somewhat, but there are still opportunities in the construction, paint, metal and other industries.

Brazil's forest industry is undergoing rapid expansion, with government incentives. **Canadian experience in mechanized logging could be applied here.** Brazilian sawmills require consolidation and modernization, providing an opportunity for equipment suppliers. The pulp and paper industry is also expanding but Black Clawson and Voigt both have manufacturing plants in Brazil. Exporters of equipment for pulp and paper mills will have to look for the gaps in local production to take advantage of new projects.

Development of mining and metallurgy similarly offers scope for new sales. A new program has been announced to encourage mineral exploration and this suggests sales of drilling and prospecting equipment. Brazilian iron ore deposits are sufficient to keep the local steel mills operating for 2,000 years at present rates of consumption. Concentrating and pelletizing plants are being built and steel mills are being expanded.

Canadian materials handling equipment has found a market in Brazilian mineral plants and other applications are possible in ports with the development of containerization. In the specialized field of grain storage and handling, the Brazilian transportation authorities might find Canadian ex-

pertise and equipment useful in coping with the increasing wheat crops. Other projects in the transportation field of interest to Canadian exporters include the new international airport to be built in Rio de Janeiro, the subway systems for Sao Paulo and Rio de Janeiro, and the possibility of a high-speed rail link between the two cities.

Canadian medical and scientific equipment is of interest in Brazil and so are systems for educational television. A recent visit by a Canadian oceanographic ship has brought Canada to the attention of the naval authorities as a source of supply.

For the Canadian producer of consumer goods, such as packaged food or clothing, selling in Brazil may prove difficult. Brazilian consumers do purchase some imported goods but these are usually luxuries. Perfume or whisky of internationally known brands are sold but for other products the Brazilian buyer contents himself with locally made goods. Clothing, textiles, food products and household goods are subject to a special tariff surcharge which raises the duty by 100 percentage points ad valorem. This special surcharge, introduced in December 1968 to reduce the outflow of foreign exchange for luxury goods, will remain in effect until the end of 1971.

Although the Brazilian national debt is one of the highest in the world at over \$4 billion, **long-term external loans continue to be offered.** There is also some grant aid, such as the U.S.\$170 million allocated to Brazil by the United States Agency for International Development. Other funds have been provided on commercial terms. The British have been particularly active in Brazil in the last year and a half, providing financing to a total of some U.S.\$74 million to build a bridge to connect Rio de Janeiro with the neighboring city of Niteroi and loans for ships for the Navy and the merchant marine. In one impressive contract, the British established a line of credit for some U.S.\$80 million for Petrobras, the Brazilian petroleum monopoly, to purchase British goods, and loaned the company some U.S.\$25 million for local costs associated with the purchases. Other contracts have been signed with the Germans and the French have offered 30 million francs in financing for the

purchase of French machinery. Canada has granted loans for aircraft, airport studies, and mining equipment.

Projects involving multilateral financing offer good prospects for sales of Canadian goods. World Bank projects include the Marimbondo hydroelectric plant, improvements to the Sao Paulo water and sewerage systems, and the development of iron ore mining by Minas Brasileiras Reunidas.

The Inter-American Development Bank has offered industrial credits for allocation through the North Eastern States Development Authority and the Brazilian National Development Bank. Funds have also been set aside for a hydroelectric plant on the Sao Francisco River and for the development of small industry in the fields of livestock and forestry. Canadian firms will be involved in the Belem thermal electric project which is financed by Canadian funds through the IADB.

The United Nations Development Program has begun to conduct studies on very high frequency radio links between Brazilian and other Latin American airports. When the study is finished, there will be possibilities for the sale of Canadian equipment.

Canadian firms would be well advised to consult with their bankers, the Export Development Corporation and other sources of financing to which they have access before beginning negotiations with Brazilian buyers. Though good financial terms will not sell a poor product, inadequate preparation of a financial proposal could mean losing a potential sale to a competitor.

Brazil can be a rewarding market, as a number of Canadian firms can testify. But it is a market that must be approached by concentrating on those product lines which complement local industrial production. The Trade Commissioners in Rio de Janeiro and Sao Paulo will be pleased to help exporters in locating those areas in which Canadian products have the best market potential. If your firm produces any of the commodities mentioned in this report, you are urged to contact either the Rio de Janeiro or Sao Paulo offices.

Chile

The Government has been urged to invest more in the industrial sector, a major area of Canada's exports to Chile. The forest industry and the forecast rise in consumer spending should also provide opportunities for Canadians.

C. D. MILLER

Commercial Secretary, Santiago

Chile begins the decade of the seventies with a Presidential election. The vote is scheduled for September and its great importance overshadows day-to-day commercial and industrial developments in 1970 and beyond. The President is elected for a six-year term and he cannot have two successive terms. The incumbent President is a Christian Democrat. Therefore in 1970 the voter must decide whether to renew the mandate for the presidency of the Christian Democratic Party, or vote for a new candidate or in favor of a left-wing or center-right leader. The economic consequences of the outcome are far-reaching, affecting such vital issues as nationalization, budget philosophy, inflation and import substitution. This article limits itself to the existing economic situation and immediate business prospects but whatever the changes that may come as a result of the presidential election, we feel that Canadian businessmen may plan with reasonable assurance on continuing opportunities for development of trade with Chile.

A few basic facts about the Chilean economy should help the Canadian exporter interpret recent trends. The Chilean GNP is about \$6 billion, which gives its population of 10 million a per capita income approximately one-seventh of the Canadian figure. The Government's 1970 budget will total about \$2 billion, or 30 to 35 per cent of the GNP—making the budget a highly influential economic factor in Chile. Foreign merchandise trade makes up about 35 per cent of the GNP, a percentage close to the Canadian one. Chile's main export earner (70 per cent) is copper. Four-fifths of its imports consist of manufactured goods, but only 10 per cent of its exports. Eighty per cent of the country's machinery and equipment needs are provided by its trading part-

ners. The major exports after copper are pulp and paper, metallurgical products, tinned foodstuffs and wine.

The Chilean Government faces 1970 with a considerable increase in expenditures over last year. There are two main reasons for the increase. First, the Government recently decreed that all government salaries and wages would be raised, effective January 1, 1970, to the full extent of the 1969 inflation, 29.3 per cent. Because the Government is the major employer, this decree has a direct influence on the size of the budget. Second, salaries of the armed forces were recently increased and the back pay alone is worth \$50 million.

All this leads one to expect a continuation of the recent inflation levels and 30 per cent inflation this year looks probable—a rate Chileans do not welcome but have learned to live with.

This year should be a good one for Chile's foreign trade. Exports should rise 6 to 7 per cent to \$1.1 billion and imports hold almost steady at \$960 million. This should result in the largest merchandise trade surplus since 1967.

Two additional factors augur well for Chile's prosperity in 1970. Industrial sales in 1969 were up 5 per cent over the previous year and although there will be a little slackening before the election, the 1970 results should show further improvement. **Of equal importance to the Canadian exporter is the forecast rise in consumer purchasing power.** This development will lead to greater demand for consumer goods which, coupled with Chile's recent relaxation of trade controls, should offer Canadian exporters greater opportunity in this field. Under the Chilean trade liberalization program for 1970 virtually all goods, except

luxuries, have been added to the "List of Permitted Imports".

Another definite plus in Chile's economic picture in 1970 is the copper industry, which should produce 830,000 tons, well above the 1969 total of about 700,000 tons. If the international price on this commodity remains at or near its present high level, the foreign exchange earnings will rise appreciably.

A final indicator of note is that Odeplan, the National Planning Agency, had said that the former high investment levels in mining and agriculture have been disproportionate, considering the total development of the country. Odeplan suggests that **Chile should strive for more balanced growth by means of placing more investment in industrial endeavors.** This is good news for Canadian exporters, because a large portion of our sales to Chile consists of industrial processed materials and machinery and equipment used by Chilean industry.

ENTEL, the Chilean Telecommunications entity, recently awarded a \$2 million contract to Northern Electric for the construction of a microwave system between the cities of Temuco and Puerto Montt. The financing of the project was provided by a Canadian International Development Agency loan, through the Inter-American Development Bank. This contract has given Canada an excellent opportunity to display its considerable abilities in the telecommunications field and represents the first big step towards a mutually rewarding relationship for both Canada and Chile.

There is another sector to which the Santiago office is devoting a considerable amount of its time—the forest industry. The Chilean forest industry produces \$150 million gross annually,

with pulp and paper accounting for two-thirds and sawn lumber about one-quarter of the total value. Chile is a natural for forest products. The abundant rainfall, proximity to the coast, and the presence of the rapid-

growth insignis pine all point to a low-cost industry. Sawn lumber and pulp and paper production should double by 1980. The implications for Canadian exporters of sawmill, logging, pulp and paper machinery and consul-

tancy are obvious. Our sales to the forest industry are already in the neighborhood of \$1 million a year. Some well-directed efforts by existing and new exporters should enable us to double that figure by 1972.



Valparaiso is Chile's chief port and second city, with a population of about 500,000. Most of the business contacts that a businessman needs can be made in Santiago, the capital. No visit to Chile, however, would be complete without a trip to the sea-coast, including Valparaiso with its palm trees and boulevards and the well-known ocean-side resort of Vina del Mar.

Colombia

Projects under Four Year Development Plan open way for sales of capital equipment and engineering services. Competent local agent and long-term financing are essential.

JAMES A. ELLIOTT
Commercial Secretary, Bogota

"Progress and stability" seems to be the motto of Colombia's present government and is almost certain to be adopted by the new Administration which will be elected and take office this year. Under the unique Colombian constitution, the party in power changes every four years and 1970 is one of the years. Fortunately Colombia enjoys a strong democratic tradition and the change in administration should involve no turmoil and little change in policies.

The policies of the Lleras regime have been successful in promoting economic development while avoiding runaway inflation. The industrial production costs are among the lowest in Latin

America; so is the inflation rate. The real growth in the gross national product in 1969 was probably about 6 per cent.

About the only serious clouds on the horizon are a reappearance of limited guerilla activity in the countryside and some strikes in the cities. Neither of these present a serious or immediate threat. In fact, the labor trouble is almost a testimonial to the Government's success in combatting inflation by holding down both prices and wages, thus making Colombian products more competitive internationally.

This fight against inflation has led to very tight credit and a high interest

rate (delinquent taxpayers pay interest at 2½ per cent per month). This means that Colombian industry, as well as the Government, prefers to borrow abroad rather than on the local market, where money is scarce and expensive.

The largest single contribution to Colombia's economic progress in 1969 was the rapid rise in international coffee prices. Coffee is still the most important export and the rise in prices helped to ease the foreign exchange situation and to provide an inflationary push as the larger coffee revenues found their way into the hands of the coffee producers. This situation is likely to continue as long as coffee prices remain high.



A downtown street, Avenida Jimenez de Quesada, in Bogota, the capital city of Colombia. Bogota has a population of more than a million. Note the traditional Spanish architecture on the right, contrasting with the modern business blocks on the left.

Petroleum is Colombia's other major export. Production and exports rose in 1969 and a further increase is forecast. New fields are being exploited inland from the Pacific, near the Ecuadorian border. A new 60,000-barrels-per-day pipeline has been completed to link these new fields with Tumaco, a Pacific Coast port, so that the petroleum can be exported profitably.

Colombia's other and so-called minor exports increased by 13 per cent in 1969 to about U.S.\$220 million and a further increase is forecast for 1970. These minor exports include agricultural products such as cattle, sugar, cotton and rice, and a growing range of manufactured goods, led by cotton textiles and footwear.

In 1969 Colombia's imports increased, even though they were tightly controlled. With a continued rise in export earnings, there should be a marked import increase in 1970, although no radical departure is expected from the present policy of issuing import licences only for capital equipment, industrial raw materials, and some spare parts and semi-manufactures.

In addition to obtaining an import licence, Colombian importers must pay prior deposits and high duties before goods can be imported into the country. Certain imports from Colombia's LAFTA partners generally require no prior deposit and pay duty at a reduced rate. These restrictions limit the market for a few Canadian goods but the rapid industrialization has opened up enough possibilities for Colombia to remain a very interesting market for certain types of capital equipment and parts, industrial raw materials and components.

Capital equipment, both for government-sponsored infrastructure projects and for private industrial expansion, offers us the greatest opportunity for expanding our sales to this market. But here a new factor enters into the competitive picture—financing. In addition to the standard criteria of price, quality and delivery, the Canadian exporter must offer financing terms comparable to those offered by the competition if he is seriously interested in selling capital equipment. Many countries either offer aid to Colombia or are willing to accept Colombian products in payment.

Canada, in addition to some direct aid and financing assistance, contributes to various international organizations such as the World Bank and Canadians are eligible to bid on the projects that these organizations finance. A wide range of government infrastructure projects—including power generation and transmission facilities, highways and schools, and a large number of government-backed industrial and agricultural projects—receive foreign financing and provide attractive market possibilities for Canadians.

Colombia's Four Year Development Plan lists the projects to be undertaken in the period 1969-72 by sector and by priority. Agriculture is to receive half of the \$5 billion budgeted for the period. Transportation will receive about 15 per cent and the development of energy resources (mainly hydroelectric) 10 per cent. The remainder is divided among education, health and (a subject familiar to Canadians) regional development.

These priorities accurately reflect the problem Colombia faces—low agricultural income and a consequent flight to city slums, bad health conditions and a high birth rate, regional disparities and even isolation as a result of the mountainous terrain, and the need to provide a framework in which economic growth is possible. The per capita gross national income probably amounted to about \$300 last year, but this figure is rather meaningless in a country with great income disparities between regions and social classes. The importance of the figure is the fact that it is rising.

Our best trading prospects are tied into the development plan and include three classes of goods and services: engineering services, capital equipment for large-scale government projects, and machinery for private industry. Among the areas where our capabilities seem to fit the Colombian Government's priorities are electrical power generation and transmission, forestry and the forest products industry, mining and mineral surveying, transportation, communications, and agricultural improvement.

All of these areas require a similar sales approach. The first step is to

determine whether or not there are any projects, either government or private, where your product will be needed. If so, the next two steps can be taken together—the appointment of a local representative and an investigation into the financing methods open to you and to your competition.

A local representative is a necessity for a variety of reasons. The Colombian Government insists that all its projects have as high a Colombian content as possible, both to conserve foreign exchange and to encourage local industry. A local representative can help you find Colombian sources of supply and for engineering services can often collaborate with you in some form of joint venture. A local agent can also give you advance notice of upcoming projects before tenders are called. Tenders are open for such a short time that it is impossible to submit a bid if you wait for the tender call to start your calculations. And the Colombian Government requires that many tenders be submitted by a Colombian firm—that is, by your agent.

