foreign trade

Department of Industry, Trade and Commerce, Canada

How Trade Moved in 1969

British Market for Timber and Plywood

April 11/70

In This Issue

Digging for exports? Well, not quite, but our cover photo shows just one of the many products Canada does export —construction machinery—and also illustrates one of the strong export trends, the expansion in foreign sales of manufactures. In fact, for the first time in our history, end products—broadly speaking, fully manufactured goods, such as these giant scoops—made up the largest export group in 1969. John Skeggs of the External Trade Division of the Dominion Bureau of Statistics provides the trade figures for last year and comments on them in our leading article.

Trade fairs have become a proven method of introducing Canadian products in a foreign market. Equally, they help to introduce Canada as a country and Canadian capabilities. Our back cover shows visitors to the Association of Home Builders convention and trade fair in Houston, Texas, picking up at the Canadian stand souvenirs of Canada—"silver" dollars made of spruce by the British Columbia Interior Lumbermen's Association, maple leaf pins, and Canadian rain bonnets. The Texas skies were overcast, and rain poured down for most of the fair, and many visitors (12,000 came to the Canadian section alone) went home "wearing Canadian". To find out more about what these visitors saw, turn to the story and pictures on page 17.

When the group of Assistant Trade Commissioners nears the end of its year of training in the Department and postings are imminent, its members begin to look tense and anxious. Like all its predecessors, this year's class survived the waiting period and duly received its first foreign assignments. We present these young Trade Commissioners and their postings on page 18. Don't be too surprised to find two young women among them—Lucille Lee and Patricia Marsden. Lucille will be going to Milan, Italy, and Patricia to New Delhi, India.

Our Detroit office came up with a good story recently. It appears that automobile manufacturers in that part of the world have a hard time finding enough grey iron castings. Brian Schumacher points out on page 28 the opportunities there for Canadian foundries. And for coming to our rescue with a photo to illustrate this article, we must thank Canron Limited of Montreal.

Round about this time of the year, with spring still rather a muddy uncertainty and winter all too fresh in the memory, it is pleasant to read about tropical lands. Thailand is the subject of our featured business visit this month. About now would be the time to start planning your trip to that lovely part of the world.

Once a year *Foreign Trade* requests the offices whose territory includes the Eastern European countries, and the Commercial Counsellor in Moscow, to send us reports on economic progress in each area, on the trading channels, and on the products for which the Communist Bloc countries look to the West. These reports will be presented in our April 25 number. Included too will be practical advice on business visits to Eastern Europe and a piece on making Soviet fairs a method of entree to the Soviet market.

Foreign Trade, for the next six months or so, will be without the guiding spirit that has led it since 1952. O. Mary Hill is on leave of absence in Geneva where she will be working for the UNCTAD-GATT Trade Centre. There she will edit and assemble for publication a series of teaching manuals from the notes and ideas of some 20 contributors. These will be used in the Centre's training section for developing nations. Miss Hill will be working under the direction of the Canadian International Development Agency.

foreign trade

Established in 1904. Published fortnightly by the Department of Industry, Trade and Commerce.

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

Vol. 133 No. 8 **April 11/70**

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Subscription

$5.00 a year in Canada, $7.00 abroad. Single copies 25 cents each. Please forward all orders, with cheque or money order made out to the Receiver General of Canada, to the Queen's Printer, Ottawa, Canada.

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How Trade Moved in 1969

Exports rose 9 per cent last year and imports 15 per cent, to yield a trade surplus of $688 million. End products for the first time constituted Canada's leading export group.

JOHN SKEGGS
External Trade Division, Dominion Bureau of Statistics

The year 1969 was a satisfactory one for Canada's trade, marking seven successive years of sustained and rapid expansion. It was not as successful a year as some of those that immediately preceded it because some exporting sectors failed to realize their fullest potential. Nevertheless, many commodities showed gratifying increases in sales and many of our trading partners bought more goods from Canada than ever before. The continuing strength of expansionary forces in the domestic economy, moreover, induced an even more vigorous growth in imports. The result was that once again trade of Canada reached record levels. Total exports in 1969, including re-exports, rose by 9 per cent to $14,869 million and imports expanded by 15 per cent to $14,202 million. The net result was that, although the balance of trade was favorable for the ninth successive year, the size of the surplus declined from $1,247 million in 1968 to $668* million last year. Even this sharply reduced 1969 figure is above the average for the past five years of about $600 milllion.

At the time of writing, both over-all and detailed data on developments in world trade for 1969 are not available. However, data that are on hand point to an increase in the value of world trade of at least 10 per cent last year; for the industrial areas the figure is an estimated 12 per cent. Thus for the first time in several years, Canada's exports advanced in 1969 at a rate rather lower than that attained by over-all international trade. In the first half of 1969, world trade moved ahead by between 13 and 14 per cent over the corresponding period of 1968, headed by a rise of about 25 per cent in imports by the members of the European Economic Community. There was some slowdown from these pronounced rates of increase in the late summer and fall but the momentum gained in the first six months was such that increases in the range indicated above will probably have been made.

Turning to a review of Canada's trade on a country-by-country basis, Tables 1 and 2 show the value of our exchanges with our leading trading partners in 1968 and 1969. **As in previous years, the predominance of the United States as our leading customer and supplier is clear:** it took 71 per cent of our domestic exports and provided 73 per cent of our imports in 1969. It should not be forgotten that Canada is also the leading trading partner of the United States. Our share of the U.S. import market (by far the largest in the world and amounting to more than U.S.$36 billion last year) is also large, accounting for 29 per cent of the total. Our exports south of the border last year rose by $1,345 million, to $10,556 million, and our imports from the U.S. rose by $1,265 million to $10,313 million. The net result was that Canada ran a surplus on merchandise trade with the United States for the second successive year and this surplus increased by $80 million to $243 million. Automotive products accounted for more than $800 million of the gain in exports to the U.S. and newsprint and wood pulp for almost another $100 million each.

Canada's trade with Britain, on the other hand, developed less favorably in 1969, owing largely to measures adopted to improve the British balance-of-payments situation, as well as work stoppages in Canada, which particularly affected shipments to Britain of copper and nickel. (These two items were down by $60 million in 1969.) Total exports were $112 million lower at $1,113 million last year, the smallest figure since 1963. Imports from Britain rose by $95 million to $791 million.

Exports to several other countries also fell. Almost entirely because of lower grain shipments, exports to the People's Republic of China, at $122 million, were some $40 million lower in 1969. For the same reason, the Soviet Union is not included in the list of leading export markets in Table 1, in contrast to 1966, for example, when that country was our fourth largest market as a result of massive Canadian wheat sales. In 1968, exports to the U.S.S.R. were a still respectable $89 million, but last year they tumbled to a mere $9 million. Exports to Australia also declined from $186 million in 1968 to $163 million last year and those from Venezuela from $103 million in 1968 to $93 million in 1969. There was a slight increase of $18 million in domestic exports to Japan at $625 million in 1969, and a more substantial one of $90 million in exports to the European Economic Community at $837 million. This rise resulted mainly from a more than $40 million increase in domestic exports to both France ($125 million) and West Germany ($277 million) in 1969.

Imports from EEC countries, at $789 million, were higher by close to $128 million in 1969, with West Germany alone accounting for the largest part of the increase with a rise of $56 million. **The most striking expansion, however, among Canada's major trading partners was in purchases from Japan, which reached $496 million in 1969,** a rise of 38 per cent for the year. Among Commonwealth countries, the leading suppliers after Britain were Australia, $20 million higher at $96 million, and

*This comparison is according to unadjusted trade data based on customs documents. Adjusted for balance-of-payments purposes, the merchandise trade balance in 1969 amounted to $871 million compared with $1,376 million in 1968.

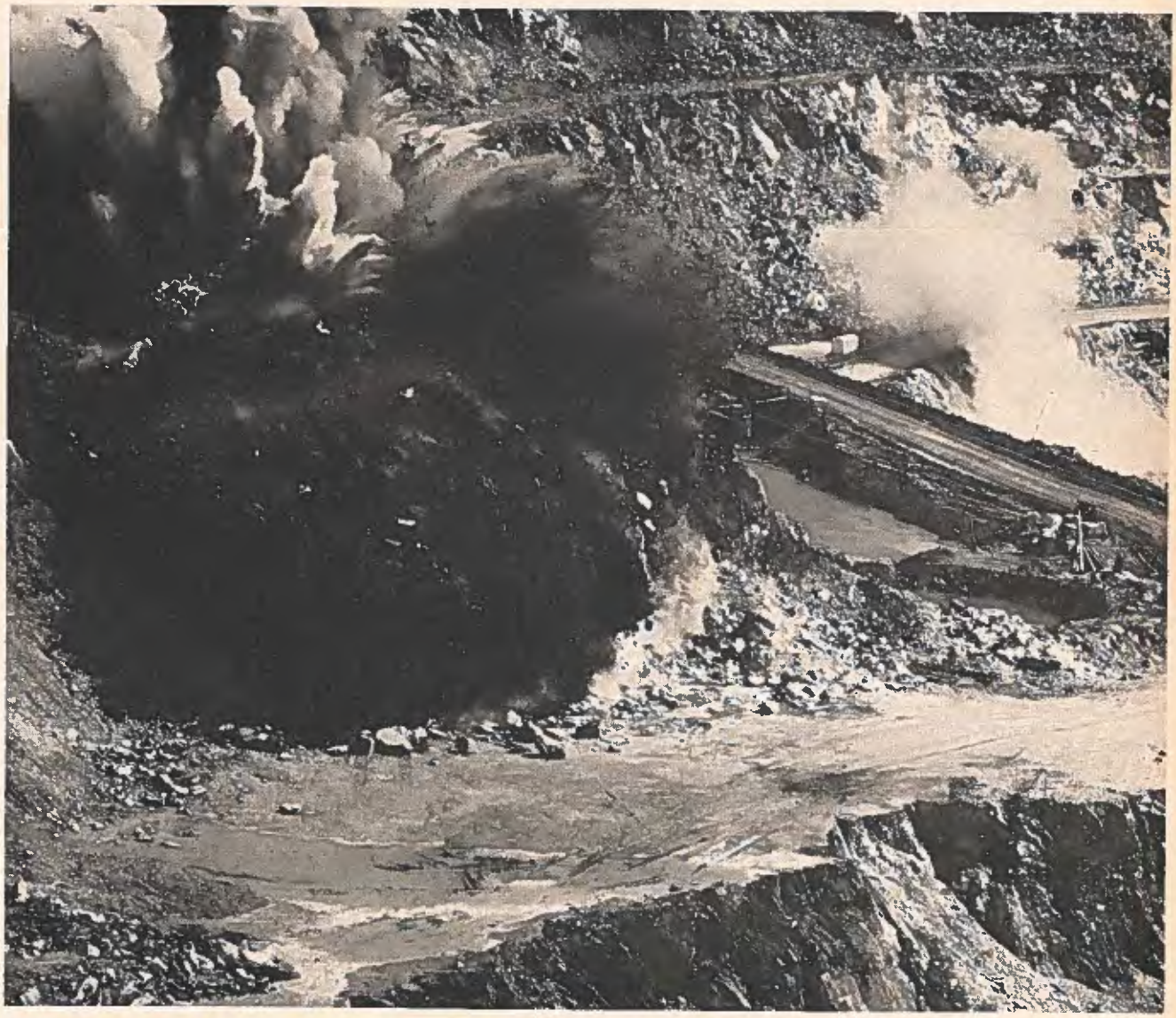
Hong Kong, $15 million higher at $73 million.

Table 3 on page 4 provides a breakdown of Canada's domestic exports by sections for the past two years, plus some detail of the principal commodities and groups of commodities within these sections. Of the four major export sections, two—food, feed, beverages and tobacco and inedible crude materials—had lower foreign sales in 1969 than in 1968, the first by nearly $150 million and the second by only a fraction less. The other two sections both registered increases. Exports of inedible fabricated materials were higher by slightly more than $300 million and exports of inedible end products were well over a billion dollars higher at $5,316 million. **Thus for the first time in Canada's commercial history, end products, which broadly correspond to fully manufactured goods, constituted the largest export section in 1969.**

The gain of $1,191 million in domestic exports at the detailed commodity level was composed of a variety of upward and downward movements. Broadly speaking, the export rise was the net result of the increase in exports of automotive products of more than $800 million, and of those of wood products, hydrocarbons and industrial machinery, to name only the bigger increases. These more than offset decreases in cereals, metals and minerals, and aviation equipment, among others.

Among wood products, newsprint exports exceeded the billion-dollar level for the first time, rising by $136 million to $1,126 million. Wood pulp rose by about the same amount to $753 million and softwood lumber exports rose by more than $40 million to $665 million in 1969. Deliveries of crude petroleum and natural gas rose by more than $100 million to just over $700 million. **Industrial machinery of many kinds recorded gains** and the total rose from $295 million in 1968 to $369 million in 1969. Smaller but still substantial increases were made in exports of such items as whisky (to $189 million), asbestos (to $216 million) and aluminum and alloys (to $475 million).

Exports of most other metals and minerals, however, were lower in 1969 than in 1968, mainly because of extended work stoppages at major producing mines and plants. Three min-



Making a spectacular show is this controlled blast at an asbestos mine. Exports of unmanufactured asbestos, up last year to $216.3 million as against $192.9 million in 1968, contributed to the $2,463.3 million made by crude materials, inedible.

TABLE 1

CANADA'S DOMESTIC EXPORTS TO LEADING TRADING PARTNERS

	Cdn. $ million 1968	1969
United States	8,922.5	10,215.4
Britain	1,209.6	1,096.5
Japan	606.8	624.8
Germany, Federal Republic	228.7	277.4
Netherlands	178.9	185.0
Australia	185.7	163.3
Italy	131.2	133.7
France	81.5	124.7
People's Republic of China	163.2	122.4
Belgium and Luxembourg	126.6	116.2
Norway	116.6	103.6
India	111.3	95.6
Venezuela	102.7	92.9
Republic of South Africa	68.3	78.5
Mexico	54.6	72.9

TABLE 2

CANADA'S IMPORTS FROM LEADING TRADING PARTNERS

	Cdn. $ million 1968	1969
United States	9,048.4	10,312.7
Britain	696.1	791.0
Japan	360.2	495.7
Germany, Federal Republic	298.9	354.7
Venezuela	357.9	345.6
France	121.6	153.7
Italy	114.5	141.1
Australia	76.0	96.3
Sweden	78.1	84.5
Switzerland	64.3	83.8
Netherlands	69.1	78.7
Hong Kong	58.4	72.9
Mexico	52.2	64.1
Belgium and Luxembourg	57.5	60.9
Netherlands Antilles	49.7	50.4

TABLE 3

CANADA'S DOMESTIC EXPORTS BY SECTIONS AND SELECTED COMMODITIES

	Cdn.$ million 1968	1969
Live Animals	59.4	54.4
Food, Feed, Beverages and Tobacco	1,553.8	1,409.9
Wheat and wheat flour	742.4	526.2
Fish	234.5	252.3
Whisky	158.3	189.1
Tobacco	57.5	62.9
Barley	40.0	30.4
Meat and meat preparations	69.5	76.8
Vegetables and vegetable preparations	44.6	50.4
Crude Materials, Inedible	2,467.6	2,463.3
Crude petroleum	446.4	525.8
Iron ores, concentrates and scrap	458.3	363.5
Nickel in ores, concentrates and scrap	261.0	225.3
Copper in ores, concentrates and scrap	233.3	233.7
Asbestos, unmanufactured	192.9	216.3
Natural gas	153.8	176.2
Zinc in ores, concentrates and scrap	99.6	102.6
Fabricated Materials, Inedible	4,855.1	5,162.7
Newsprint paper	989.8	1,125.8
Wood pulp and similar pulp	627.9	753.5
Lumber, softwood	623.4	664.8
Aluminum including alloys	445.1	474.8
Copper and alloys	378.2	300.9
Nickel and alloys	245.4	226.1
Potash	96.2	90.6
Fertilizers and fertilizer materials	72.7	81.3
Iron and steel, primary and fabricated	339.7	300.7
End Products, Inedible	4,277.5	5,316.1
Motor vehicles	1,869.0	2,491.1
Motor vehicle parts	802.9	1,012.2
Aircraft complete with engines	62.4	62.2
Aircraft parts	307.0	262.4
Industrial machinery and parts	295.3	368.9
Agricultural machinery and parts	149.7	156.1
Tractors	18.8	24.4
Special Transactions, Trade	37.7	35.2
Total domestic exports	13,251.0	14,441.6
Total re-exports	354.1	427.6
Total exports	13,605.0	14,869.2