Financing is the key. If the project is to be financed by an international organization which Canada supports, you should be eligible to submit a bid which will be judged on price, quality, delivery and, possibly, Colombian content. If no financing is provided by international organizations, it is up to you to arrange it. A visit to your bank and to the Export Development Corporation in Ottawa will show you what is available from these sources. Your local representative in Colombia may be able to give you some idea of what the Colombian Government will require and perhaps what the competition has offered in recent bids in the same line. Together you can prepare a package and submit it when tenders are called. Virtually all the Colombian Government's purchases are by tender which may be worldwide (when the Government uses its own funds or asks the prospective suppliers to arrange credit) or may be restricted to donor countries when foreign aid is involved. When Canadian Government funds are provided either directly or through the Inter-American Development Bank soft loans arrangement, only tenders from Canada are accepted.

Proposals for private industry and agriculture involve the same process except that international financing is less likely to be involved and purchasing may not be by tender. Colombian Government agencies occasionally award contracts for feasibility studies without going to tender.

Apart from this sort of development project, our sales prospects are limited to raw materials, spare parts and semi-manufactures for Colombian industry. Most of the Canadian raw materials (including newsprint) producers are already well established here and we

have directed our efforts more to maintaining our position than to introducing new producers. For a few items—such as aluminum ingots, newsprint and zinc—we are facing competition from Colombia's LAFTA partners which are accorded preferential tariff treatment and exemption from the prior deposit requirements.

These products call for different marketing practices from those required for the capital goods sector. But here again, a good local representative is a necessity, mainly because you will probably be dealing with several small

customers and must remain in contact with each of them. Good agents are hard to find but the Commercial Division of the Embassy in Bogota is ready to help you by providing names of those who may wish to represent you in this particular market.

Please contact us outlining your product line or, for engineers, professional experience. If your product has any chance in this market we will work with you, help you to find a good local representative, and show you how your product fits in with Colombia's development needs.



Almost lost among mature coffee bushes, these workers are harvesting what is still Colombia's most important export commodity. Last year Canada bought nearly \$7.2 million worth of coffee beans from Colombia, our second largest supplier.

Ecuador

Short-term problems include foreign exchange shortage, smaller banana crop. Long-term outlook is brighter, with oilfields coming into production.

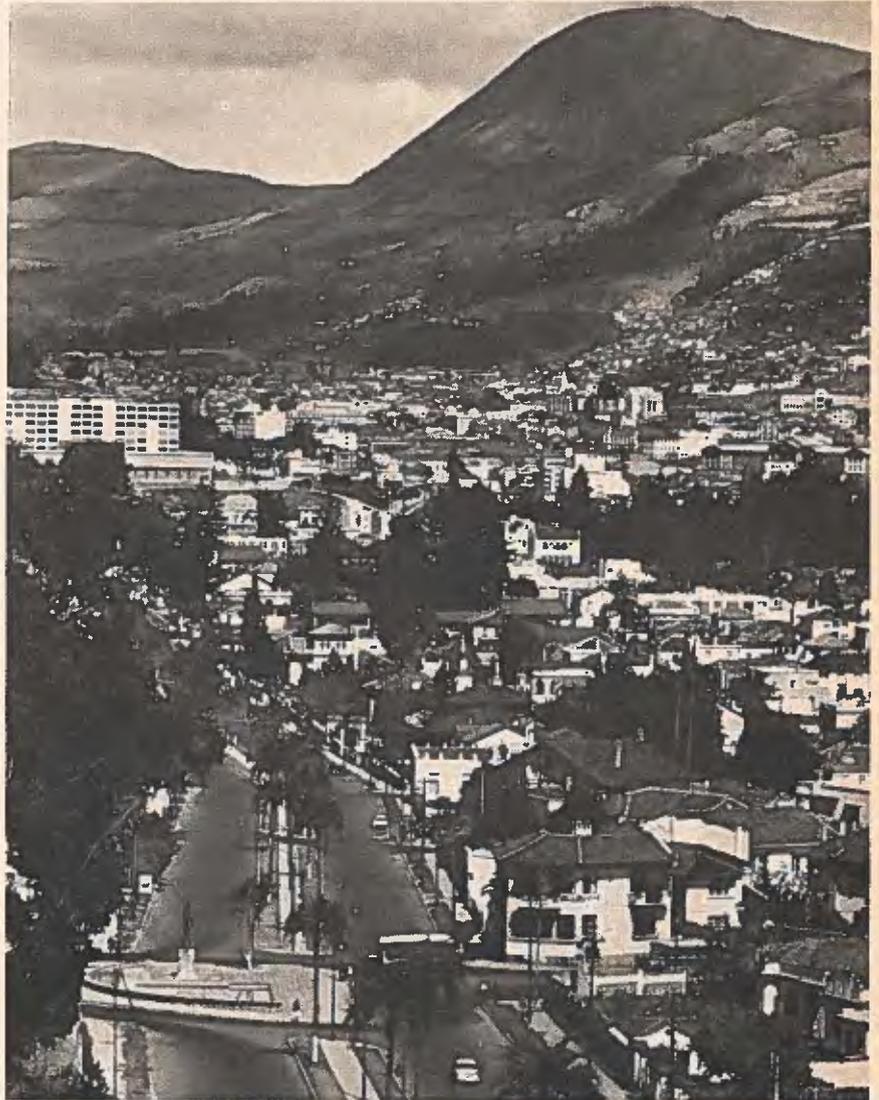
JAMES A. ELLIOTT
Commercial Secretary, Bogota.

Ecuador is in the position of a man waiting for an inheritance: it has excellent prospects but little ready cash. It suffers from periodic shortages of foreign exchange but has prospects of large oil revenues within the next five years. The foreign exchange reserves hit a low of \$12 million at the end of June 1969 and even this figure consisted mainly of Eastern European credits not freely convertible. The oil companies holding concessions in Ecuador were persuaded to give the Government an \$11 million advance on future royalty payments to provide a little breathing space. In spite of recurrent difficulties, the country has a good reputation for paying its foreign debts.

Ecuador has traditionally depended on bananas for the bulk of its foreign exchange earnings. In the last few years adverse weather has reduced the crop and consumer preference in North America has switched away from the Gros Michel variety which Ecuador grows. These marketing difficulties have led the country to favor importing only from its better customers in an attempt to balance its trade with each of its trading partners separately. Canada suffers under this policy because most of our banana purchases are from brokers in the United States and are not given in the Ecuadorian statistics as exports to Canada.

This preoccupation with bilateral trade balances has also led Ecuador to sign barter agreements, mainly with Eastern European Governments. One of these of particular interest to Canadians provided for an exchange of Ecuadorian bananas for Bulgarian wheat.

Another factor contributing to Ecuador's financial difficulties is the deep divisions within the Government—between the President who tends to financial conservatism, the free-spending Congress, and the plethora of au-



Nestling under a ridge of hills is the city of Quito. Traditionally dependent on banana exports, Ecuador is on the edge of an oil boom that should increase its earnings spectacularly within five years. It also has untapped mineral resources.

tonomous boards and agencies which operate almost entirely free from government control and play a very important role in Ecuador's economy.

Ecuador's long-run future is anything but bleak. The Texaco-Gulf consortium has found very large oil reserves

and is building a pipeline to carry the petroleum to the coast for export. Until this pipeline is built, arrangements are being considered for the temporary use of the parallel pipeline across the border in Colombia. The Ecuadorian Government is counting on the oil revenues to finance its deve-

lopment plans and is even trying to defer payment for current imports until the oil revenues start coming in.

To encourage postponed payment, a sliding scale has been established for the prior deposit system, varying with the credit terms offered by the supplier and the level of the foreign exchange reserves. Thus the importer's deposit is lower if his supplier grants him longer-term credit, or if the exchange reserves rise. This has led to an understandable demand for longer term (six months to two years) credit by Ecuadorian importers.

Ecuador has been a small but steady customer for a large number of Canadian products for many years. Wheat, newsprint and asbestos have been our main exports, which totalled about \$3.5 million in 1968 and will be somewhat below that figure in 1969. In addition to the three staples, we sell the Ecuadorians a wide range of consumer and capital goods, including telecom-

munications equipment, drugs, fine papers, agricultural and industrial machinery and spare parts. Engineering services do not appear in the statistics but are an important part of our trade.

Canadian trade prospects in Ecuador can be summed up as "much as usual". Although the foreign exchange situation is worse there than in certain other Latin American countries, the Ecuadorians have not been able to prohibit consumer goods imports because they do not have enough domestic industry to provide for their needs. Thus it offers a small market even for consumer goods.

Undoubtedly this will be a wealthy country in five or six years' time when the oil starts flowing. The time is ripe to establish your firm in this market, so that it will be on the spot when demand increases. Ecuador also needs to purchase abroad capital equipment and engineering services for its development plans, but has not been en-

tirely successful in arranging foreign financing. International agencies are financing studies for new fishing ports and a much-needed multi-faceted project to improve the quality of rural life in the Andes. There are undeveloped hydroelectric resources, some forests, and big untapped mineral deposits. The Ecuadorian Government would undoubtedly be interested in projects in these fields, as well as in agriculture and fisheries, where a base for future growth has already been established.

Several Canadian engineering firms already have contracts in Ecuador and prospects are good for others. For engineering services—and even more for capital equipment—generous financing terms are a must. Direct investment in Ecuador, particularly in the forest products field, also offers interesting possibilities for Canadian firms and should be considered by anyone seriously interested in entering this market.



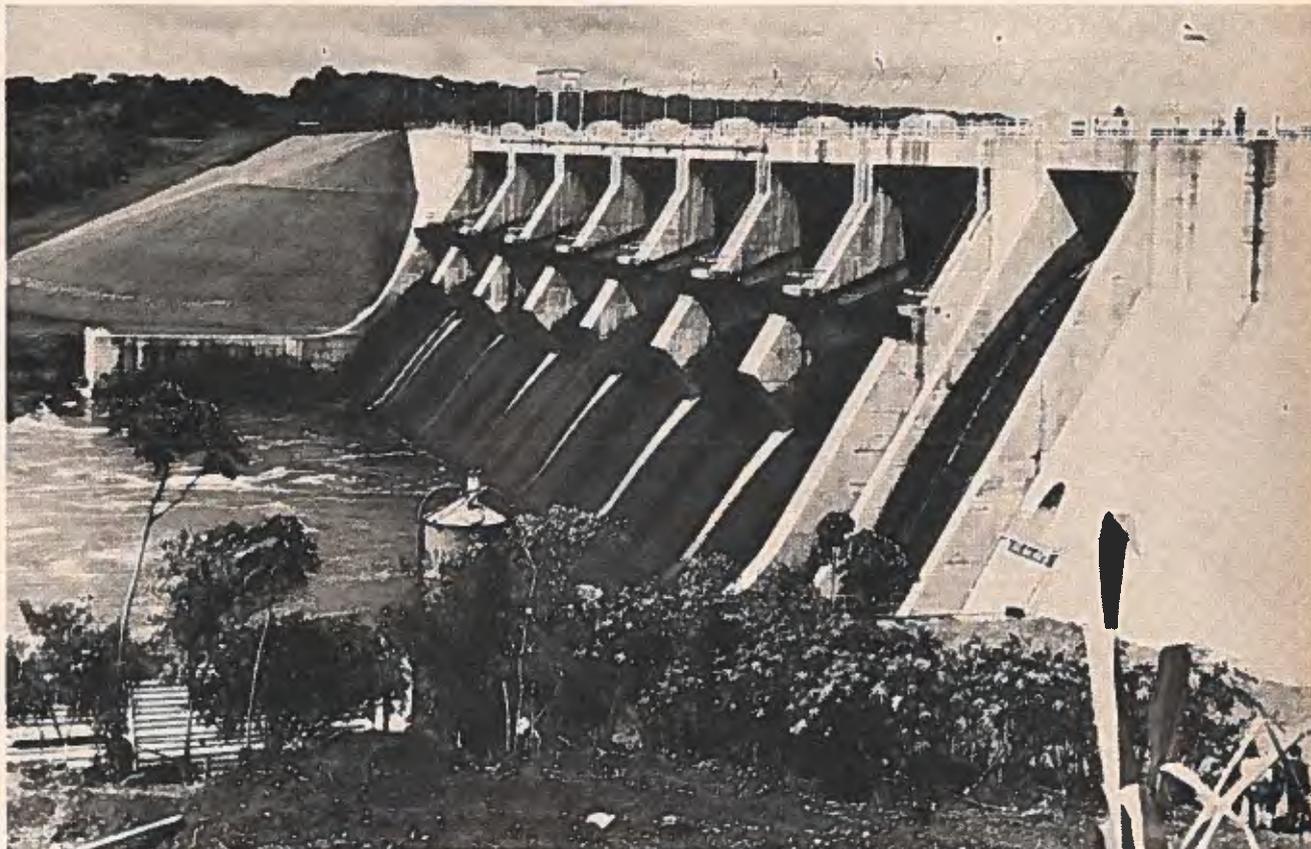
Ecuador is one of the less developed members of the Andean Group, and the biggest percentage of the population is engaged in agriculture. High up on the Andes, at 12,000 feet, it is too bleak and cold for most crops, but sheep and llamas do well.

Paraguay

Agriculture remains economic mainstay, but imports are increasing.
And there should be opportunities for Canadians in tourism.

S. E. KIDD

Assistant Commercial Secretary (Agriculture), Buenos Aires



The Rio Acaray hydroelectric plant in Paraguay now serves most of the country and may contribute to regional integration of electric power services with areas of Argentina and Brazil. The project was partly financed by a World Bank loan.

The Republic of Paraguay, located in the heart of sub-tropical South America, has a per capita income estimated to be only about U.S. \$250 annually. Although transportation facilities are improving, Paraguay is 350 miles from the sea and its links with foreign markets are poor. Budget deficits are becoming the rule and chronic trade deficits are balanced only by the inflow of foreign capital. **Nevertheless, the program of investment in infrastructure facilities in recent years is beginning to have an impact on the economy and moderate progress can be expected.**

The value of Paraguay's monetary unit, the guarani, has been maintained at G126 to the U.S. dollar for ten

years and, according to an announcement in December after a visit by IMF officials, there will be no devaluation. The fiscal situation is not bright, however. Government spending in 1969 is estimated to have been G9,944 million and the deficit G487 million. The budget proposals for 1970 call for expenditure of G10,429 million and a deficit of G443 million. There have now been deficits for several years in succession and it is becoming increasingly evident that reform of the ineffective tax system is required.