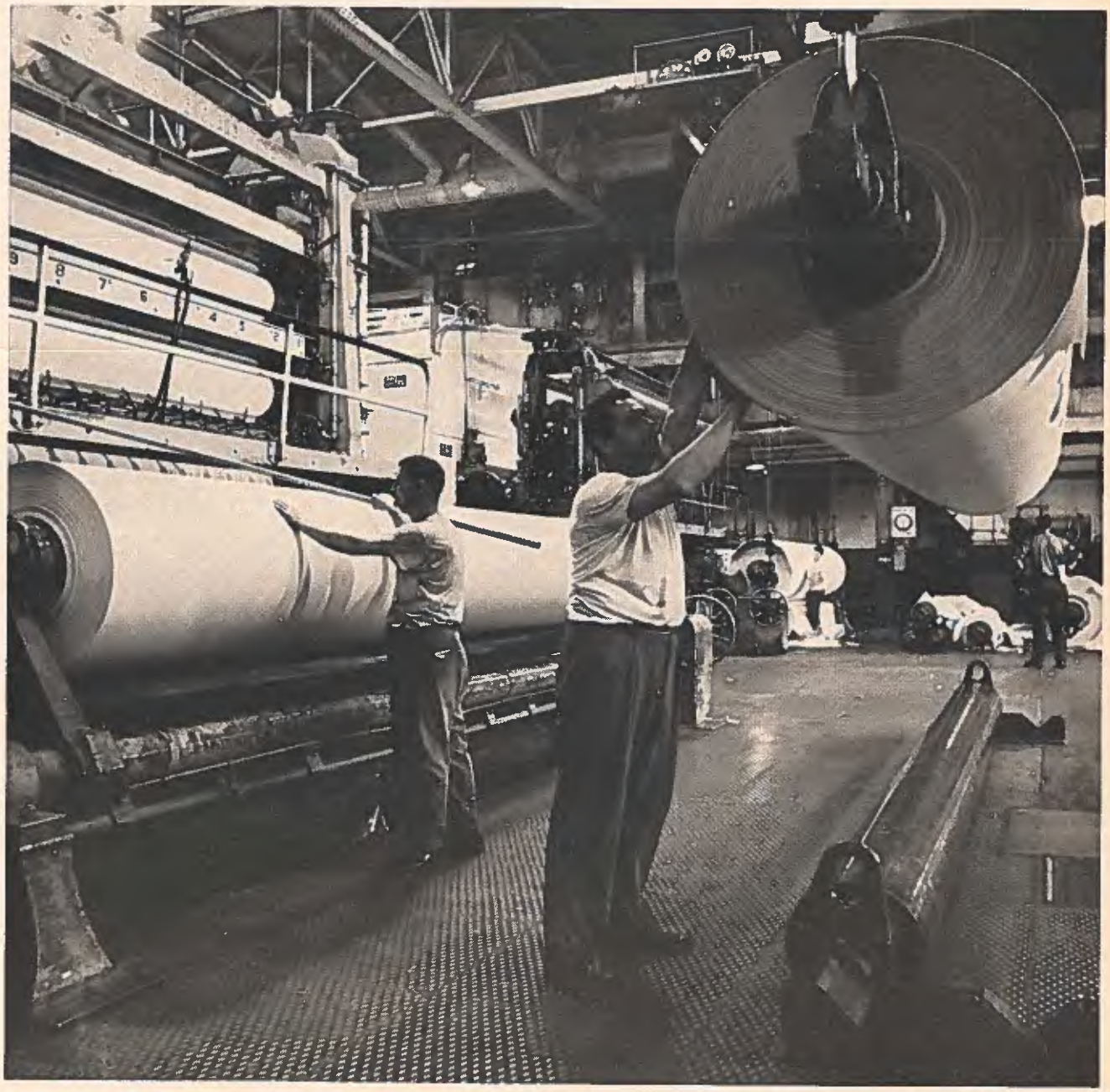
TABLE 4

CANADA'S IMPORTS BY SECTIONS AND SELECTED COMMODITIES

	Cdn. $'000 1968	1969
Live Animals	15.6	18.7
Food, Feed, Beverages and Tobacco	902.6	1,043.9
Meat and meat preparations	68.3	123.3
Fruit and fruit preparations	230.2	249.6
Vegetables and vegetable preparations	116.3	122.0
Coffee	83.3	82.1
Tea, cocoa and chocolate	51.4	47.0
Crude Materials, Inedible	1,126.7	1,054.8
Crude petroleum	372.6	393.5
Coal	160.4	83.8
Aluminum ores, concentrates and scrap	56.0	53.0
Synthetic and other textile fibres	27.3	28.1
Iron ores and concentrates	34.6	29.4
Fabricated Materials, Inedible	2,434.6	2,905.4
Fuel oil	142.5	131.4
Organic chemicals	129.0	138.0
Inorganic chemicals	67.7	77.7
Plate, sheet and strip, steel	103.2	155.5
Aluminum, including alloys	89.8	85.0
Paper and paper board	70.4	81.3
Broad woven fabrics	183.2	210.8
End Products, Inedible	7,619.6	8,986.9
Motor vehicles	1,304.2	1,440.5
Motor vehicle parts	1,696.6	2,205.4
Other transportation equipment	586.7	569.4
Industrial machinery and parts	1,173.6	1,442.4
Agricultural machinery and parts	156.5	156.7
Tractors	196.7	194.4
Communication and related equipment	313.3	393.5
Other equipment and tools	1,050.1	1,274.9
Personal and household goods	477.2	552.1
Miscellaneous end products	664.7	757.6
Special Transactions, Trade	258.9	192.0
Total imports	12,358.0	14,201.6

erals—iron ore, copper and nickel—out of all those mined in Canada account for some two-thirds by value of our total mineral production. Production of these three, however, was particularly subject to interruption last year, with a more than corresponding effect on export sales. Iron ore exports declined by about a quarter to $363 million. Taking exports of the ores and the refined metal together, copper shipments were about $80 million lower, at $535 million in 1969, and nickel was $55 million lower at $451 million. Strike-hedging sales of steel products to the United States in 1968 contrasted with strikes at several producers in the Canadian industry during the year. As a result steel exports were down by almost $40 million to some $300 million.

In aviation equipment, although deliveries of complete aircraft were unchanged in 1969 at $62 million, shipments of engines and assemblies declined, so that total exports for the industry, at $325 million, were $45 million lower. The major declines in 1969, however, took place in cereal exports, which were smaller for the third successive year. Taking milled and unmilled cereals together, exports fell by $230 million to $577 million last year. Several commodities contributed to this. For example, exports of barley were $10 million lower in 1969 at $30 million, and wheat flour was $5 million lower at $53 million. The primary cause, however, was the sharply reduced level of wheat exports, which were no less than $211 million below 1968, at $473 million. The quantity of wheat shipped fell from 340 million bushels in 1968 to 246 million in 1969, while world prices also softened during the year. In value terms, wheat exports to regular customers



At the Anglo-American Development Company plant at Grand Falls, Newfoundland, workers make adjustments at the dry-end section of a paper machine taking off rolls of newsprint. Newsprint exports to the U.S. in 1969 were nearly $100 million.

such as Britain fell from $106 million to $88 million, and to Japan from $95 million to $76 million. Exports to the People's Republic of China dropped from $158 million in 1968 to $120 million last year and to the Soviet Union from $83 million to a mere $2 million in 1969.

Imports into Canada in 1969 increased by $1,844 million to $14,202 million. As Table 4 reveals, this rise was broadly based. Imports in all major sections of the classification rose substantially last year, with the exception of inedible crude materials. In this section, where energy materials constitute the largest category, imports declined from $1,127 million in 1968 to $1,055 million in 1969. Here a rise of $20 million in crude petroleum imports to $393 million in 1969 was more than offset by a sharp fall in imports of coal from the U.S.—from $160 million in 1968 to $84 million in 1969. The other major category in inedible crude materials was aluminum ores, concentrates and scrap (mostly bauxite from Guyana and alumina from Jamaica), imports of which rose from $84 to $103 million.

Imports of food, feed, beverages and tobacco rose by 16 per cent to $1,044 million in 1969. Most foodstuffs imports registered gains last year; the most notable was a rise in raw sugar imports to the very high level for recent years of $70 million, (chiefly accounted for by price rises) and meat and meat preparations, purchases of which also rose from $68 million to $123 million. The largest contributor to this increase was frozen beef and lamb from New Zealand and Australia.

Imports of fabricated materials rose faster than those of any major section in 1969—from $2,435 million to $2,905 million, a gain of 19 per cent. Increases in this section were widespread, but the major one by far was in fabricated steel products, imports of which rose by more than 40 per cent—from $325 million in 1968 to $461 million last year, largely the result of the production shutdowns mentioned above. Imports of organic chemicals rose by $9 million to $138 million and those of inorganic chemicals from $10 million to $78 million.

Imports of end products continued to increase faster than over-all imports in 1969, rising 18 per cent in the year to $8,987 million. At this level they represent 63 per cent of all Canadian imports. The most important category was automotive products, which increased by more than one-fifth—from $3 billion to some $3,650 million—to account for more than one-third of the increase in total imports last year. The rise in imports of motor vehicles proper in 1969 was relatively small—$135 million to a total of $1,440 million—and the major contributor was trucks, up $80 million to $248 million.

The increase in imports of motor vehicle parts was much more substantial. Imports of motor vehicle engines and their parts rose from about $350 million in 1968 to over $440 million in 1969, and imports of other motor vehicle parts increased by about $425 million to some $1,765 million. As in previous years, the United States dominated this sector, but there was a rapid rise in imports of vehicles from Japan—from $29 million in 1968 to $65 million in 1969. Among other transportation equipment, imports of aircraft declined by some $30 million to $203 million last year (deliveries of aircraft are inherently irregular from year to year), and aircraft parts were down slightly at $198 million.

Imports of industrial machinery rose sharply by $268 million to $1,442 million in 1969, reflecting the advance in Canadian capital investment. Imports of agricultural machinery, on the other hand, were little changed from 1968; tractor imports totalled $194 million and imports of other agricultural equipment $157 million.

At present, the coming year looks to be another relatively satisfactory one for Canada's external trade and probably a more even one than 1969. Those export sectors held back by production shutdowns last year should not suffer similar interruptions in 1970, and cereal exports should make worthwhile gains, aided by the return of the Soviet Union as a buyer to a limited extent of Canadian wheat. On a regional basis, prospects for sales in the major markets of Western Europe and Japan are more favorable for many products than for some years past.

At the time of writing, the only figures available for 1970 are for January and February, and they are preliminary. These show a 16 per cent increase in exports compared with the same period in 1969 to $2,600 million, coupled with a 2 per cent decline in imports to $2,124 million. The net result was a favorable balance in the first two months of $476 million, but this unusually large balance was undoubtedly produced by special circumstances not likely to recur in the months to come. All this being said, however, 1970 has had an encouraging beginning and may turn out rather better than certain observers have predicted.

International Loans

Argentina's most important waterway will be improved with an Inter-American Development loan of $25.5 million. It will help build a 32-mile channel between Buenos Aires and key ports on the Parana River to allow access to these ports of ships with more than the current 24 feet of draft. The project includes dredging and rock-surfacing the channel bed to a depth of 32 feet for 44 kilometers; building a grain handling dock at San Pedro and a dock at Rosario, and installing luminous buoys along 231 miles of the Parana de las Palmas and Parana Rivers.

Vocational education facilities in Panama will be increased with the help of an Inter-American Bank loan of $3.4 million. It will be used to build three industrial arts schools, and a merchant marine school, expand three other schools and provide materials, equipment and textbooks for four others. Up to $375,000 of the loan will finance consultant services, train faculty and develop new courses. The project is the first phase of a 25-year $237 million program which will update secondary education, particularly vocational, to meet the increasing demands by industry.

A 131-mile stretch of Colombia's Pan-American Highway system will be improved with an Inter-American Development Bank loan of $15.2 million. The project is to widen and pave a 74-mile section, construct 57 miles of new highway, 28 bridges and 11 miles of access road, and install guard rails and road markers along the entire route. The new highway will provide more rapid overland communication between the southwest and Colombia's major market centers to the north. It should also encourage development of the area's farm, forestry and mineral resources.

Your Business Trip to Thailand

A friendly, courteous people, a rapidly expanding economy, a growing need for goods and services—all these await you in Thailand.

C. E. RUFELDS
Commercial Secretary, Bangkok

An increasing number of Canadian businessmen are making the wise decision to break their Pacific Rim or Europe-Orient trip for a few days of work and relaxation in Thailand. Business visitors invariably find their stopover worthwhile because of the contacts made and orders signed. The Thai economy is expanding rapidly from a solid economic base and **there is a growing need, and corresponding opportunities, for a wide range of goods and services,** particularly those aimed at resource and infrastructure development. The stopover also provides the opportunity to recover from jet syndrome in truly comfortable surroundings halfway round the world from Toronto, to soak up the sun at first-class hotels and beach resorts, and to visit exotic sites and become acquainted with a charming people with contrasting traditions.

At first glance, this loaks much like any ather industrial city. In fact, it's Bangkak (left) and its twin city, Than Buri (right), divided by the Chaa-Phya River, the main artery af the Thai ecanamy. Of the many gaod hatels in Bangkak, anly ane, the Oriental, is lacated an the river. The famaus water market is alsa here.

To make your visit more profitable and to help your planning, we offer the following facts and suggestions.

The best way to start planning a trip to Thailand is to read a few books about it. *The Land and Peaple of Thailand* by F. K. Excell, *Thailand—a Palitical, Sacial and Ecanamic Analysis* by D. Insor, and *Thailand and the Struggle far Sauth-east Asia* by Donald E. Nechterlein are most helpful in filling in the general background on the country and its role in Southeast Asia. You should also look up the following articles published in *Fareign Trade*: "Markets in Brief—Thailand" (June 21, 1969), and "Thailand—the Outlook Improves" (September 13, 1969). *Anna and the King af Siam* and its modern counterpart, *The King and I*, with which you are probably familiar, are considered by the Thais as travesties of the facts and an injustice to the Kingdom.

You will probably be surprised to learn that Thailand has never been colonized or under the direct control of a foreign power—a somewhat unique fact in this part of the world. But it makes for a pleasant, refreshing experience, since the smiling and capable Thais have developed few "hangups" about foreigners, or "Farangs", as we are called locally, and treat their visitors with kindliness and courtesy.

For an up-to-the-minute assessment of market conditions and prospects for your specific products, write to the Commercial Secretary, Canadian Embassy, P.O. Box 2090, 142 Silom Road, Bangkok, Thailand, well in advance of your proposed trip—preferably one month or more before departure. Your correspondence should include brochures on your products, c.i.f. Bangkok prices, an outline of the types of firms you would like to meet, the objectives of your trip, how long and where you intend to stay, and any other information you believe would be useful to us in planning your itinerary, recommending potential customers, agents or distributors, arranging and scheduling your appointments, etc. **Be sure to send all correspondence by airmail,** which takes only ten to 14 days to arrive. (Seamail can take forever.) Also bring with you a good stock of business cards because they are widely used in Thailand—and a good thing, too, as most Thai names are tongue-twisters. Fortunately the problem is largely overcome by the local practice of using the first name in place of the surname. For example, Mr. Virapong Boonkittichapoon becomes simply Mr. Virapong.