In recent years, there has been a sharp rise in imports and a fall in exports despite government measures to restrict

imports. Preliminary figures for 1969 show exports of U.S.\$50.5 million compared with imports valued at U.S. \$70.6 million. The deficit in the trade account is balanced to a considerable extent by the inflow of foreign capital, much of it in the form of long-term, low interest loans, but financing the foreign debt is becoming a problem. In 1969, the gold and foreign exchange holdings of the banking system registered an estimated net loss of U.S.\$4.6 million.

Paraguay's main imports during 1969 were transportation equipment and accessories, machinery, apparatus and motors, beverages and tobacco (mainly for re-export), foodstuffs (mainly

wheat) and fuel oils and lubricants. Paraguayan exports in 1969 were hurt by declining meat sales, the main earner of foreign exchange, but log and timber exports increased.

Agriculture continues to be the mainstay of the economy. More than half of the Paraguayan labor force is employed in agriculture and forestry. The vast areas of natural grassland support an estimated six million head of cattle, and meat and meat products are Paraguay's main export. However, in 1969 livestock and meat exports were considerably lower for the second year in a row because of depressed prices in the international market. The slaughter of cattle in 1969 will probably be down 30,000 or 40,000 to 130,000 or 140,000 head.

The Government's program to achieve self-sufficiency in wheat production is progressing well and the wheat crop for 1969 may reach 50,000 tons. A crop of this size would permit large savings in foreign exchange because wheat imports have been the major drain on Paraguay's foreign exchange reserves. Last year's crops have, in general, been good, with larger production of rice, sugar, tobacco and cotton.

The World Bank has granted a loan of U.S. \$8.6 million to the Banco Nacional de Fomento of Paraguay for the third phase of the program to increase beef production in Paraguay through the granting of credits to ranchers for basic improvements, mainly fencing, corrals and water facilities.

In 1968, the Government imposed restrictions on log exports. This measure has been successful in stimulating the production and export of sawn lumber and other semi-processed forest products.

A port expansion program is under way in Asuncion and the river fleet has been expanded. The country's main link with export markets is still the Paraguay River but its flow is irregular and navigation is often interrupted. A joint Argentine-Paraguayan committee on navigation on the Paraguay River was established during 1969. Another export link is an all-weather road recently completed between Asuncion and the free port of Paraguará on the Brazilian coast. A company has been established to carry

goods between these points. The development of this new link should provide continuity in the movement of goods to and from Paraguay.

A long-term IADB loan of U.S. \$26.4 million for the construction of the Trans-Chaco highway between Villa Hayes and Filadelfia, a distance of 265 miles, has now been approved. The opening of an all-weather road into the heart of the Chaco should do much to promote the development of the potentially rich agricultural resources of this virgin territory which makes up more than half the total area of Paraguay.

A total \$1.6 million, \$1 million provided by the United Nations and the rest by the Paraguayan Government, is being spent on a search for drinking water resources in the central and northwestern Chaco. The lack of ground water reserves has been a major factor inhibiting the development of this region. Construction of water catch-basins may be a viable alternative if sufficient supplies of fresh water are not found in the Chaco.

The establishment of communication networks are the major concern of the Paraguayan Government and a West German firm recently granted a long-term loan of DM20 million to finance the provision of communication networks in 150 towns in the interior. Attention is also being given to the modernization of the Paraguayan railway system.

In September 1969, the Consejo Nacional de Coordinacion Economica

granted concessions to three companies, including Phoenix Oil Co. of Canada, for petroleum exploration in the Chaco.

In the industrial sector, the first stage of the national cement plant began operations in late 1969. When the plant is completed, production is expected to reach 60,000 tons, of which 20,000 tons will be for export. A new textile mill was opened during 1969 with a production capacity of 200,000 meters a month of cotton and synthetic fibers.

With the improvement of road links, particularly with Argentina, **tourism has increased rapidly in recent years.** It is estimated that 68,000 tourists visited Paraguay during 1968, compared with 41,000 in 1967 and only 10,000 in 1960. Tourist facilities in Asuncion and in other areas of Paraguay are minimal and hotel construction and provision of other amenities are being given priority. The IADB has granted the Banco Nacional de Fomento U.S.\$4 million for industrial and tourist projects including hotel construction, but this loan is not open to Canadian procurement. The Instituto Paraguayo de Bienestar Social is planning an eight-storey hotel in Asuncion for which tenders are expected to be called shortly.

Although Paraguay has a population of only 2.3 million and income is low, **imports are increasing.** However, our share of the market is small at present and Canadian suppliers and investors should not overlook the opportunities for growth which exist, particularly in agriculture and tourism.

Canada on L.A. Skyline

For generations to come there will be a Canadian landmark on the Los Angeles skyline—446,000 square feet of granite. It will come from the quarries of Martineau et Deschambault Quarries, Inc., of Montreal-Nord, Quebec. Canadian forest-green granite is being used for the entire curtain wall of the 52-storey Atlantic Richfield Plaza in downtown Los Angeles. Finding enough matching granite to fill the project's needs was a challenge. In fact, only five quarries in the world could

be considered because of the amount required. The Canadian quarry was chosen because of the warmth of color, consistency and generally superior quality of its granite. Another 115,000 square feet from the same quarry will be used to pave the horizontal surfaces of the project's mall and concourse. Altogether 16,000 concrete-backed granite slabs will be used. The project, when it is finished in mid-1971, will provide 2.5 million square feet of leasable space.

Peru

Recent government measures could help to open up markets for Canadian exports to Peru, particularly in the joint venture field.

DEAN J. BROWNE

Assistant Commercial Secretary, Lima

The year 1969 was one of continued economic recession which could have been considerably worse if world prices for Peru's traditional export commodities had not held up so well. Peru's foreign trade for the first seven months of 1969 showed a surplus of U.S.\$164.3 million, with exports at U.S.\$506 million and imports at U.S.\$341.7 million. Exports were 1.7 per cent higher than in the corresponding period of 1968 and imports were down 11.8 per cent.

A serious drop in private capital investment coinciding with a restrictive fiscal and monetary policy has severely dampened internal demand in such key economic sectors as construction, manufacturing and retail sales, with resulting high levels of unemployment. Saving the day, however, was the brisk export performance at unprecedented price levels (index at year-end was 27 per cent above 1968). Most of this export trade windfall, however, will be absorbed by persistent deficits on net capital and services accounts.

The Government's severe austerity measures were successful in achieving a significant degree of financial stability. Deficit budgetary tendencies have been reversed and fiscal accounts for the past year are expected to show a surplus. A mounting trade surplus (influenced by high prices) has offset the year's heavy deficit on invisible items (capital and non-trade services) and this has enabled the Central Bank to build up its net reserves. Anti-inflationary measures are also taking effect against internal price increases, stabilizing the cost-of-living index.

Although tight credit continues and foreign exchange is scarce, no changes have been made in existing foreign exchange regulations. "Certificate exchange" continues to be available for approved imports.



Workers on a Peruvian automobile assembly line. Recently promulgated legislation aimed at rationalizing and controlling the automobile industry may affect Canada's trade with Peru. In 1969 Canada's exports to that country reached \$26.2 million.

Effective September 28, 1969, the list of banned import items was extended by 132 additional articles covering electrical appliances, processed foodstuffs, household furnishings, textiles, wearing apparel, and certain chemicals. The Government increasingly seems to be using import prohibition as a major policy tool to promote import substitution and to conserve foreign exchange.

Intensive efforts are being made by the Industrial Bank and the Ministries of Finance, Industry and Agriculture (in co-operation with Peruvian shipping and airline companies) to increase and diversify Peruvian exports. Special financial incentives are being offered to selected economic sectors and the Government is becoming more involved in export marketing. The Foreign Ministry is co-operating by recruiting more commercial officers for their diplomatic missions in key foreign markets.

Recently, a special government agency, EPSAP (Empresas Publicas de Servicios Agropecuarios), was created for centralized government procurement of basic agricultural products. Apparently it is felt that exclusive purchasing by the Government of large-volume bulk commodities can secure better credit terms (with resulting foreign exchange benefits) than direct purchasing in small quantities by local importers. Canada has already been successful in negotiating a wheat contract with this agency and there have been discussions on powdered milk, frozen meats and fertilizers.

Negotiations were completed with Japan and ten European countries for a rescheduling of foreign debt payments during 1970 and 1971. This will reduce required outlays during those years from approximately U.S.\$170 million annually to about U.S.\$120 million.

WHAT CANADA SELLS TO PERU

	1967	1968	1969 11 mos		1967	1968	1969 11 mos
Total	32,343,704	22,230,749	21,992,812	Aluminum pigs, ingots, shot, slabs, etc.	809,333	779,301	798,415
of which				Hoisting machinery and parts n.e.s.	20,400	39,399	154,992
Malt	999,984	1,041,258	429,213	Rock drilling and related machinery and parts	183,431	204,390	250,561
Wheat, except seed n.e.s.	—	—	2,276,000	Mining-quarrying machinery and parts	213,819	151,126	190,207
Man-made fibers and waste n.e.s.	220,675	9,747	229,420	Passenger automobiles and chassis	4,957,579	3,160,102	—
Asbestos milled fibers, group 4 and 5	532,076	331,791	259,555	Sedans, new n.e.s.	—	—	4,481,755
Wood pulp, bleached sulphate paper grades	511,707	292,709	305,880	Trucks and chassis, not over 6,000 lb.	832,322	924,065	519,609
Wood pulp, sulphate unbleached paper grades	844,451	1,213,407	368,086	Trucks and chassis commercial n.e.s.	7,194,904	2,927,581	2,280,589
Newsprint paper	2,461,365	2,608,250	3,410,322	Parts and accessories for motor vehicles	738,707	99,747	242,298
Industrial chemical specialties and explosives	95,005	230,337	802,506	Aircraft engines and parts	375,430	168,325	142,980
Sheet and strip steel n.e.s.	2,288,758	2,191,073	981,649				

Preparations were also made for a similar re-scheduling for 1972, if necessary. Peru had been hoping for a more favorable arrangement but present international financial conditions made it an impossible project.

Of major significance was Peru's decision to participate in the Andean Group, with Bolivia, Colombia, Chile and Ecuador, and the designation of Lima as the site of the Secretariat. Recent legislation has created a National Integration Council (CONIT) and a National Integration Office (ONIT) to be in charge of affairs relating to Peruvian participation in Latin American economic integration agreements. Peru is hopeful of receiving substantial benefits from its membership in the Andean Group Agreement, mainly from greatly increased industrialization. The West German Bayer organization has already begun construction of an acrylic fiber plant to supply the entire Andean area, and other projects are under active consideration. FINEPI, a government planning agency, has recently been requested by ONIT to undertake studies to determine sectoral development possibilities in the country.

Underlying most of Peru's economic problems during the year was a lack of foreign and local investment (industrial development is at a stalemate) because of a lack of confidence in the country. This situation, of course, arose from the expropriation of the Interna-

tional Petroleum Company without compensation and the resulting serious deterioration in relations with the United States. It has been further aggravated by a dispute over fishing rights off the Peruvian coast and new nationalistic tendencies evidenced during the year—notably the negotiated expropriation of the Peruvian Telephone Company (an ITT subsidiary), certain agrarian reform measures, plus anticipated reforms of fisheries, banking and commercial institutions.

Recently promulgated legislation aimed at rationalizing and controlling the Peruvian automobile industry is of particular significance to Canada since its potential implications pose a serious threat against almost one third of our trade with the country.

Following signature of a contract worth U.S.\$10 million with the Cia. Minera de Madrigal for the exploitation of claims in southern Peru, the Government announced the signing in December of the long-heralded contract with the Southern Peru Copper Corporation for the Cuajone project, which stipulates an investment of some U.S.\$355 million over the next 6½ years and the doubling of the country's copper output. It was widely anticipated that this contract would signal renewed confidence in the country to be followed by many other increased investment programs, but subsequent government actions in other areas have tended

to negate any such effect, at least for the time being. Nevertheless this, and Peru's success in renegotiating its foreign debt, could provide a definite economic stimulus over the long term.

The United States and European countries have traditionally financed many of the larger Peruvian infrastructure projects under foreign aid programs. Renewed activity is occurring in this area and recent months have indicated that East European countries are also interested in considering projects. A Soviet delegation has already visited northern Peru to study the feasibility of financing a major irrigation project, and other possibilities are being reviewed.

To date, Canadian aid to Peru consists of a soft loan made almost three years ago to finance engineering studies. Due to administrative and organizational difficulties, these funds have not yet been allocated to specific projects but virtually all interested Canadian consultants have now registered with FINEPI (the recipient agency) for participation in studies when selected.

The future is difficult to assess, but the present Government's policies and programs are far reaching and could conceivably lead to an economic surge, particularly if relations with the United States improve. A restoration of confidence followed by increased investment in plant and infrastructure proj-

ects would greatly increase the buying power of the private sector, which has dropped to low levels as a result of the domestic economic recession. The Government is assuming a growing role in import/export trade and relies primarily on foreign credit to finance its activities in these areas.

The long-term outlook for Canada seems favorable except, possibly, in the automotive area. Short-term trends are uncertain. Sales opportunities increasingly depend on the availability of favorable medium and long-term financing with government involvement in an increasing proportion of business. Import prohibitions plus Andean Pact participation will virtually exclude sales of Canadian consumer goods. Demand could rise in areas of basic raw materials, equipment, industrial machinery and major government requirements, depending on policy at the time. With local incentive legislation plus access to the entire Andean market, direct investment, licensing and joint venture considerations should assume prime importance for Canadian companies.

Exporters of bulk agricultural products should consider the Peruvian Government as an important customer but must be prepared to offer financing.

There are four main areas that could be of importance to Canada.

Raw Materials, Industrial Machinery, Equipment—With very low levels of investment, this sector has offered virtually no sales prospects for foreign exporters during the past year. If investor confidence is eventually restored and relations with the United States improve, the pent-up demand and new requirements of the Andean market might create excellent sales opportunities for goods such as plant machinery, equipment, industrial chemicals, raw materials and components.

Agriculture—Under Agrarian Reform legislation, the Government has expropriated nearly all large export-oriented estates in the country and, although it is too early for definite speculation, it is possible that steps might be taken to modernize and mechanize existing installations. Sales prospects for Canadian dairy, beef and breeding cattle appear favorable (financing is important), as are possibilities for sales of semen, swine and

grains. Powdered milk is also imported in increasing quantities.

Mining—Immediate prospects exist for supplying machinery and equipment to new and expanding mining developments. Southern Peru Copper Corporation, in particular, could have substantial requirements over the short term. Much of the purchasing by Peruvian-based mining operations is handled by their U.S. parent companies but, increasingly, local purchasing officers are being given greater authority and it is wise to be effectively represented in the country.