Despite an expanding economy, the old ways die hard in Thailand and rice-growing retains its importance. Workers knee-deep in a rice paddy are still a common sight.

You will probably decide to come to Thailand by air, with your travel agent booking your flight—and he will have an easy job of it since **thirty airlines, including all the major ones, service Bangkok**. Bangkok can be reached by rail from Malaysia and there is an extensive and well-run internal railway system, but few visitors arrive other than by air because of the time and inconvenience involved. Economy return fare from Montreal is about $1,288 and from Vancouver about $1,068. The 21-day excursion fare is, correspondingly, $1,176 and $956.

You will need a valid passport and visa, and an international health certificate indicating up-to-date smallpox and cholera vaccinations. It would be wise to check with the Department of National Health and Welfare or a Thai Embassy or Consulate to make certain that there are no other "temporary" health requirements. This information, and visas, can be obtained from the Embassy of Thailand, 85 Range Road, Apartment 801, Ottawa 2; the Honorary Consul-General for Thailand, Suite, 1005, 1155 Dorchester Boulevard West, Montreal 102; the Honorary Consul for Thailand, Bank of Canada Building, 250 University Avenue, Toronto; and the Honorary Consul for Thailand, 608-1445 Marpole Avenue, Vancouver 9.

An entry visa, valid for varying periods up to 30 days and renewable for 30 more, is stamped by the Immigration Department upon your arrival at Don Muang Airport, Bangkok. If you expect to stay more than 60 days, you will need a resident's permit and these are troublesome to obtain, except under special circumstances. At the moment it is common practice for new residents to take short trips to Vientiane, Singapore or Kuala Lumpur, have the Thai Embassies in those cities issue a new 30-day visa for re-entry into Thailand, and then repeat the normal entry cycle. Changes in the Immigration Act, however, are now being drafted and it is expected that more accommodating entry procedures, both for residents and tourists, will be enacted and put into effect during 1970.

Canadian business visitors often work in a trip to Thailand as part of a tour to other Southeast Asian capitals—for example, Tokyo, Manila, Hong Kong, Singapore, Kuala Lumpur, Bangkok and return to Tokyo. The economy air fare for such a journey is approximately U.S. $475.00 and well worth the price, considering that at least six different, exciting and expanding markets can be covered for this small cost.

Rarely are complaints received about accommodation in Bangkok. There is no shortage of well-managed, international standard hotels, catering to and able to meet every whim of the discriminating traveller. The most conveniently located first-class hotels are: Siam Intercontinental Hotel, 967 Rama I Road; Erawan Hotel, 494 Rajadamri Road; Rama Hilton Hotel, 981 Surasak Road; and the Oriental Hotel, New Road. (The latter is the only hotel on the Chao Phya River, which divides Bangkok from its sister city, Thon Buri.) Several new hotels are scheduled to open in 1970, including the Dusit-Thani Hotel, Rama IV Road, Saldang Circle; Bangkok Sheraton Hotel, 322 Suriwong Road; and the Indra Hotel, Rajprarop Road. But because of the tourist boom, accommodation is often scarce and **it is a wise precaution to have your travel agent reserve accommodation well in advance** and to confirm it before your arrival.

Room rates at the better hotels average U.S. $15.00–18.00 per day for a single room with bath and U.S. $20.00 for a double room. Normally a government "Room Tax" of 8.5 per cent is added to the bill, as is a service charge of 10 per cent. But no additional charges are made for air-conditioning or the drinking water provided (tap water is not recommended for human consumption). Meal costs run about U.S. $10.00 per day but could be considerably higher with a pre-dinner drink or wine, as alcoholic beverages are expensive even by Canadian standards.

Thailand can be visited at any time of year. The best season is during the Canadian winter months, November through March. April, May and June are generally extremely hot and July to October is the hot and sticky monsoon season. Bring only lightweight summer clothing; Thailand is a truly tropical country and the temperature in Bangkok rarely drops below 65 degrees F. and usually hovers in the 80 to 90 degree range with relative humidity exceeding 90 per cent some time during every day of the year.

Don't be alarmed by the temperature —air-conditioning is extensively used in hotels, offices, restaurants and automobiles. Indeed, if you are travelling

The samlor, a three-wheeled motorized rickshaw, is recommended to visitors to Thailand only if they want thrills. Most prefer to travel about in an air-conditioned car hired from the hotel, with a driver who understands English.

with your wife, suggest to her that she bring a light sweater or shawl for those air-conditioned evening dinners, which can be downright frosty after a day at the poolside or shopping. The holidays observed in Thailand and by the Canadian Embassy in 1970 are shown in the accompanying list (because many of the holidays shown are based on the lunar month, they vary from year to year). They tend to be less strictly observed, however, than in Canada and some appointments and shopping may be possible. But to be on the safe side, plan your trip to avoid these holidays.

After checking into your hotel, be sure to give our office a telephone call and arrange an appointment to discuss your schedule and other details of your visit. Our telephone number is 32956. Probably you will not need to travel extensively within Thailand as Bangkok is the heart of the country and contains the head offices of all major Thai business and commercial companies. However, travelling in Bangkok poses its own problems. The sprawling nature of the city, the absence of a central or downtown area, and limited streets and avenues combine to produce a chaotic traffic situation which has defied solution by some of the world's most renowned transportation consultants.

Taxis are readily available and economical in price, and samlors (three-wheeled motorized rickshaws) abound. The latter, however, are only used in dire emergencies or for thrills—and with your insurance premiums fully paid. Most visitors find it inconvenient and uncomfortable to use taxis regularly since most drivers speak only Thai, which complicates fare negotiations and communicating the correct address. (By law taxis must have meters, but every driver claims that his is broken.) In addition, almost all cabs lack air-conditioning but all have plastic seat covers, which makes for a sticky ride at usual temperatures.

You will find the best alternative is to rent an air-conditioned car and driver from your hotel. Rates are reasonable by Canadian standards at approximately $2.50 per hour, all inclusive, and the drivers have a working knowledge of English. U-Drive cars are available but not recommended—even Parisian and Roman drivers have been known to blanch at local driving tactics and practices.

To help avoid communication problems and resulting delays with taxis or rented cars, **our office supplies "cue" cards in Thai and English for each of your appointments.** We find these help a businessman's movements around town a good deal. Even with this assistance, don't be alarmed if you are not on time for appointments. The Thais realize that punctuality is not always possible and accept delays gracefully.

Communicating with the businessman during your calls is not normally a problem. **All key government personnel and executives of major Thai firms speak English,** and a Commercial Officer from the Embassy can accompany you on your calls on executives of smaller firms who are unable to speak English.

Business hours in Bangkok are 8:30 a.m.–12:30 p.m. and 2:30–5:30 p.m. Monday through Friday, and for many firms 9:00 a.m.–12:30 p.m. on Saturday. These hours are not rigid and many companies, particularly family businesses, remain open quite late in the evening and operate on a seven day week. Thus the times for appointments can be quite varied, which allows us the opportunity to program a few calls over the weekend. But don't expect to fit in more than four or five calls a day; the traffic and climate just won't permit it.

Local Thai businessmen appreciate being invited to lunch and accept the

The new Dusit Thani hotel in Bangkok, scheduled for opening early this year, will have 500 first-class rooms, bringing the total number of hotel rooms in the city to 8,300. But with the increasing number of tourists and business visitors to Thailand (in 1969 there were 340,000) accommodation may still be scarce, and the visitor would do well to book in advance, and to confirm it before arrival.

principle of discussing business over the luncheon table. The Thais also like to entertain, but seldom at home. They prefer instead to organize something for the evening, often a stag Thai-Chinese dinner, complete with hostesses. It's all quite innocent and invariably the source of a good deal of joking by the Thai hosts, who generally have an excellent sense of humor.

There are innumerable ways to spend your free time in Bangkok. Besides relaxing by the swimming pool of your hotel, one thing you will undoubtedly wish to do is shop for world-renowned Thai silk, temple rubbings and teak carvings. A minimum of one full day should be allocated for relaxation and shopping, including an enjoyable tour of the famous water market and various striking Buddhist temples (Watts). If you really wish to break your trip, set aside two days for an upcountry visit to Chiengmai, a much cooler city in the north, or to Pattaya, a major beach resort on the Gulf of Siam. The Nipas Lodge in Pattaya (affiliated with the Oriental Hotel, Bangkok) is accessible by air-conditioned bus and offers long beaches, crystal clear water, and scuba and skin diving at coral islands situated just offshore. All the principal hotels have travel agents in their lobbies who can advise and arrange your trip to Chiengmai, Pattaya, or any other sightseeing excursions.

A well-planned visit to Thailand should provide you with a new market and pleasant memories of an interesting country. The Department of Industry, Trade and Commerce in Ottawa or your nearest Regional Office in Canada would welcome the opportunity to discuss general Canadian-Thai trading relations and help you to a profitable and enjoyable business trip.

Bank and Statutory Holidays for the year B.E. 2513 (1970)

April 13
Songran Festival

May 1
May Day

May 5
Coronation Day

May 18
Queen's Birthday

May 19
Wisakha Bucha Day

July 1
Midyear Holiday

July 20
Substitute for Buddhist Lent

August 12
H.M. The Queen's Birthday

September 7
Labor Day

October 12
Thanksgiving

October 23
Chulalongkorn Day

December 7
Substitute for H.M. The King's Birthday

December 10
Constitution Day

December 25
Christmas Day

December 31
New Year's Eve

Japan Modernizes Food Distribution

Forces at work changing the traditional pattern of distributing food in Japan are outlined below. In the long term, they should help Canadian suppliers, particularly of frozen foods.

F. M. GALBRAITH
Assistant Commercial Secretary, Tokyo

Japan has, since the end of the Pacific war, developed into a highly industrialized and technologically advanced country. Japanese efficiency and up-to date methods are now well known. Visitors to Japan are surprised, therefore, to discover that the food distribution system remains extremely complex and in many respects outdated. A distribution practice which involves importers, distributors, primary, secondary and sometimes tertiary wholesalers, and retailers has been the bane of foreign exporters trying to get their products to consumers directly and cheaply.

Recently the food distribution system has been buffeted by a number of forces which may lead to change. Among these are an improvement in eating habits, a gradual liberalization of import controls, the growth of bigger stores and supermarkets, a labor shortage, and an attempt by the government authorities to control fluctuations in the supply of foodstuffs to the market.

Changes in Eating Habits—The traditional Japanese diet leaned heavily on starchy foods and consumption of animal protein was low. A rising standard of living has led to more protein content in traditional dishes and growing popularity of western-style foods producing a higher average calorie intake.

The effects of this on food production and distribution can be clearly illustrated by examining a representative item, broiler chickens. The increase in demand has created more streamlined production and marketing procedures. Broilers are now sold by a number of standard classifications—400-600 grams, 600-800 grams, 800-1,000 grams, whole pieces by color (dark, light or white), drumsticks, or small packages of 500 or 1,000 grams considered to be handy for consumers. The demand for high-quality, easy-to-prepare, well packed, "natural" products is expected to result in higher consumption of quality items. This demand is not entirely due to consumer preference: processors too appreciate being able to purchase standardized products.

Rationalization of broiler production and distribution has been accelerated by large-scale operations of the supermarkets and chains. As the system becomes more streamlined, a new structure is emerging, connecting the production centers with the retail centers and reducing the number of middlemen in the distribution chain. Some leaders in the food trade suggest that, having achieved standardization of product and a certain rationalization of the distribution system, **the next logical move will be into wider use of frozen foodstuffs.**

Liberalization of Import Controls—In June 1960, the Government published its "Outline of the Scheme for the Liberalization of the Foreign Trades". Ten years later, significant restrictions still remain on the import of food items; this is justified on the grounds that domestic productivity lags far behind that of foreign countries. There is no question that foreign firms have made substantial inroads into the Japanese market, both in sales and manufacturing. Some products are still zealously protected. Among them are beef and pork, dairy products, fresh fruits, cereals, edible oils, vegetable and fruit products, many processed foodstuffs.

In July 1967 at the GATT Kennedy Round, Japan promised to reduce tariffs on many items by 50 per cent over a five-year period, guided by the belief that the domestic industry could sustain the reduction and that it would boost Japanese exports through making domestic producers more competitive. When considering these proposed reductions, one should not forget that Japan was a relative latecomer to GATT and that in most instances the Japanese began negotiations with tariffs that were high compared to those of other GATT members which had been negotiating reductions over a period of years. Nevertheless, there is a move toward liberalization of trade, even though it appears that the agricultural sector may be the last to be freed.

Liberalization of Foreign Investment Capital—Foreign capital transactions are also being gradually liberalized, chiefly by way of relaxation of restrictions on remitting principal and interest and relaxation of controls on foreign currency loans. On the manufacturing side, Nestle Nippon Ltd., General Foods Ltd., Honen Lever Ltd. and Nichiro-Heinz Ltd. are all examples of foreign joint ventures which have successfully taken advantage of the spiralling demand for western-style foods. There are other joint ventures that have been less successful, but there is no doubt that other foreign firms soon will be seeking a foothold in this market.

Although the invasion of foreign capital terrifies some Japanese authorities, it may provide the necessary spur to launch the trade into new and imaginative action. The Japanese have traditionally been experts at watching and learning from others and then adapting what they have learned to their unique requirements. Some have concluded that foreign companies have succeeded by following a policy of promoting a high-quality standardized product with

good packaging designed for the market, coupled with a well-organized and carefully controlled supply/distribution/transportation system.

Expo '70 at Osaka may well prove to be a turning point for the Japanese food industry. More than 64 million visitors are forecast in the latest bulletin. The demands on food concessions and accommodation will be fantastic and only operators using the latest up-to-date volume techniques will be able to cope. Moreover, the great variety of foreign foods available to Expo visitors at the various foreign restaurants is bound to whet the appetite of the general public. Some forward-thinking members of the food trade are urging their colleagues to streamline the production and distribution system to meet these challenges.

Growth of Supermarkets—Savings gained from volume purchases, postwar concentration of population, and a general trend to economies of scale have led to a substantial rise in the number of big stores in Japan. In 1960 there were 20 stores with annual sales of over $15 million. By 1969 that figure had zoomed to 112, roughly broken down as follows: department stores 46, self-service 52, specialty and others 14. In 1969 sales from these stores amounted to 15.8 per cent of all domestic retail sales, and by 1973, it is estimated, 26.1 per cent of retail sales of $66 billion will be made through large outlets.

The big stores are concentrated in the big cities and suburbs where they have formed "doughnut zones". In these doughnut zones, shopping centers are popping up and a volume sales distribution system is becoming consolidated. In the past the only large retailers were the centrally located department stores, but now the new low-cost self-service stores are becoming more important.

A stable product supply is an important factor in the retailers' plans. This has led to closer co-operation with domestic producers and importers. For example, some trading companies have provided capital for expanding supermarkets and the retailers have been seeking exclusive sales agreements for products they consider potential star performers.

The impact of the volume retailers on the smaller retailers has been especially noticeable. The latter have been forced to organize voluntary chain stores, use co-operative advertising, rationalize stock purchasing, and restructure purchasing patterns to give priority to the most profitable items. At the same time, the small stores have emphasized the advantages of face-to-face personal service.

The department stores have not felt as much pressure from the new volume retailers as have the small retailers. Traditionally they have tended to handle more durable consumer goods which are not handled by supermarkets and prestige foods commonly used as gifts in Japan. Because only the department stores have delivery services, the gift market is almost exclusively theirs.

In April 1969 Canada put on a Salo Pracessed Faads Shaw in Takya and Osaka. Seabraak Farms Frozen Faods Limited was amang the exhibitors, and a shipment af frazen peas to Japan was a direct result. Part af it is being inspected by G. M. Wansbraugh (left), Assistant Cammercial Secretary in Takya, and Osaka.