Consulting Engineering—With plans for increased government spending on infrastructure projects and the possibility of a surge in private investment, opportunities may arise for Canadian consultants. Firms eventually selected by FINEPI to participate in the Canadian aid studies will have a good opportunity to develop additional business.

Special assistance was recently provided to Canadian exporters by Canada's participation in the biannual Pacific International Trade Fair. It is too early yet to assess the full impact of our presence in this fair but it certainly enabled a number of potential exporters to gain a first-hand impression of market conditions and to make valuable local contacts. Indications are that useful new business will be developed.

The Department of Industry, Trade and Commerce and the Trade Commissioners in Peru are pleased to provide market data and assistance to Canadian exporters. With varying government policies and the as yet unknown implications of the Andean Pact, Canadian companies must adopt flexible sales policies and adapt quickly to new market situations if they are to maintain their competitive position. If economic conditions improve, such aggressive companies can hope for new business and profits.

Industry Grows in South America

One of the largest wood-processing plants in South America will be installed during the second quarter of this year at Taquari, in the state of Rio Grande do Sul, Brazil. Companhia Quimica Industrial de Leminados will sponsor the project, which calls for production of laminated sheets, plywood, fiber sheets, and agglomerates. Part of the financing will be supplied by Brazil's National Economic Development Bank. Output from the factory is expected to supply the demands of the Brazilian civil construction, furniture and home appliances industries, and also supply wood products for export. Investment is estimated at the equivalent of Cdn.\$6.2 million.

Campo Boscan, an oilfield owned by the Venezuelan Government, is to be fully exploited at an estimated cost of \$75 million. Current output totals 25,000 barrels a day and will be stepped up to 125,000 a day. Eight wells are to be drilled at the southwestern corner of the field and a gas pipeline will be laid. Eventually this field will supply the new petrochemical plants under construction at El Tablazo,

State of Zulja. Canadian enterprises interested in supplying technical assistance or supplies for these projects should start looking for suitable partners for setting up a consortium or for representing them in Venezuela.

The first of four chemical plants to be established by a joint venture by a Colombian and a Venezuelan company will go into operation in Barranquilla, Colombia, this year. It will produce 50 tons of caprolactam (a raw material for nylon), 600 tons of fertilizers, 226 tons of nitric acid, and 80 tons of sulphuric acid a day. The enterprise is said to be one of the signs of the growing regional co-ordination within Latin America.

Last year Argentina turned out a record number of automobiles and commercial vehicles—153,047 automobiles and 65,540 commercial types. The leading producers were Fiat (22.8 per cent), Ford (16.5), IKA-Renault (15.5), and General Motors (13.7), followed by Peugeot, Chrysler and Citroen, plus four smaller manufacturers.

Uruguay

Government has made progress in controlling inflation; emphasized promotion of export trade. Imports from Canada rose last year.

J. M. VINCENT

Assistant Commercial Secretary, Buenos Aires

The year 1969 was not an easy one for Uruguay. Nevertheless, it was one in which the Government's wage and price freeze policy proved to be effective in controlling inflation, which had reached 62 per cent in 1968 and 136 per cent in 1967. For the first nine months of 1969, the cost of living rose only slightly above 10 per cent, signifying that the over-all total will likely be within the 20 per cent ceiling established for price increases during the year. As a result, the peso has remained stable at 250 pesos to the U.S. dollar since April 1968. Government efforts to stabilize the economy during 1969 were not helped by numerous work stoppages (including a three-month strike of bank clerks and a four-month strike of meat packers) nor by the British ban on Uruguayan beef which became effective May 31. Unrest among organized labor lessened in the closing months of the year.

There are some serious economic problems, however, which will have to be resolved during the current year. The freeze on prices, for example, has now lasted for over a year and pressure for relaxation on particular fronts is building up. The results of the foreign trade sector during 1969 will not provide any relief. According to provisional estimates issued by the Uruguayan Central Bank, exports in 1969 increased to U.S.\$182 million from U.S.\$179 million in 1968. Imports, however, increased by almost 17 per cent to U.S.\$188 million, resulting in a deficit of U.S.\$6 million as opposed to a trade surplus of U.S.\$18 million in 1968.

On another front, the President has announced his intention to rationalize the civil service. A massive slimming operation is planned for the bureaucracy which includes 10 per cent of the country's population of 2.5 million. Another 400,000 draw

social security benefits. This move to cut down the civil service, however, is a double-edged sword. The President must reduce it to decrease the Government's 1970 deficit, yet unemployment is already high as the credit squeeze depresses business.

This is a vital year for Uruguay. The future tranquillity and wellbeing of the country for a number of years to come will depend to a large extent on the Government's success in attaining the objectives it has set itself. As an election year, 1971 will not be



Montevideo's Palacio Salvo dominates the Plaza Independencia and the main thoroughfare, Calle 18 de Julio. The Latin American Free Trade Association, with a membership of eleven countries, has its headquarters in Montevideo.

the best time to draw up and implement new plans, particularly the type of harsh economic measures which are called for in Uruguay. Unless the Government can demonstrate the success of its policies, opposition candidates will be advocating radically different solutions.

Agriculture is of paramount importance to the Uruguayan economy because it provides over 80 per cent of export income. Meat and wool each account for approximately 30 per cent. The weather was favorable throughout the year and the wool clip, cattle breeding and the harvest are all expected to be above average. Wool exports have been down slightly over the previous year because of the wool-growers' reluctance to sell at the present depressed prices and their expectation of higher prices in the new year. In spite of two major obstacles—the British ban on Uruguayan beef after May 31 and the paralysis of the large meat-packing plants for four months—meat exports rose over 1968, itself a year which brought a 50 per cent increase. The diversification of markets was the reason for the increase. Spain, a traditional market, has now superseded Britain as the best customer for Uruguayan beef, taking 30 per cent of total exports. Greece bought 18 per cent, Czechoslovakia 14 and West Germany 13, and Italy, Israel and Peru give positive indications of becoming good secondary markets.

Uruguay's trade has consisted and will likely continue to consist of the exchange of agricultural products for secondary manufactures, despite recent government efforts to expand exports of non-traditional items. A Center for the Promotion of Exports (CIPE) was established during the year and already a booklet describing exportable products has been prepared for distribution by overseas diplomatic officials. The major products which Uruguay imports include fuels and lubricants, raw materials, vehicles and parts, machinery and parts, building materials, groceries, foodstuffs and tobacco, and electrical equipment. Its principal suppliers currently are the United States, Brazil, West Germany, Argentina, Britain, Switzerland and Italy. **Trade with the U.S.S.R., however, can be expected to expand in future as a result of a commercial agreement signed in December.** This

grants Uruguay a long-term credit of U.S.\$20 million for the purchase of machinery and equipment of Soviet origin. In return, Uruguay will export traditional items and a fixed quantity of manufactures like textiles and shoes. Many of Uruguay's future imports will be influenced by similar special trade agreements and long-term credits from principal trading partners.

In the latter part of the year an IADB mission visited Uruguay to evaluate the possibility of providing financing for the complete restructuring of the meat-packing industry. Envisaged is a U.S.\$18 million program of which the IADB would provide U.S.\$10 million and the Uruguayan Government the remainder. Uruguay's Central Bank has recently approved the offer of the Italian Government to

accord Uruguay a U.S.\$5 million loan to pay for Italian machinery and equipment.

Another decree recently approved by the President authorizes the State Electrical and Telephone Corporation (UTE) to enter into an agreement, valued at U.S.\$10 million, with a Spanish trading company (SERCOBE) for the exchange of Uruguayan meat for Spanish electrical material. SERCOBE will provide this credit on a long-term basis, at 6¼ per cent annual interest, for the acquisition of equipment and material to modernize the telephone service. It is also reported that Spain is prepared to grant a credit of U.S.\$16 million to AFE, the State Railways, to modernize the railway system, in exchange for meat shipments of equal value.

Germany is also active in Uruguay. During 1969 a mission of German technicians, representatives of consulting firms, construction consortia and financing officials visited the country to examine national development projects and possible German participation. There have also been potential investors sent out to study the possibilities in the Uruguayan tourist industry.

Canadian exports to Uruguay in 1969 increased by Cdn.\$1 million to \$3.4 million as against the 1968 total of Cdn.\$2.4 million, mainly because of increased shipments of newsprint paper, aluminum ingots, and passenger automobiles and chassis. In the light of continuing balance-of-payments difficulties and the special financing and barter-type arrangements being made with major trading partners, opportunities for Canadian exporters outside the traditional products listed in the attached table are limited. There is a demand for capital goods but unless favorable financing terms are offered, there is little opportunity for Canadian suppliers.

The Commercial Section of the Canadian Embassy in Buenos Aires is now responsible for Canadian trade promotion in Uruguay and is ready to provide detailed information on the Uruguayan market for specific products and commodities. It can also advise on the appointment of agents and assist in other ways in introducing Canadian products to this market.

CANADA'S TRADE WITH URUGUAY

	Cdn. \$'000		
	1967	1968	6 months 1969
What Canada Sells			
Seed potatoes	628.9	459.5	112.9
Asbestos fibers	92.0	229.6	60.4
Newsprint paper	691.6	400.7	292.6
Wood pulp	149.1	105.0	5.7
Plastic and synthetic rubber, not shaped	101.9	53.0	33.4
Sheet and strip steel, n.e.s.	146.5	172.2	96.9
Aluminum pigs ingots sheet slabs	702.8	599.0	292.6
Passenger automobiles and chassis	109.3	124.7	232.7
Other exports	330.2	233.5	108.5
Total exports	2,952.3	2,377.2	1,235.7
What Canada Buys			
Corned beef	127.1	174.1	31.1
Wool	126.4	200.2	67.4
Woollen yarn and fabrics	76.5	112.3	27.0
Other products (mainly agricultural)	71.3	45.9	19.3
Total imports	401.3	532.5	144.8

Venezuela

A challenging market area—but opportunities are there for Canadian exporters with initiative.

C. G. BULLIS

Commercial Counsellor, Caracas.

Measured by the standards of countries less lavishly endowed with natural resources than Venezuela, this country of 10 million people did very well during 1969. The inflationary factor was 2 per cent, modest in comparison with recent North American experience. Foreign exchange reserves increased (1968, \$876 million; 1969, \$926 million), the bolivar (4.5 = U.S. \$1.00) continued strong, the economy remained stable, and the GNP increased from Bs38 billion in 1968 to Bs39 billion in 1969.

Measured by potential, however, 1969 was not one of Venezuela's better years. President Caldera's minority COPEI Government (elected 1969) experienced considerable difficulty in Congress with the legislative program. In fact, it was not until the dying days of December that approval was finally won for a much watered-down version of the budget. In 1969 also, the new Government undertook studies to reappraise most of the projects initiated by the previous administration. Though obviously necessary for sound decision-making, the fact that so many studies were in process at one time meant that an element of uncertainty was created in large sectors of the economy that were dependent upon major public projects. Business decisions that hinged on the outcome of these studies were naturally delayed also, which further aggravated the situation.

Probably the prime example of this cumulative effect was the petroleum industry, Venezuela's principal earner of foreign exchange. **During the past several months, the Government has been involved in very difficult and protracted negotiations with major international oil companies** over new service contracts. These contracts, which will determine the future and direction of the Venezuelan oil industry for the next few years, are of vital importance to both the companies and the country.



One of the aspects of modernity in Venezuela is El Pulpo, the main arterial highway. It not only distributes traffic from the east of Caracas, as in the above photograph, but will serve as an integral link with another proposed highway, La Arana.

According to present estimates, Venezuela is now down to less than 12 years of proven reserves—there have been no major discoveries during the past 10 years—and it has become vital that exploration activity be stimulated to ensure long-term supplies at competitive prices.

Considerable urgency was recently introduced into the search for a solution to the service contract negotiations with the disclosure that during November Venezuela fell from first to third place among the oil-exporting nations of the world. While there is no doubt that this country will remain

number one for 1969 as a whole, the trend during the last part of 1969 is expected to continue into 1970, with the result that Middle East producers, such as Iran, Saudi Arabia and Libya, will become the world's leading exporters of oil.

Access to the high-cost North American petroleum market is essential for the prosperity of the Venezuelan petroleum industry (which is a relatively high-cost oil producer) and the recommendations of the Schultz Commission currently investigating the oil import policy of the United States are, therefore, of vital interest to this country. Regardless of the findings of this Commission, Venezuela's ability to service foreign markets over the medium and long term will depend on the extent to which its petroleum policies succeed in stimulating exploration and replenishing its diminishing oil reserves.

Venezuela has made major strides towards its avowed goal of self-sufficiency in the agricultural sector. It is recognized, of course, that this country may never be able to produce many of the agricultural commodities that it consumes. Present policies, however, are aimed at producing sufficiently large surpluses in some agricultural sectors to supplement shortages in others, either through direct barter arrangements or export earnings. At the moment, the major stumbling block is the high cost of local produce. To overcome this problem, the Government has instituted programs of financial and technical assistance to encourage the purchase of modern implements, the upgrading of livestock and the construction of storage facilities to ensure orderly marketing of produce.

In addition to this undertaking aimed at improving efficiency, the Government also has major programs under way, or under consideration, to increase the total area under cultivation. Most promising is the Delta Amacuro project for the vast fertile delta of the Orinoco River. Using modern equipment and technology, this area appears capable of supplying agricultural produce in large quantities at competitive prices, and could well be the key to the country's long-range goal of self-sufficiency in the agricultural sector.

Spurred on by a generous system of incentives and protection (through high tariffs and/or import licensing systems) the secondary manufacturing segment continued its rapid rate of growth—averaging 8 per cent per year in recent years. This segment of the Venezuelan economy, while initially concentrated in the consumer goods field, has now branched out into a wide range of industrial products and components. Local content laws, such as those applicable to the automotive industry, induce manufacturers to either establish component manufacturing facilities themselves or licensing arrangements.

The major portion of this industrial expansion has been financed by foreign capital which, by the way, is welcomed in Venezuela. However, certain unofficial and informal ground rules are beginning to emerge and should be taken into consideration by the potential investor:

1. Investment funds must be brought in from abroad without using local savings or loans;
2. Maximum use of national managerial and technical talent and their participation in all company decisions;
3. Foreign investment should not compete in areas where national capital is involved;
4. Repatriation of earnings should be restricted with reinvestment of profits to be strongly urged by the Government.

To the above could also be added the desirability of a partnership or joint venture with nationals of the country.