Labor Shortage—The Japanese economy has been growing at the rate of 10 to 15 per cent per year, but the labor increase lags far behind at only 1.6 per cent per year. The problem is approaching crisis proportions for the service trades, especially the restaurants and hotels. In the past many foodstuffs were bought in season but the recent shortage of people to process them has made ease of preparation and preservability factors of increasing importance. Frozen foods offer the advantages of savings in manpower, a year-round stable supply, and larger recoverable portions compared with fresh material.

For frozen foods the biggest and escalating demand comes from the institu-

tional trades, especially collective feeders. Some 23,878 elementary schools with over nine million students and 9,450 middle schools with over 4 million students are serviced daily by 16 companies furnishing school lunches. The school-lunch planners have to work out proposals six months ahead of time so the standardization available from frozen foods is a great advantage.

The central kitchen system will also stimulate demand for easily prepared foods. In the past most restaurants and eating places bought food from nearby shops and cooked it themselves. Central cooking systems mean volume cooking, then freezing the food for delivery at scattered outlets where the food is reheated before serving. In this manner, preparation is greatly simplified for the restaurants themselves.

Increases in the number of vending machines (whose use so far has been confined to juice sales) indicate that they too may become a retail channel for other foods. Again, one of the attractions of vending machines is a lower labor component in the total cost.

Imbalances in Food Production—Great strains have been placed on all facets of agricultural production in Japan. Vegetable consumption per head alone increased by more than 30 per cent between 1955 and 1966, and the Ministry of Agriculture and Forestry predicts a further rise of 20 per cent by 1977. Further, the desire for different kinds of vegetables has aggravated the problems of producers trying to meet the new demands. This change and diversification in demand are the result of the change in eating habits mentioned earlier.

Although vegetable production has increased, the farmers face the twofold problem of a reduction in the labor force and the encroachment of urban sprawl. But the introduction of low-temperature storage and new transportation techniques, reorganization of transport facilities, general advances in cultivation techniques, and use of larger production areas farther away from urban centers will likely mean that by 1977 production of 17.5 million metric tons will be achieved. Since projected demand will be between 17.2 and 17.5 million metric tons, a near balance will be achieved but certain varieties will continue to be imported.

Other products face continual supply/demand imbalances. The present meat situation is a case in point. Rising incomes have pushed up demand, although per capita meat consumption is low compared with that in Western Europe and North America. The big emphasis is on pork and chicken production—745,329 metric tons, or a full 80 per cent of 1966's meat production.

It has been necessary to rely on imports to satisfy the galloping demand although domestic production has been expanding rapidly. In 1962, meat imports totalled 33,496 metric tons. By 1966, they had reached 140,321 metric tons, an increase of 450 per cent. By 1976, the demand will be 2,439,000 to 2,771,000 metric tons and domestic supplies will only be 2.3 million. The remainder (140,000 to 470,000 metric tons) will have to be imported. There already have been some suggestions that the Japanese should develop new resources in foreign countries to prepare for increased imports of beef, horseflesh, mutton and offal. Some Japanese companies have pilot projects in grain-finishing cattle in Australia. Whether the Japanese will eventually turn to production contracts with livestock producers rather than straight purchases as the mainstay is still uncertain.

Great efforts have been made to rationalize vegetable production and establish some equilibrium, but it has not been possible to establish the same sort of domestic equilibrium in meat production, even in the most optimistic projections.

The resulting imbalance and escalating demand for meat force Japan to rely on imports because domestic production cannot keep up. This puts added pressure on the distribution system because, as meat becomes more of a staple in the diet, consumers may be reluctant to pay the high prices now asked for foreign products, partly because of the convoluted distribution system. In other words, as the reliance on imported meat rises, there may be consumer pressure to keep costs of imported meats in line with domestic prices by simplifying the distribution channels.

What does all this mean for Canada? There are three probable results. One is that the rationalization of distribution channels may mean that Canadian products will not be at an artificial price disadvantage in Japanese retail outlets. Second, increased liberalization could mean freer access to the Japanese market so that the present situation under which Japan restricts the entry of 64 agricultural products and Canada restricts only three moves towards a more equitable arrangement. This would be especially important for beef and pork, processed meats, and other frozen, prepared and processed foods. Finally, the wider use of freezer storage and volume purchasing of frozen foods augurs well for the whole frozen food industry in Canada, especially for frozen vegetables.

International Loans

Mexico, in its program of constructing about 1,800 miles of roads annually, will be assisted by Inter-American Development Bank loans of $33.5 and $11 million. The larger loan is open to Canadian procurement and will finance construction of 860 miles of highway and 1,500 miles of rural access roads and purchase maintenance equipment for the national highway system.

Thailand's continuing program of increasing power generating capacity will be assisted by a World Bank loan of $46.5 million. It will be used to install a third unit (310 mw.) at the South Bankgok Thermal Station, and construct a power plant at the Sirikit Dam on the Nan River, Northern Thailand. The latter will contain initially two 125 mw. hydraulic turbine generators, a switching station and related civil works. This project includes a 230 kilovolt double-circuit transmission line from the Sirikit Dam to a switching station 215 miles to the south and engineering services. Consultants will assist in this project.

Honduras will increase and improve its beef and dairy herds with a $2.6 million credit from the International Development Association. It will finance half the cost of a five-year program to be carried out by the Central Bank of Honduras through Commercial banks. The loans will be used for such ranch improvements as establishing pasture, fencing, watering facilities, buildings, parasite control and purchase of improved breeding stock.

Innovation Is the Key

. . . to industrial advance and to expanding sales in foreign markets. The Government is moving to encourage technological advance through assistance programs, but the main thrust must come from industry itself.

Research, development, innovation—these are the keys to an expanding, sophisticated industry at home and to greater Canadian competitiveness in markets abroad. Stimulating increased activity in R D & I has therefore become one of the major objectives of the Department of Industry, Trade and Commerce.

To emphasize its belief in the innovative process and to announce financial measures to encourage it, the Department recently sponsored a one-day conference attended by over 100 representatives of industry, business and government. At this conference it was announced that **the Government had authorized a 10 per cent increase in funds available to the Department in 1970-71 for direct assistance to industry.** These funds will rise from $54.5 million in fiscal 1969/70 to $72.8 million in fiscal 1970/71. In addition, certain initiatives are to be taken in the fields of industrial standards, industrial design, and metric conversion.

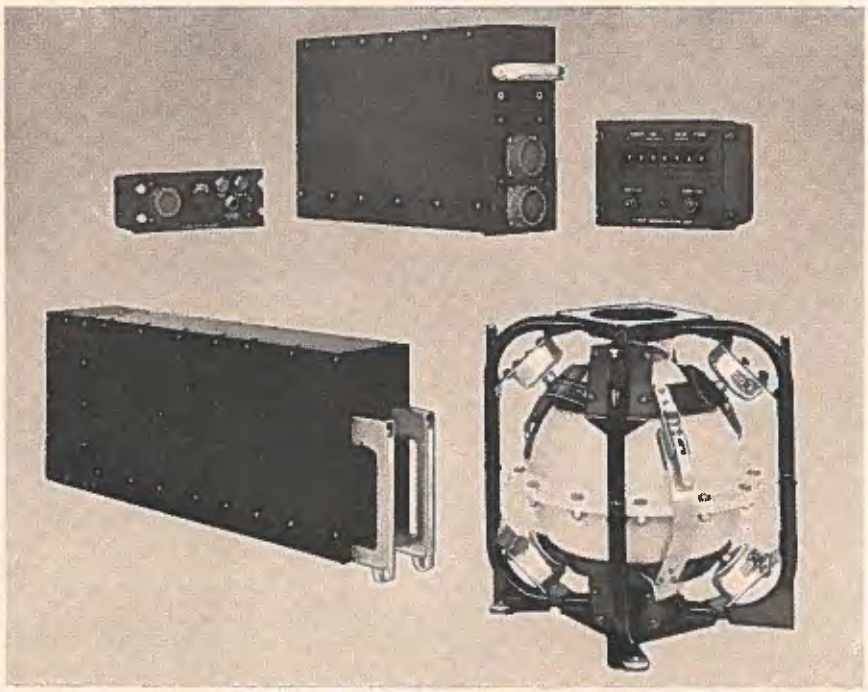
In opening the conference, the Hon. Jean-Luc Pepin, Minister of Industry, Trade and Commerce, pointed out that exports of highly manufactured products constituted only 12 per cent of Canada's total foreign sales in 1959 but almost 40 per cent in 1969. He added, however, that the greater part of this growth occurred in only a few sectors, mainly the automotive and defence-oriented industries. "Extending this kind of improvement in productive and competitive performance to other sectors of manufacturing," he said, "constitutes the central function of the Department of Industry, Trade and Commerce."