At the present time, the Venezuelan economy possesses all the ingredients for a prosperous and rapidly expanding economy during the coming 18 months.

Demand for Venezuelan oil should continue to be adequate to meet the country's foreign exchange requirements and guarantee the strength of the bolivar. Generous protective measures will, of course, continue to insulate local manufacturers against the rigours of international competition, enabling most of Venezuela's secondary manufacturing sector to maintain or even raise present levels of output.

Tourism is increasing, although at a disappointingly slow rate, and over the next few months should contribute a growing share to Venezuela's foreign exchange earnings.

The question, therefore, is not whether Venezuela will continue to enjoy prosperity during 1970, but simply whether the expansion will continue at a stable pace, or whether the economy will be spurred on at a sharply higher rate of expansion.

The key to this question is the settlement of the political impasse. In recent weeks, there have been indications that the party in power, the Social Christian Party (COPEI), and the official opposition, the Democratic Action Party (AD), may have taken the first tentative steps towards forming some type of coalition. If this coalition becomes a reality, it will possess a majority in Congress and will be in a position to move forward with a legislative program. Since many of the

CHIEF CANADIAN EXPORTS TO VENEZUELA

	Cdn.\$'000	
	1968	Jan-Nov 1969
Milk powder	227	1,599
Oats	485	188
Wheat	6,894	4,285
Malt	1,186	1,098
Seed potatoes	1,006	907
Oats byproducts	257	107
Asbestos fibers	788	606
Newsprint	5,530	6,062
Pulp	3,267	1,948
Bond and writing paper	771	507
Papermakers' felts, textile	365	378
Plastic and rubber	2,839	1,924
Sheet and strip metal	4,257	3,128
Aluminum	440	442
Copper and copper products	1,978	1,002
Zinc	650	531
Engine turbines and parts	201	3,706
Autos, trucks and parts	55,678	35,329
Laundry equipment	1,001	448
Punch card equipment	1,638	527
Other products	13,013	12,420
Total	102,471	76,142

projects at present on the sidelines awaiting approval were initially proposed by the AD party during its term in power, it is reasonable to assume that swift approval could follow.

The net result of Venezuela's import replacement policies has been a **change in the entire pattern of Canadian exports to this market**. The emphasis shifted during the fifties and early sixties from food products and consumer goods to engineering services, industrial and construction machinery and components and raw materials for the factories.

More and more Canadian firms are being required to face intense international competition on major "one-shot" projects rather than supplying consumer goods on a continuing basis as a result of consumer preferences built up over a long period of time. Both types of selling require a continuous presence in the market. Both types of selling also present excellent opportunities for sales. However, in the new trading pattern that has emerged, many Canadian companies, parti-

cularly those in the engineering and equipment fields, face the possibility of quoting on numerous projects without any guarantee of success or financial return. It requires a great deal of determination and a substantial investment of both time and money to gain the experience essential for success.

Waiting on the sidelines at the moment are a number of projects which if approved would present excellent opportunities for Canadian firms. Some of these projects are: new international airport at Maiquetia (Bs777 million); Caracas subway (Bs250 million); study for renovation and expansion of Puerto Cabello drydocks (Bs4 million); proposed soda ash plant in the Araye, Estado Sucre area; low-cost housing program (100,000 units per year); installation of additional generators at the Guri power generating station in Guayana; comprehensive hospital construction program; pulp and paper mill.

These projects, all at advanced planning stages, involve the supply of engineering services, supervision during the

construction phase and the supply of equipment where necessary. The ability of Canadian firms to compete successfully in these "one-shot deals" will, to a considerable extent, determine whether we remain one of Venezuela's major suppliers.

Canadian firms wishing to participate in the Venezuelan market will have to do so on a highly individualistic basis. The approach necessary will certainly vary from industry to industry and possibly even from firm to firm within that industry, depending on the circumstances involved. A number of things are certain, however, and these are that the market will be highly competitive, actively pursued by major exporters throughout the world, and will require major efforts on the part of any company wishing to succeed. The Commercial Division of the Canadian Embassy, Apartado del Este 62302, Caracas, Venezuela, is anxious to assist and will look forward to receiving inquiries, literature and visits from Canadian companies seriously interested in the market either as an investor or as a supplier.

German Chemical Industry Expands

The German chemical industry is still expanding and shows no signs of overheating, despite the boom, largely because it continued to build up its capacities during the 1966/67 recession.

The combined investment program of the three leading producers—Farbwerke Hoechst, Farbwerke Bayer and BASF—will exceed U.S.\$900 million in 1969 and is expected to continue unabated over the next five years.

Bayer—This company in the past five years has invested \$975 million and plans a further investment of \$1,400 million up to 1973. About 40 per cent of this new investment will be in its foreign holdings to bolster its current interests in 127 foreign plants in 47 countries.

The company's domestic plants currently account for 78 per cent of its turnover with 22 per cent coming from its 61 foreign companies. Aside from its petrochemical base in Antwerp and 50 per cent interest in Nitokumo in Japan, most of its other foreign operations are in North and South America.

The three most important domestic holdings are Agfa Gevaert (50:50 with Gevaert), photographic supplies; Erdolchemie

(50:50 with BP), petrochemicals; Chemische Werke (25 per cent Bayer), fibers, insecticides, dyestuffs, plastics and pharmaceuticals.

Foreign sales account for \$1,925 million, or 61.2 per cent of total sales.

Hochst—Company's foreign sales exceeded 50 per cent of its turnover of \$1,975 million in 1968 and investment reached a record \$300 million. In 1969, investment plans called for \$62.5 million for purchase of new holdings and \$200 million for expansion of existing domestic capacity.

Hochst went strongly into the fibers business in the past five years and now has plants in Chile, Northern Ireland, South Africa and the United States, plus a part-interest in Chemisfaser Lenzing AG in Austria. Other important foreign holdings include the fully-owned new plant in Vlissingen, Netherlands, plus interests in the French pharmaceutical company, Roussel-Uclaf. Important subsidiaries include Kalle KG, Messer Griesheim, Friedrich Uhde GmbH, Knapsack Ag, Chemieverwaltungsgesellschaft.

BASF—Compared with Hochst and Bayer, BASF has only a few foreign production

bases. Approximately 50 per cent of BASF's turnover of \$1,400 million came from exports, with 90 per cent of production from domestic plants.

Last year, investment totalled \$350 million, of which 50 per cent was used for expansion of domestic capacity. Foreign holdings include a production base in Antwerp (BASANT) and a number of joint undertakings with Dow Chemical in the United States (Dow Badische Company). Major investments are currently under way in Canada. Other important domestic ventures include a partnership with Osterreichische Stickstoffwerke (Domilia Olefinwerke) polyethylene, the recent acquisition of 70 per cent of Herbol Werke Herbig-Haarhaus AG, paint, and entry into pharmaceuticals by the purchase of Nordmark Werke GmbH.

Through the takeover of Wintershall AG early in 1969 at a cost of \$200 million, BASF has acquired over 50 per cent of Germany's annual potash output and a sizable percentage of the country's natural gas and oil fields. (Wintershall also holds interests in Canadian oil, gas and potash—Editor.)

HENRY MAHNCKE
Commercial Officer, Duesseldorf

Joint Ventures in South America

Canada Wire has become an overseas venturer. One of its executives tells how this happened and what benefits it has brought the company.

A. R. KING, P. Eng.
Canada Wire and Cable Company, Limited

Canada Wire and Cable Company has been an exporting company since the middle thirties and heavily oriented towards the Latin American and Caribbean areas, which we consider a natural market for Canadians. After World War II the various countries in that area began developing their own industries and giving them high tariff protection. We found ourselves, on the one hand, losing some of our export markets and on the other hand, being approached by the emerging industries for technical assistance. The step from exports to participation in local manufacturing was therefore a logical one and proved to be pleasant and profitable too.

We started in Colombia and to date have added affiliated cable plants in Mexico, Venezuela, the Dominican Republic and New Zealand. We supply technical and administrative assistance, financing, training, machinery, and virtually anything else they require, but our local partners run the business. This is the first point we want to emphasize.

Our policy has always been to work with and through local partners. We are quite willing to admit that organization and marketing techniques that work well in Canada do not necessarily work well in other cultural environments. This is a lesson that has cost many companies a lot of money to learn—the hard way.

We therefore seek at the outset stable local partners who have the same aims as ourselves and who are competent to run the operation successfully in their own environment. Without these partners, we would not consider any ven-

ture. How do we find them? In one instance a small local manufacturer asked for our assistance in getting some new equipment into operation. We liked his looks and he liked our manner and our Mexico plant is now a major industry. In another instance, the local Consul approached us to start the first cable plant in his country. He is now the general manager and chairman, and we have found ourselves involved in everything from cable to prospecting to revolutions. We also have our export agents and affiliates, and continue our own travelling—all good sources of information to help us to select suitable partners.

Given, therefore, a good knowledge of the market (and that means a lot of homework) and strong local partners, what form should the venture take? As a basic policy, we tend to seek a minority position, combined with service and supply contracts. We believe that the local partner who holds a majority interest will do a better job for his company and for us in the process. It works well, but again a lot depends on the right choice of partners. Perhaps we in Canada are over-sensitive to the term "foreign ownership", but the members of the recent Electrical Mission to South America will agree that the idea of joint manufacturing ventures was stressed again and again in all the countries they visited. I have visited other overseas plants and our **minority approach with complete assistance has always been enthusiastically received**, even by companies that have repeatedly turned down outright takeover offers. Our partners have a free hand in running the operation. We have a say in the policies and offer our financing, technology and equipment for use as

they see fit. No nationalistic interests are in conflict and our ventures have progressed to both parties' advantage.

There are other and different approaches—full subsidiaries, licencees, technical agreements, consortium projects, to name a few.

What effect has our overseas manufacturing had on our export sales? The point is that exports and foreign manufacturing cannot be considered separately; they are a joint overseas effort. An export market can be retained in another form by setting up a manufacturing facility. You jump over the tariff wall and work from the inside. At the same time, you can still export materials and the products you do not manufacture locally and you have a prime position as "local content" on any international tenders that are called. With an overseas manufacturing venture, you are not necessarily restricting your present export potential. In fact, you are probably ensuring a market that you would otherwise lose eventually.

The trade mission studied foreign ventures as related to exports in Brazil, Argentina and Chile. We found that there is a reasonably high quality of locally manufactured products but these are limited to relatively unsophisticated designs. These countries are desperately in need of technology and management assistance and they need it now. They continually stress it by asking for joint ventures. Somebody will supply this need, so why not Canada?

For many products, there is only one local supplier and the main customers

—the utilities—hinted broadly that a bit of competition would be desirable. Local manufacturing, of course, has preference over all else. The possibilities of direct sales are limited on large projects, because most of these are let out for international tender, where competition is severe.

These countries are keen to buy Canadian goods and like dealing with Canadians, but in the final analysis, sales are made on price and terms alone. They are short of cash and the supplier offering the best terms, regardless of specifications or anything else, often has the inside track. On international tenders, Canadians can find themselves at a disadvantage. Financing often means the financing of the goods, local installation costs, project preparation costs, and a lot of other things for periods of upwards of five years.

So there are possibilities for us there—possibilities for exports and for manufacturing. The competition comes from

all over the world, and is severe. But with an intelligent approach, and good financing, you can succeed. The rules for manufacturing and for selling in these markets are pretty much the same.

First, know what you are doing. Be sure you have assessed the market properly, that you work through a local partner and don't try to do it all yourself. Be sure your partners and you know, understand and accept the government and local environment involved.

Second, be prepared to wait for your returns. This applies particularly to South America. The red tape down there is involved, but if your man knows his way around and through it, the waiting is well worth it by Canadian standards.

Third, be prepared to compromise in both your design and marketing approaches, and to spend some of your time in personal contacts and travelling. Your partners will want to show you

off to their customers, because it is your influence that is helping to sell their goods. You will enjoy it as well.

What benefits have we gained from our international program? We have retained our overseas sales in otherwise lost markets through selling unfinished goods and selling through our associates. We are also earning foreign exchange directly in the form of returns on our investment and royalties on our products and techniques. We are gaining a working knowledge of different specifications and marketing techniques, which in turn assist our exports in other areas.

Lastly, we are providing employment in Canada for engineering and other staff, who are themselves obtaining a broad experience in international business. These personnel would not otherwise be employed and their value to Canada in its future international role is, perhaps, one of the best possible investments and returns.

Latin American Institutions

Puzzled by the number of international organizations operating within Latin America and referred to mainly by their initials? Here is a useful guide through the maze.

OAS—The Organization of American States was created by the Charter of 1948. With headquarters in Washington, D.C., it now has 24 members (Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, United States of America, Uruguay, Venezuela). Its objectives are essentially political, with the Charter enunciating broad principles governing relations between member states and laying down a system for peaceful settlement of disputes. Nevertheless, the Charter also provides the framework for associated agencies focusing on economic, social and cultural matters.

IA-ECOSOC—The Inter-American Economic and Social Council was created by the OAS Charter as a coordinating agency to promote economic and social welfare in the American nations. Its headquarters is Washington, D.C., but annual meetings are held in various capitals (most recently at Port-of-Spain, Trinidad, in May 1969). Since 1962, Canada has sent observer delegations to the annual meetings of this organization.

CIAP—The Inter-American Committee for the Alliance for Progress, also operating out of Washington, D.C., is a special permanent committee of IA-ECOSOC established to co-ordinate and promote implementation of the Alliance for Progress. The Alliance itself was announced by President

Kennedy in 1961 and is basically a program of economic assistance by the U.S. directed toward co-operative efforts to satisfy the basic needs of American peoples for homes, work, land, health and schools. Within this forum, Latin American countries subject their policies and programs to high-level international review while the United States subjects its aid programs and economic policies to scrutiny by the same body. At the annual reviews of each member country's economic situation, CIAP and representatives of international agencies such as the World Bank, International Monetary Fund, IADB and ECLA, closely examine each country's development plan and efforts toward goals of the Alliance for Progress, recommending and advising changes where necessary.

CIPE—The Inter-American Export Promotion Center began operations from its seat in Bogota, Colombia, in September 1968 after being established by IA-ECOSOC. It aims at an expansion and diversification of Latin American trade and operates through technical assistance and training, certain direct promotion, market analysis and dissemination of information.

PAU—The Pan American Union is now the name of the General Secretariat of the OAS (located in Washington, D.C.) but was previously the name of a somewhat looser organization which was superseded by the OAS in 1948. The Queen's Printer, Ottawa, serves as sales agent for PAU publications in Canada.

IADB—The Inter-American Development Bank, formed in 1959, has a membership composed of all OAS members except Cuba. Its headquarters is in Washington, D.C., and its broad objective is to further the economic development of member countries individually and collectively. It does this by promoting investment in development projects, assisting members in orienting policies toward better resource utilization, providing technical assistance in formulating and implementing national plans, and lending money for development projects. Although Canada is not a member, Canadian funds for financing projects (from CIDA and EDC) are administered by the Bank.

ADELA—Adela Investment Company S.A. is a multinational private investment firm with an authorized capital of U.S.\$50 million. Incorporated in Luxembourg, its main operational offices are located in Lima, Peru, and Zurich, Switzerland. Some ten Canadian companies, including five commercial banks, are shareholders. The purpose of the organization is to make and develop capital investment in private enterprises in Latin America. Detailed information on this organization and its operations is given in the June 8, 1968, and March 15, 1969, issues of *Foreign Trade*.

ECLA—The Economic Commission for Latin America is a regional arm of the United Nations, established in 1948 for the purpose of assisting Latin American countries in promoting their economic development and improving

their standards of living. Membership includes all UN members in North, Central and South America, as well as those European countries which administer territories in these areas. Canada became a full member in 1961. The ECLA Secretariat is based in Santiago, Chile, and engages in in-depth studies in such fields as international trade policy, industrial development, basic resources, transport, social policies, development planning, income distribution and institutional improvement. Once every two years, the Secretariat organizes a plenary session of all members. The most recent was held in Lima in 1969.

LAFTA—The Latin American Free Trade Association, originally formed in 1960 with seven members, now has a membership of eleven (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela). The initial aim was free trade among member states by 1973, but difficulties to date in negotiating internal tariff reductions have forced postponement of the target date until 1980. The LAFTA Secretariat is based in Montevideo, Uruguay.

Andean Group—An agreement signed May 26, 1969, by Bolivia, Chile, Colombia, Ecuador and Peru laid the framework for a common market within the larger LAFTA grouping. Ratifications have now been deposited and Lima, Peru, has been selected as

the headquarters site. A common external tariff is to be evolved after 1974 and the target date for full implementation of the agreement, with elimination of all barriers to internal trade, is 1980.

River Plate Group—An agreement aiming at economic development and improvement of infrastructure within the basin of the Rio de la Plata (River Plate) was signed by Argentina, Bolivia, Brazil, Paraguay and Uruguay on April 23, 1969. It envisages joint effort in such matters as navigation, water resources, preservation and development of animal and vegetable life, infrastructure improvements (communications, railways, roads, aerial transport, electricity), education, health and regional industrial complementation. The executing body is the Inter-Governmental Co-ordinating Committee (ICC), with headquarters in Buenos Aires, Argentina. For further details see the September 27, 1969, issue of *Foreign Trade*.

CALA—The Canadian Association for Latin America was formed in May 1969 through the merger of the Canadian Inter-American Association and the Canadian Institute for Latin America. It is an association of private Canadian firms and individuals interested in Latin America, with headquarters in Toronto. Its general objective is developing closer, more fruitful relations with the countries of Latin America.

International Loans

Highways in the Cameroon Republic will benefit from a \$19 million loan from the World Bank and the IDA. Two of the roads will be part of the vital trans-Cameroon road-rail route extending from the Chad border to the coast. Two other roads will link Douala, the main port, with Victoria, an important commercial center, and with the agricultural region of Bamileke. The project will bring 183 miles of road up to all-weather standards and provide feasibility studies and detailed engineering of an additional 269 miles.

Three important manufacturers in Yugoslavia—producers of cars, steel tubes and automotive wheels—will receive a World Bank loan of \$18 million to modernize and

expand their facilities. Of this, \$10 million will go to Zavodi Crvena Zastava (ZCZ), Yugoslavia's largest car manufacturer, \$6.2 million to Zeljezara Sisak, the largest producer of steel tubes, and \$2.3 million to Industrija Poljoprivrednih Masina, the only producer of combine harvesters and of automobile, truck and tractor wheels. ZCZ plans to increase production from 56,000 vehicles in 1968 to 200,000 in 1974. Sisak will install equipment for continuous casting and for separating the medium and heavy tube mills. Production of seamless tubes in this plant will increase from 79,000 to about 140,000 tons a year by 1973. Masina hopes to step up production of automotive wheels to 2.3 million a year in 1973.

Import and Exchange Regulations in South America

The following paragraphs summarize import and exchange regulations affecting shipments to the Latin American countries. Canadian exporters who require more detailed information or advice on documentation or on duty rates for specific items should get in touch with the Latin American Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

Argentina

Import Licences—Import licences are not required and, except for automobiles, light tractors and some automotive products, virtually all goods may be imported. For certain commodities a prior deposit of 40 per cent of the c. & f. value is required at the time of making the customs entry. The deposit is held without interest for 180 days or until the goods clear Customs, whichever is longer.

Foreign Exchange—Exchange is made available through authorized banks. Payments for imports of capital goods of over U.S.\$20,000 in value are subject to the approval and control of the Central Bank. On such imports, not more than 5 per cent of the f.o.b. value may be paid on signature of the contract and not more than an additional 10 per cent, plus freight, consular fees and insurance, upon receipt of the shipping documents. The balance must be paid in equal instalments in terms varying from two to five years, depending on the amount of the import.

Customs Tariff—Argentina is a member of GATT. Imports from Canada receive most-favored-nation treatment and preferential treatment is extended to certain imports from member countries of the Latin American Free Trade Association. In addition to ad valorem duties levied on the c.i.f. value, imports are subject to a statistical tax of 1.5 per cent of the c.i.f. value and a 4 per cent tax on ocean freight charges. Tariff classification is based on the Brussels tariff nomenclature.

Bolivia

Import Licences—A prior import licence is required for a short list of items. Included on the list are certain foodstuffs, tobacco products, some chemical and plastic products, crude petroleum, synthetic or artificial textile fiber yarns, certain construction machinery, and vehicles powered by diesel engines. The import of some locally produced foodstuffs, clothing, household goods and certain raw materials is prohibited.

Foreign Exchange—There are no restrictions on foreign exchange.

Customs Tariff—Imports from Canada receive most-favored-nation treatment. Preferential treatment is granted to certain imports from member countries of the Latin American Free Trade Association. Imports are subject to a specific duty based on weight, measure or units and to ad valorem duties assessed on the c.i.f. value. A Supreme Decree dated July 2, 1968, established a 10 per cent surcharge on the c.i.f. value of most imports. Tariff classification is based on the Brussels tariff nomenclature.

Brazil

Import Licences—Practically all products are now permitted import into Brazil. Prior to import a "quia de importacao" must be obtained by the importer from the Foreign Trade Department of the Banco do Brasil. The import certificate must be presented with the other shipping documents to the Brazilian Consulate for legalization. Goods must be shipped before the expiry of the certificate, which is valid for 120 days. The import of luxury motor vehicles, rubber, petroleum products, arms and ammunition is controlled.

Foreign Exchange—The importer is required to contract with an authorized bank for supply of the necessary foreign exchange. The rate of exchange is set by the Central Bank.

Customs Tariff—Brazil is a member of GATT. Imports from Canada receive most-favored-nation treatment, and preferential treatment is granted to certain imports from members of the Latin American Free Trade Association. In addition to ad valorem duties assessed on the c.i.f. value, imports are subject to a port improvement tax of 2 per cent of the c.i.f. value and a merchant marine tax of 10 per cent of the ocean freight charges. Decree Law No. 398 of December 30, 1968, increased the rates of duty on certain non-essential imports by 100 percentage points ad

valorem. The customs tariff follows the Brussels tariff nomenclature, with certain modifications.

Chile

Import Licences—Importers are required to register all imports with the Central Bank. Goods not appearing on the List of Permitted Imports are prohibited. Returnable prior deposits of 30, 60, 120 or 10,000 per cent of the c.i.f. value for certain permitted imports must be paid by the importer at the time of registration. The deposits are returned to the importer after customs clearance of the goods or, at the importer's choice, are applied to the payment of customs duties and other taxes.

Foreign Exchange—Foreign exchange is obtainable through the official banker's market.

Customs Tariff—Chile is a member of GATT. Imports from Canada receive most-favored-nation treatment. As a member of the Latin American Free Trade Association, Chile accords preferential treatment to certain imports from the other member countries. Imports are subject to specific duties expressed in gold pesos per unit of weight or measure and to ad valorem duties on the c.i.f. value. Tariff classification is based on the Brussels tariff nomenclature.

Colombia

Import Licences—All permitted imports require an import licence and must be registered with the Superintendency of Foreign Trade. The import of a wide range of consumer goods and luxury articles is prohibited. Prior deposits ranging from 1 per cent to a maximum of 130 per cent must be made on most imports and are retained for 90 days after the goods have been cleared through Customs. A copy of the registration certificate must be presented to the Colombian Consul with the other export documents.

Foreign Exchange—An exchange permit is required and the importer must make a provisional deposit in local currency of 95 per cent of the f.o.b. value at least 20 days in advance of his application for a permit.

Customs Tariff—Imports from Canada receive most-favored-nation treatment. Certain imports from member countries of the Latin American Free Trade Association receive preferential treatment. Most duties are ad valorem, assessed on the c.i.f. value, port of entry. Imports are subject to surcharges amounting to 3 per cent of the c.i.f. value. Tariff classification is based on the Brussels tariff nomenclature.

Ecuador

Import Licences—Import licences are required for all imports exceeding U.S.\$100.

Foreign Exchange—The granting of an import licence by the Central Bank guarantees the necessary exchange at the official rate.

Customs Tariff—Imports from Canada receive most-favored-nation treatment. Certain imports from member countries of the Latin American Free Trade Association receive preferential treatment. Imports are subject to specific duties assessed on the net weight in kilograms and ad valorem duties on the c.i.f. value, port of entry. Imports are divided

into two categories: List I covers essential goods and List II non-essential and luxury goods. The import of all goods not on these lists is prohibited. Under the new regulations, the percentage of prior deposits will fluctuate with the level of the Central Bank's foreign exchange reserves. The system is also designed to vary in relation to payment terms granted by the foreign supplier. The prior deposits of 30 per cent for goods on List I and 60, 115, 160 and 240 per cent for List II items payable for terms of 0 to 90 days are decreased in stages up to complete exemption for payment conditions of five years or more. In addition to duties, goods on List I are subject to a surcharge of 11 per cent of the c.i.f. value; a surcharge of 22 per cent is payable on goods on List II.

Paraguay

Import Licences—In general, imports are free of quantitative restrictions or licensing. Only some agricultural products in seasonal supply and certain petroleum derivatives are prohibited import. For the majority of goods, an importer must deposit in a bank 100 per cent of the f.o.b. value before the goods can be cleared through Customs. If effected after shipment, the deposit is retained for 180 days instead of 120 days.

Foreign Exchange—Exchange is available through authorized banks. Permission from the Central Bank is required if the goods are to be imported on credit terms exceeding 180 days.

Customs Tariff—Imports from Canada receive most-favored-nation treatment. Preferential treatment is extended to certain imports from member countries of the Latin American Free Trade Association. Imports are subject to a specific duty assessed on the net, legal or gross weight, plus an ad valorem duty based on the c.i.f. value determined by adding 10 or 20 per cent to the f.o.b. value. In addition to duties, imports are subject to an exchange surcharge of 32 per cent of the c.i.f. value, consular fees of 5 per cent of the f.o.b. value, and other taxes amounting to 3 per cent of the c.i.f. value. Copies of the Paraguayan Customs Tariff are not available at the present time.

Peru

Import Licences—Import licences are not required but the import of an extensive list of luxury and non-essential items is prohibited until March 31, 1970.

Foreign Exchange—Importers must obtain exchange certificates from commercial banks for foreign exchange.

Customs Tariff—Peru is a member of GATT. Imports from Canada receive most-favored-nation treatment. As a member of the Latin American Free Trade Association, Peru accords preferential treatment to certain imports from the other member countries. Imports are subject to specific and ad valorem duties. Specific duty is levied in soles on the gross weight in kilograms. Ad valorem duty is assessed on the c.i.f. value, which is computed by adding 20 per cent to the f.o.b. value. Imports are also subject to a maritime freight tax of 4 per cent of the ocean freight charges and a statistical tax of 1.5 per cent of the c.i.f. value. An additional surcharge of 10 per cent of the c.i.f. value has been placed on many non-essential items. Tariff classification is based on the Brussels tariff nomenclature.

Uruguay

Import Licences—Importers must obtain an import authorization from the Bank of the Republic.

Foreign Exchange—Foreign exchange is obtainable from authorized banks.

Customs Tariff—Uruguay is a member of GATT. Imports from Canada receive most-favored-nation treatment. Certain imports from member countries of the Latin American Free Trade Association receive preferential treatment. Imports are subject to an ad valorem duty assessed on an official valuation indicated for each item of the customs tariff. In addition to the duty there are six categories of surcharges: 10, 60, 90, 150, 225 and 300 per cent of the c.i.f. value, depending on the essentiality of the import. Most imports are also subject to an import tax of 18 per cent, a consular invoice charge of 12 per cent, and a port charge of 12 per cent of the c.i.f. value.

Importers have to make prior deposits ranging from 150 to 400 per cent of the c.i.f. value on the excess of the quota fixed in relation to their previous imports. The deposits vary with the foreign exchange surcharges applicable. Im-

ports of capital goods are subject to a prior deposit of 225 per cent, although the rate may be waived or reduced by the Uruguayan Advisory Commission. Deposits are held for six months.

Venezuela

Import Licences—A number of items require a prior import licence from the Ministry of Development or from other government agencies.

Foreign Exchange—Exchange is available through commercial banks at a fixed rate of 4.50 bolivars to the U.S. dollar.

Customs Tariff—Imports from Canada receive most-favored-nation treatment. As a member of the Latin American Free Trade Association, Venezuela has granted tariff concessions to other member countries on an extensive list of items. Imports are subject to a specific duty assessed in bolivars on the gross weight in kilograms. A few items are also subject to an ad valorem duty levied on the f.o.b. value. In addition to the duty, a consular fee ranging from 2 to 3.5 per cent of the f.o.b. value is collected at Customs at the time of entry.

If You Need to Know More

This list of source material on Latin America was compiled by the staff of Industry, Trade and Commerce Library. If you wish copies of any of these please write directly to the publisher.

Books, Pamphlets, Documents

New Markets in Latin America

Published in 1968 by British National Export Council, 6-14 Dean Farrar St., London; 42 pages; free.

Doing Business in Latin America

Edited by T. A. Gannon; published in 1968 by American Management Association, Inc., 630 Dorchester St. W., Montreal, Quebec; 127 pages; free to AMA members of International Management Division, other AMA members \$3.00, non-members \$4.50.

Hints to Businessmen Visiting . . .

Series issued by the British Board of Trade. Reports are available on Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela. Order from offices of the British Information Services in Canada; free.

Industrial Sites in Latin America

Checklist of Industrial Data on Latin American Countries

Latin American Incentives for Industry
Reprints from *Industrial Development*, issues for June 1966, September 1966 and January 1967. Order from Conway Re-

search Inc., 2600 Apple Valley Road, Atlanta, Georgia 30319; free.

Information Guide for Doing Business in . . .

Individual reports are available on Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela. Order from Price, Waterhouse & Co., Toronto-Dominion Centre Bank Tower, Toronto, Ontario; free.

Problems and Prospects of the Alliance for Progress: a Critical Examination

By H. K. May; published in 1968 by Preager Special Studies in International Economics and Development, New York; 252 pages; \$12.50. Order from Burns & MacEachern Ltd., 62 Railside Road, Don Mills, Ontario.

Ministerial Mission to Latin America, October 27-November 27, 1968

Report published in French and English, Ottawa, 1969; 38 pages; free. Order from Department of Industry, Trade and Commerce or Department of External Affairs, Ottawa 4, Ontario.

South American Handbook

An annual traveller's guide to the countries and economies of South America,

Central America, Mexico, Caribbean and West Indies. Published by Trade and Travel Publications Ltd., London; Canadian agent is Thomas Allen & Son Ltd., 50 Prince Andrew Place, Don Mills, Ontario; approximately \$7.00. Order from local bookstore.

South America Marketing Guide

Order from Pan American World Airways, Inc., PAN AM Bldg., 45th St. New York, N.Y. 10017; 20 pages; free.

Statistical Abstract for Latin America

Order from: Latin American Center, University of California, Los Angeles, Calif. 90024; annual; \$8.00.

Tax and Trade Guide Series

Individual reports are available on Argentina, Brazil, Chile, Colombia, Peru, Uruguay, Venezuela. Order from Arthur Anderson & Co., Toronto-Dominion Centre Bank Tower, Toronto, Ontario; free.

Checklist of International Business Publications

A wide range of current business information on countries of South America is published by the Bureau of International Commerce of the United States Depart-

ment of Commerce; semi-annual checklist is free; publications available for a nominal fee. Order from Sales and Distribution Branch, U.S. Department of Commerce, Washington, D.C. 20230.

Latin American Growth Trends: Seven Years of the Alliance for Progress
Published by United States Department of State, 1968; 64 pages; free. Order from Office of Public Affairs, U.S. Dept. of State, Washington, D.C. 20520.

Periodical Articles

The Political Economy of Import-Substituting Industrialization in Latin America
By A. O. Hirschman; published in the *Quarterly Journal of Economics* 82:1-32, February 1968.

Economic Integration and Spatial Patterns of Economic Development in Latin America
By P. R. Odell; published in the *Journal of Common Market Studies* 6:267-86, March 1968.

The Export Answer
In varying degrees the Latin American countries have all the problems of development but they all merge into a major disappointment with the rate of progress. By I. Frank; published in the *Columbia Journal of World Business* 3:17-22, May-June 1968.

The Political Role of Regional Economic Organizations in Latin America
By G. Lagos; published in the *Journal of Common Market Studies* 6:291-309, June 1968.

A New Look at American Trade and Investment in Latin America
Expert on Latin marketing says many traders are missing "biggest opportunities" in the world. By T. B. Wahl; published in *Business Abroad* 93:26+, July 1968.

Latin Trade Bloc Hits a Crisis
Ambitious hopes for turning Latin American Free Trade Association into a full-scale common market are fading; the group may have to settle for more modest goals. Published in *Business Week*; pages 76-78; July 20, 1968.

Latin America—Doomed to Trouble?
A hard realistic look at Latin America's future is under way—prompted by events in Peru. Published in *U. S. News & World Report* 65:112-3, October 21, 1968.

Latin America Needs \$24 Billion Framework for Unified Economic Growth by 1980, ADELA Report Says
Private investment group outlines region's basic needs, points to areas offering vast opportunities for private interests. Published in *International Commerce* 74:25, December 16, 1968.

World Trade Outlook
Special world report by country provides excellent coverage of South American countries. Published in *International Commerce* 75:2-68, January 13, 1969.

Annual Review of Western Hemisphere's Business and Finance: Economic Survey of the Americas
Published in *New York Times*, 118:49-74, January 20, 1969.

Periodicals, Special Services

Bank of London & South America Review
Published in London; monthly; free. Order from Branch Offices of the Bank of Montreal.

Business Latin America
Weekly report to managers of Latin American operations published by Business International Corporation, New York; U.S.\$180.00. Order from Business Latin America, 757 Third Avenue, New York, N.Y. 10017.

The Economist: Edicion Para America Latina
Published fortnightly by *The Economist*, London; £5 16s 6d. Order from The Economist, Latin American Subscription Dept., 25 St. James's Place, London, S.W.1, England.

Economic Reviews
Published by The Economist Intelligence Unit, London, quarterly economic reviews with annual supplements are available for Argentina, Brazil, Chile, Colombia and Ecuador, Peru and Bolivia, Uruguay and Paraguay, Venezuela; U.S.\$28 a year per country (or group of countries), \$9 per single copy of any issue of a review or supplement, airmail \$3 extra on annual subscriptions. Order from The Economist Intelligence Unit, Spencer House, 27 St. James's Place, London S.W.1, England.

FCIB Monthly Round Table Conference—Minutes on Foreign Finance, Credit, Collection and Exchange Problems
International in scope with good coverage of South American countries. Order from Foreign Credit Interchange Bureau, National Association of Credit Management, 44 E. 23rd St., New York, N.Y. 10010; \$48.00.

Noticias—Weekly Digest of Hemisphere Reports
Order from the National Foreign Trade Council, Inc., 10 Rockefeller Plaza, New York, N.Y. 10020; price on application.

Vision
The Vision Letter
Vision (fortnightly in Spanish) and *The Vision Letter* (weekly in English) cover economics, business affairs, politics and culture. An edition called *Visao* (weekly

in Portuguese) is published in Brazil. Published by Vision Incorporated, 635 Madison Ave., New York, N.Y. 10022; price on application.

United Nations Publications

Commodity Trade Statistics
Vol. 17, No. 33 presents 1967 exports and imports of Brazil and Colombia by commodities by countries. Order from Queen's Printer, Ottawa, Ontario; price this issue U.S.\$1.50.

Economic Bulletin for Latin America
Two issues per year. Order from: Queen's Printer, Ottawa, Ontario; single numbers variously priced.

Economic Survey of Latin America
Annual. Order from Queen's Printer, Ottawa, Ontario; single numbers variously priced.

Statistical Bulletin for Latin America
Two issues per year. Order from Queen's Printer, Ottawa, Ontario; single numbers variously priced.

World Trade Annual Supplement
Volume II presents exports and imports of individual South American countries by commodities by countries. Order from Walker and Company, 10 W 56th St., New York, N.Y. 10019; U.S.\$50.00 for Vol. II.

Other Sources of Information

A number of international organizations publish reports and economic surveys. Among these are:

Inter-American Development Bank, 808 17th Street N-W, Washington, D.C. 20775

International Bank for Reconstruction and Development, 1818 H Street N-W, Washington D.C. 20433.

International Monetary Fund, 19th and H Streets N-W, Washington D.C. 20431.

International Development Association, 1818 H Street N-W, Washington, D.C. 20433.

Pan American Union, General Secretariat, Washington, D.C. 20006.

ADELA, 13 boulevard de la Foire, Case Postale Ville 351, Luxembourg

Many Latin American countries have embassies in Ottawa and commercial offices in various cities. *Diplomatic Corps and Consular and Other Representatives in Canada* lists them and it can be obtained from Canadian Government bookshops, price \$1.00.

Shipping Services to South America

TO:	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
ARGENTINA	Grace Line <i>(C. Gardner Johnson Limited, Vancouver)</i>	Moore-McCormack Lines <i>(Moore-McCormack Lines Inc., Toronto)</i>	Argentine Lines <i>(Shipping Limited, Montreal, Toronto)</i>
	Westfal-Larsen Line <i>(Empire Shipping Limited, Vancouver)</i>		Moore-McCormack Lines <i>(Moore-McCormack Lines Inc., Montreal, Toronto)</i>
			Uruguayan Line <i>(B & K Shipping Agency Limited, Montreal, Toronto)</i>
BOLIVIA	<i>Via transshipment at Arica, Chile, or Matarani, Peru. See Chile and Peru.</i>		<i>Via transshipment at Arica, Chile, or Matarani, Peru. See Chile and Peru.</i>
BRAZIL	Grace Line	Moore-McCormack Lines	Moore-McCormack Lines
	Lloyd Brasileiro Line <i>(Kerr Steamships Limited, Vancouver)</i>		Netumar Line <i>(March Shipping Limited, Montreal, Toronto, Hamilton)</i>
CHILE	Grace Line		Grancolombiana Line <i>(United Liners Agency Limited, Montreal; Furness Withy & Co. Ltd., Toronto, Halifax)</i>
	Grancolombiana Line <i>(Balfour Guthrie (Canada) Limited, Vancouver)</i>		Peruvian State Line <i>(Saguenay Shipping Limited, Montreal; Clarke Traffic Services, Toronto)</i>
	Westfal-Larsen Line		
COLOMBIA	Grace Line	Great Lakes Transcaribbean Line <i>(Protos Shipping Limited, Toronto)</i>	Grancolombiana Line
	Grancolombiana Line		Great Lakes Transcaribbean Line <i>(Protos Shipping Limited, Montreal, Toronto)</i>
	Westfal-Larsen Line		Peruvian State Line
ECUADOR	Grace Line	Great Lakes Transcaribbean Line	Grancolombiana Line
	Grancolombiana Line		Great Lakes Transcaribbean Line
	Westfal-Larsen Line		Peruvian State Line
PARAGUAY	<i>Via transshipment at Buenos Aires or Montevideo. See Argentina and Uruguay.</i>		<i>Via transshipment at Buenos Aires or Montevideo. See Argentina and Uruguay.</i>
PERU	Grace Line	Great Lakes Transcaribbean Line	Grancolombiana Line
	Grancolombiana Line		Great Lakes Transcaribbean Line
	Westfal-Larsen Line		Peruvian State Line
URUGUAY	Grace Line	Moore-McCormack Lines	Moore-McCormack Lines
	Westfal-Larsen Line		Uruguayan Line
VENEZUELA	Barber Lines <i>(Canadian Blue Star Line, Ltd., Vancouver)</i>	Great Lakes Transcaribbean Line	Great Lakes Transcaribbean Line
	Grace Line		Royal Netherlands Steamship Co. <i>(Montreal Shipping Company Limited, Montreal, Toronto)</i>
			Saguenay Shipping Limited <i>(Saguenay Shipping Limited, Montreal; Clarke Traffic Services, Toronto)</i>
			Venezuelan Line <i>(Montreal Shipping Company Limited, Montreal, Toronto)</i>

Trade Lines

Thailand is to allocate the major portion of its National Development budget this year to highway construction and irrigation. Bids have been received for reconstruction of the mountain road between Chiang Mai and Doi Sutep and the Cdn. \$156,900 project is expected to get under way this year. The Government is to purchase land for construction of the Tha Chang Bridge at a cost of Cdn.\$3,028,170; it will link Bangkok and Thon Buri—Bangkok.

A new German company, "URANIT" will carry out the German share of the British-Dutch-German program for developing the gas centrifuge system of uranium enrichment. The three companies in URANIT are involved in mining, chemicals and atomic fuel—Bonn.

Jordan and the Yugoslav Union Engineering Corporation have signed a \$115,000 agreement under which the Yugoslav firm will prepare studies for a new international airport near Amman—Beirut.

The Israeli Housing Ministry will erect 200 units of factory-assembled housing at Motza in southern Jerusalem, designed by the architect of Habitat at Expo 67. The approximate cost, excluding land, will be about \$10 per square foot, less than the cost of conventional building in Jerusalem. The Canadian Embassy in Tel Aviv would like to hear from Canadian companies with experience in the erection of Habitat 67—Tel Aviv.

A Swiss company, Motor Columbus AG. of Baden, will act as consulting engineers to "Comision Nacional de Energia Atomica (CNEA)", Buenos Aires, for construction of the atomic power plant on the Parana River, about 70 miles north of Buenos Aires. It will be the first atomic power station in South America and will have a heavy water reactor using natural uranium, with a capacity of 340 mw. Power production is scheduled to start in the second half of 1972—Berne.

Prospecting for gold in Thailand will soon be opened up to private companies. Already the Government has received a number of applications for prospecting licences. Applicants must be limited companies registered in Thailand, with at least 30 shareholders, of which 40 per cent must be Thai—Bangkok.

The Organization of Arah Petroleum Exporting Countries (OAPEC) plans to build a large drydock on the Gulf to repair oil tankers of all sizes. The design will allow for the addition of facilities to build tankers. Technical studies and a final feasibility study will be undertaken this year—Beirut.

Greece expects to be producing automobiles by 1971. The Government and a Greek-Italian group have signed an agreement which will establish an industrial complex at Salonica to make passenger cars, heavy machinery and vehicles. Capacity production will be reached in eight to ten years, when the Greek content is expected to be 50 per cent of car and 70 per cent of other vehicle production. The annual savings in foreign exchange should total about \$100 million in eight years—Athens.

A Swiss company, Sulzer Bros. Ltd., will supply the two circulation pumps for the pressurized water reactor of the nuclear power plant at Borssele, Holland. The pumps have an operating pressure of 155 bar and an operating temperature of 300 degrees Centigrade. Discharge capacity is 6.8 cubic meters per second—Berne.

Six berths will be added to the Port of Bangkok upon completion of a current two-year survey. Construction of the berths will take two years and will cost Cdn. \$261,500-\$313,800. Mid-river buoys will also be built to accommodate seven or eight ships for about Cdn. \$1,569,000. The expansion of berthing facilities and the added moorings in mid-river should enable the port to handle 23 or 24 ships at the same time—Bangkok.

The Israeli Ministry of Development expects that 1.2 million tons of minerals and mineral byproducts will be shipped annually from the port of Eilat by 1975. At that time the new phosphate plant at Ein Yahev and the Arad chemical complex will be in full production. In 1969 an estimated 250,000 tons of minerals (potash, phosphates and copper) were shipped via Eilat—Tel Aviv.

The Government of Peru and the Southern Peru Copper Corporation have agreed to open up the large Cuajone copper deposit. The U.S.\$355 million project will almost double Southern Peru's copper production in the next six and half years. Half of the planned investment will be used to build a railroad link between Cuajone and the Toquepala-Ilo line, to remove an estimated 160 million tons of overburden, and to buy the equipment for this work—Lima.

A \$700 million electronics market is expected to open up in the United States when the first contracts for the urban mass transit program are let this year. Estimates are that 15 to 20 per cent of the \$3.4 billion program will be electronics systems, and that \$500 million will be spent on researching and designing advanced transportation systems—Chicago.

A pulp and paper mill in Argentina, to begin production by mid-1972, will have more than \$10 million of manufacturing equipment supplied from Japan. Annual production will be 30,000 cubic meters of long-fiber kraft wood pulp, 10,000 of short-fiber wood pulp, 27,000 paper for bags, 36,000 special wrapping paper, 3,600 liner board, and 1,900 medium corrugated board—Buenos Aires.

The Siam Kraft Paper Company, Thailand, is studying the use of kenaf as a supplementary raw material to produce kraft paper at its Cdn.\$31.38 million new plant at Ban Pong. The company uses 30 per cent bagasse in turning out about 170 tons daily at the plant, which was inaugurated last November—Bangkok.

Spain's second whisky distillery will be built by a Madrid group at a cost of Cdn.\$2.35 million. Initial daily production is a planned 1,000 liters. In 1968 Spain produced 2.56 million liters of whisky, some of which was exported to Andorra, Finland, Cuba, the U.S.S.R. and Italy—Madrid.

New construction at Porto Salazar, Angola, will enable the port by the end of 1970 to handle iron ore carriers of 150,000 tons. Further construction to be completed in 1973 will provide facilities for ships of 200,000 tons. Cost of the new installations is estimated at between \$60 and \$150 million—Johannesburg.

The visit to Swaziland this year of trade missions from Japan and Taiwan is regarded by the Government as an important step in the development of the territory. A government official recently said that the opportunities for investing in local industries and in establishing new ventures are promising. Swaziland has large untapped deposits of coal and a substantial amount of iron ore—Johannesburg.

Consumption of fresh and processed blueberries in Canada and the United States has increased by more than 40 per cent in the last five years, according to statistics released by the North American Blueberry Council. In 1969 the berry crop was a near-record 118 million pounds compared with 78 million in 1964—Philadelphia.

Portugal's first fully automatic potato-processing factory will begin production early this year. Located near Lisbon, it will manufacture potato crisps, chips and straws for sale in several sizes of transparent packs, and instant mashed potatoes. Other varieties will be introduced later. Cost of the factory will be \$380,000. A second one is planned—Lisbon.

In 1969 Brazil's automotive industry increased production by 26 per cent over 1968. Approximately 350,000 units were produced during 1969 and sales exceeded 340,000. The production of passenger cars alone increased 34.6 per cent—Sao Paulo.

The Argentine shipping company Ciamar has awarded a contract for the construction of a Freedom-Hispania type cargo ship to the Buenos Aires shipyard Alianza. The 15,900-ton vessel will be the largest ever built in Argentina. It will be based on the original Freedom design, created in Canada by G.T.R. Campbell International Ltd.—Buenos Aires.

Crushed coal and water will travel through a 273-mile pipeline as slurry from Kayenta, Arizona, to a power generating station on the Colorado River in southern Nevada, which will supply additional electric power for parts of Arizona, Nevada and southern California—Los Angeles.

During 1969 Spanish shipyards delivered ships totalling over 600,000 g.r.t. Spain now ranks sixth among the world's leading shipbuilding countries—after Japan, Germany, Sweden, Britain and France—and its ships now sail under the flags of 40 nations—Madrid.

The Soviet Union Foreign Trade Ministry is planning a multi-million dollar trade and industrial exhibition for Singapore about the middle of 1970. Trade Ministry officials are expected to come to Singapore to discuss the exhibition with local government officials. The Soviet hopes to display a range of products significant to Singapore's industrialization program, with the emphasis on heavy machinery and electrical goods. Trade between Singapore and the U.S.S.R. is running at about S\$60 million a year, with a S\$24 million balance in favor of Singapore—Singapore.

Seven hundred tons of high tensile reinforcing bars from the Steel Company of Canada arrived recently at Bridgetown, Barbados. The shipment, considered to be the largest of its kind unloaded here, indicates the rapid increase in hotel and residential construction on the island, which has also resulted in the development of local manufacture of construction materials—Port-of-Spain.

The first of a series of shipments of Japanese steel was unloaded recently at Oslo. Weighing 13,300 tons, it was the largest single steel shipment to Norway from Japan, which is particularly interested in the Scandinavian market at this time—Oslo.

Foreign Tariffs and Trade Regulations

Brazil

Commercial invoices do not require consular legalization, effective March 7, 1970, under Decree Law No. 66175 dated February 5, the Brazilian Government has announced. The decree does not abolish import licences or certification by the Chamber of Commerce.

Trade Commissioners on Tour

In Canada

If you wish to meet the officers whose itineraries are listed below, get in touch with—

In Ottawa—
Department of Industry, Trade and Commerce

In St. John's, Halifax, Montreal, Winnipeg, Regina, Edmonton, Vancouver—
Regional Office, Department of Industry, Trade and Commerce

In Toronto—
Canadian Manufacturers Association

In Windsor, Ontario—
Greater Windsor Industrial Commission

In Fredericton, New Brunswick—
Department of Industry

In all other centers—
Board of Trade or Chamber of Commerce

Netherlands

F. W. Zechner, Commercial Officer
in the Hague:

Vancouver: March 31-April 3

Edmonton: April 6-7

Calgary: April 8

Regina: April 9-10

Winnipeg: April 13-14

Toronto: April 15-22

Montreal: April 23-27

Quebec City: April 28-29

Halifax: April 30-May 1

In Territory

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

Brazil

J. R. Brocklebank, Assistant Commercial Secretary in Rio de Janeiro, will visit Recife, Belem and Manaus March 31-April 7.

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.

Ivory Coast

J. P. Bell, Commercial Secretary, and J. Fillion, Assistant Commercial Secretary, in Accra, Ghana, will visit the Ivory Coast April 12-18, May 10-20, June 7-20.

Nigeria

B. Dussault, Assistant Commercial Secretary in Accra, Ghana, will visit Nigeria April 5-11, May 3-9, June 1-6.

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.

Senegal

J. P. Bell, Commercial Secretary, and J. Fillion, Assistant Commercial Secretary, in Accra, Ghana, will visit Senegal May 17-23.

Turkey

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

International Loans

A \$68.6 million pulp and paper mill in the Philippines is being partially financed by the International Finance Corporation, a member of the World Bank Group. The mill will add to the activities now being carried on by Paper Industries Corporation of the Philippines and its subsidiary, Bislig Bay Lumber Company, Incorporated, which are engaged in logging and the manufacture of plywood, veneer and sawn lumber. Production will be in the neighborhood of 150,500 tons of newsprint, linerboard and corrugating medium, all for the home market. Initial foreign exchange savings from this local production are expected to be about \$15 million a year. This pulp and paper mill will give Southeast Asia its first integrated forest products complex.

An irrigation project to increase agricultural productivity in the State of Gujarat in west central India will be helped by a

loan of \$35 million from the International Development Association. Works to be carried out for the Kadana project will include construction of a dam at Kadana, on the Mahi River; expansion of an existing irrigation system from 350,000 acres to 650,000 acres; construction of a new system to serve about 50,000 acres; remodelling and expansion of drainage systems; laying water courses and field channels throughout the project area; levelling of about 100,000 acres; and the upgrading of existing roads and construction of new village and farm-to-market roads, totalling about 2,000 miles. Also included are training facilities for farmers; groundwater investigations; a study of water changes; and a trial land-consolidation program. The IDA loan will be made to the Government of India, which will make the funds available to the Government of the State of Gujarat. The whole project is scheduled for completion by the middle of 1975 at an estimated cost of \$98 million.

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 27	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at February 27	Canadian dollar in foreign currency units
Algeria Dinar	.1934	5.17	Denmark Krone	.1431	6.98
Argentina* Peso (free)	.3069	3.25	Dominican Republic Peso	1.072	.93
Australia Dollar	1.204	.8305	Ecuador Sucre (official) (free)	.0599 .0536	16.72 18.65
Austria Schilling	.0415	24.03	El Salvador Colon	.4295	2.32
Bahamas Dollar	1.072	.93	Fiji Pound	1.232	.81
Belgium and Luxembourg Franc	.0216	46.72	Finland Markka	.2557	3.91
Bermuda Pound	2.572	.39	France, Monaco, etc. ² Franc	.1934	5.17
Bolivia Peso	.0906	11.06	Franco-African Republics ³ Franc	.0039	256.4
Brazil Cruzeiro (official free)	.2440	4.09	French Pacific ⁴ Franc	.0107	93.44
Britain Pound	2.581	.38	Germany D Mark	.2907	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)	.1024 .0883	9.76 11.32	Guyana Dollar	.5395	1.85
China, Republic of New Taiwan Dollar (official)	.027	37.04	Haiti Gourde	.2148	4.65
Colombia Peso (fixed)	.062	15.87	Honduras Lempira	.5363	1.86
Congo (Kinshasa) Zaire	2.154	.4651	Hong Kong Dollar	.1770	5.64
Costa Rica Colon	.1620	6.17	Hungary Forint (official)	.0921	10.85
Cuba ¹ Peso	Iceland Krona (official)	.0122	81.96
Czechoslovakia Koruna	.1489	6.71	India Rupee	.1425	7.01
			Indonesia ⁵ Rupiah

*Peso recently revalued.

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at February 27	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at February 27	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	3.63
Ireland Pound	2.581	.38	Poland Zloty (fixed basic rate)	.2700	3.71
Israel Pound	.3068	3.25	Portugal & Colonies ⁶ Escudo	.0375	26.66
Italy Lira	.0017	588.23	Saudi Arabia Riyal	.2066	4.84
Jamaica Dollar	1.290	.76	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)	.3329	3.00	Spain & Dependencies Peseta	.0155	64.93
Malaysia Dollar	.2504	3.99	Sweden Krona	.2061	4.85
Mexico Peso	.0859	11.64	Switzerland Franc	.2492	4.02
Morocco Dirham	.2154	4.64	Syria Pound (free)	.2819	3.55
Netherlands Florin	.2947	3.39	Thailand Baht (free)	.0523	19.15
Netherlands Antilles Florin	.5687	1.75	Trinidad & Tobago ⁷ Dollar	.5363	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	.1502	6.65	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)	.0863	11.61

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

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

3. Chad, Central African Republic, Congo (Brazzaville), Dahomey, Gabon, Ivory Coast, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Camerouns, 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.

Markets in Brief

Ecuador

Area: 175,851 square miles.

Population: 5,000,000 (1965 estimate).

Climate: tropical in the coastal areas, cool in the mountains.

Language: Spanish; it should be used for all commercial purposes.

Currency: sucre; official rate, one sucre equals Cdn. \$0.0596 (February 1970). Official exchange rate for imports is fixed at 18 sucres to the U.S. dollar.

Foreign exchange and import controls: foreign exchange freely available. Import of a substantial number of commodities is prohibited; all permissible imports require a prior import licence.

Weights and measures: metric system.

Capital: Quito, on the equator at an altitude of 9,261 feet.

Chief ports: Guayaquil, Bahia, Manta and Esmeraldas on the Pacific.

Marketing centers: (population '000) Quito 500, Guayaquil 600, Guenca 150.

Economy: agriculture is the major industry and the economy is dependent on the production of bananas, cacao, coffee, rice and cattle. Oil exploration is becoming important.

Total Ecuadorian imports: 1965—U.S.\$144.5 million; 1964—U.S.\$138 million.

Chief imports: (per cent) 1965—machinery and transport equipment 33.1, chemical products 15.5, metals (including manufactured goods) 11.5, mineral products (including oil) 8.7, textiles and textile goods 8.2.

Chief suppliers: (per cent) 1965—United States 39.2, West Germany 12.4, Japan 6.3, Venezuela 6.2, Britain 5.7.

Value of imports from Canada: 1968—Cdn.\$3.5 million; 1967—Cdn.\$3.1 million.

Chief imports from Canada: (Cdn.\$'000) 1968—wheat 812, newsprint 600, commercial communications equipment 396, asbestos milled fibers 163, prefabricated building structures 129, sanitary paper 123, writing and reproduction paper 101.

Total Ecuadorian exports: 1965—U.S.\$117.7 million; 1964—U.S.\$134 million.

Chief exports: (per cent) 1965—bananas 32, coffee 29.1, cocoa 16.7, sugar 6.2, castor oil seeds 1.7.

Chief markets: (per cent) 1965—United States 55.2, West Germany 13.3, Colombia 5.4, Belgium 4, Netherlands 3.5.

Value of Canadian purchases: 1968—Cdn.\$8.5 million; 1967—Cdn.\$8.1 million.

Chief Canadian purchases: (Cdn.\$'000) 1968—bananas 7,993, cocoa beans 328, coffee, green 62, shrimps and prawns 39.

Prices: quote only in U.S. dollars.

Usual credit terms: sight up to 190 days, the latter is common.

Samples: duty-free if commercial value is less than U.S. \$40.

Visas: visa or tourist card required. **Inoculations:** smallpox.

Trade agreements: most-favored-nation agreement with Canada. Member of LAFTA and exchanges preferences with LAFTA countries.

Documentation, customs tariffs, marking and labelling: consult the Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

Correspondence: airmail only; letters 15 cents per half ounce.

For detailed information on this market write to: Latin American Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, or Commercial Secretary, Canadian Embassy, Apartado Aereo 52531, Bogota, Colombia (airmail only).



To the possible disappointment of the users, who probably have never seen snow, these 180 h.p. logging tractors will be clear of the stuff by the time they reach their destination. Part of a shipment of six from Canadian Car Fort William, they are on their way to West Africa where they will be working in 100 degree F. temperatures. It was 15 to 20 degrees below zero when they were loaded in Thunder Bay, Ontario.

This firm has had good success in the logging market in New Zealand, Australia, South Africa, West Indies, South America and Malaysia. Three of this last shipment are for

Cameroon and three for the Congo. The Tree Farmer, as the machine is called, is used for skidding logs out of the forest or to a central clearing within the forest. Though it's an all-terrain vehicle, these particular ones will be used mostly on haul roads.

The company works through regular dealers, who service the machines and supply any parts that may be needed. Company executives maintain the personal touch by periodic visits. In fact, some of them were on their way to Malaysia when we last heard from them.

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