Changes in the three research and development assistance programs that the Department administers—the Industrial Research and Development Incentives Act (IRDIA), the Program for the Advancement of Industrial Technology (PAIT), and the Defence Industry Productivity Program (DIP)—as well as those in other industrial assistance programs and the addition of new ones, are being made following a thorough study of the current programs and their relevance to present industrial needs. This study, recommended by Treasury Board, was carried out by a Working Group for R D & I, consisting of representatives from the Departments of Industry, Trade and Commerce and Finance, the National Research Council, the Defence Research Board, and the Treasury Board.

In explaining the results of this study to those participating in the one-day conference, Andrew G. Kniewasser, Senior Assistant Deputy Minister of the Department, said: "The conclusions reached by the Working Group were that present levels of expenditure on R & D in Canada are too low and that additional government support is required if the volume of industrial R & D is to be increased to satisfactory levels." The Group also stressed the "importance of providing adequate government incentives and assistance not only in R & D but throughout the product cycle, which includes preproduction, production, and marketing. It is in the innovation stage of the product cycle that the major economic benefits to Canada are found."

The changes being made in the current assistance programs are described in the following paragraphs.

Program for the Advancement of Industrial Technology (PAIT)—First established in July 1965, it was de-



Among the companies aided by I T & C's programs to encourage technical innovation is Leigh Instruments. It produces the flight data recorder system shown above, which records up to 64 different parameters automatically during flight. The tape can then be analyzed and the data used for maintenance purposes or for accident analysis. The tape recorder and the tapes are contained in the heavy steel ball at the lower right, which is shock-mounted. It carries a tape that records the last half-hour of flight and one that covers the last 100 hours.

This is how the Canadair CL-215 goes to work to put out a forest fire by literally bombing it with water. When the water is all used up, the plane can come down on a lake or river and refill. France has ordered ten—another example of how innovation helps to promote Canadian export trade.

signed to stimulate the growth of Canadian industry by providing financial assistance for the development of new and improved products and processes which involve new technology and offer good prospects for commercial exploitation in international markets. The emphasis is on enhancing productivity or otherwise contributing directly to economic growth. Under the original program, PAIT contributed normally up to 50 per cent of the estimated cost of approved development projects. If the project was successful, the company had to repay the Federal Government's contribution with accrued interest. In the four years 1965–1969, 220 projects were approved for support at an estimated cost of over $62 million, representing a government contribution of over $30 million. By June 30, 1969, forty-nine projects had been concluded; 32 of these had been completed successfully and the remaining 17 terminated because of technical failure, marketing problems, etc. Benefits from the successful 32 were assessed at over $128 million, about half of which represented export sales.

The Working Group proposed that assistance under PAIT be made more effective and be extended to further stages of the innovative cycle. **Under the announced changes, PAIT will now contribute up to 50 per cent of the total estimated cost of approved development projects on a grant, not a loan, basis.** The company will not be required to repay the Federal Government's contribution. In certain exceptional cases, more than 50 per cent of the costs will be approved but any amounts over 50 per cent will be repayable without interest in the event of success. The range of "eligible expenses" was widened to include such things as the preparation of industrial designs, production drawings, process data, reports, specifications, instructions and bills of material, inspection and test equipment, etc.—that is, pre-production expenses of a non-capital nature.

Industrial Research and Development Incentives Act (IRDIA)—No major changes were proposed in this program (which encourages through grants greater research and development) except for an increase in the allocation. Certain technical amendments to the Act will be made, however, to remove anomalies. The Bill incorporating these changes has received first reading in the House of Commons.

Defence Industry Productivity Program (DIP)—This too will remain unchanged for the present.

Industrial Research Assistance Program (IRAP)—This is one of the programs designed to help industry and is under the direction of the National Research Council. Its objective is to promote research in Canadian industry by helping companies to initiate and extend promising research programs which are beyond the range of their normal research activities. Firms without previous research experience are encouraged to engage professional engineers and scientists and to work on applied research needed to explore new discoveries, ideas and innovations likely to lead at a later stage to the design and development of new products and processes to increase Canadian production. **Two changes in this IRAP program were announced.** The first was the removal of the five-year time limit on individual projects because it is realized that it may take longer than that for a research team to complete worthwhile investigations. The second change is the requirement that additional staff must always be hired for an individual project to qualify for support. (There are exceptions provided in special circumstances.)

For many years the National Research Council has provided postdoctorate fellowships in the scientific field. This year for the first time it will sponsor an Industrial Postdoctorate Fellowship program, designed to encourage highly qualified science and engineering students in the graduate schools to seek careers in Canadian industry. These fellowships will be for $7,200 a year and may be renewed for one year. The Fellow will become an employee of the company to which he goes and the company may supplement the IRAP award. In certain circumstances, the winner of a scholarship may defer the acceptance of an award for one to two years, provided that he works in industry during that interval.

Defence Industrial Research Program (DIR)—This has the primary objective of increasing or sustaining research in technologies of military relevance to Canadian industry. For this purpose, the costs of carrying out such research are shared between the Defence Research Board and the company and the latter may turn to DRB for advice and sometimes for supporting service. This financial aid and advice serves to make Canadian industry more competitive in seeking research, development, and ultimately production, contracts in the United States and NATO defence

markets. Up to now, costs of the program have been shared equally between the company and DRB. **This program is being amended to provide that a higher than 50 per cent share of the costs may be assumed by the Government** when this action is considered appropriate in view of the risks and the needs.

Industrial Design Assistance Program (IDAP)—This is a new program being implemented by the Office of Design of the Department of Industry, Trade and Commerce, and based upon the experience accumulated under National Design Council programs and on a survey of the state of design in Canada. It is intended to step up the use of qualified industrial designers and thus improve the quality of design in Canadian products and systems and strengthen the position of Canadian manufacturers in world markets. By direct financial aid, Canadian companies or groups of companies and even trade associations will be encouraged to upgrade their design capability and expand their design innovation activity. **IDAP will provide financial assistance of up to 50 per cent of the industrial design operational and administrative costs,** but not capital costs. This government aid will take the form of progress payments and the stress will be on relatively short-term projects of product or system innovation. Costs covered will include the salaries, wages or fees for industrial design and associated technical services on staff or on a consultant basis, and directly related to the project to be undertaken.

Tender plants that need protection from frost can now be sprayed with Agri-foam, made by Laurentian Concentrates and developed with the aid of the Canada Department of Agriculture and the Department of Industry, Trade and Commerce. Here the foam is being applied by a prototype machine; it will disappear in a few hours and is completely non-toxic.

Before the one-day conference closed, those attending heard something of two other steps being taken to keep Canada "in a favorable position in an increasingly interdependent world economy." **One of these is the proposed adoption of the metric system,** as outlined in the Government's recent White Paper on Metric Conversion in Canada. This White Paper suggests ways of preparing for and encouraging metric conversion but contains no plan for legislative action. Much of this planning will be directed by the Standards Council of Canada, to be set up under a Bill already introduced in Parliament. Its objects will be to "foster and promote voluntary and standardization activities in Canada as a means of advancing the national economy, benefiting the health, safety and welfare of the public, assisting and protecting consumers, facilitating domestic and international trade, and furthering co-operation in the field of standards." The council is to have not more than 57 members, including six from the Federal Government and one from each Provincial Government. The others will be drawn from industry, labor, trade associations, the professions, and the academic community. They will hold office for three years.

All those who came to the conference went away with the feeling that, though government was ready to aid and support, **industry itself must be convinced of the necessity to keep in step technologically.** As Mr. Pepin put it, "Innovation is the process that begins when management decides to move from research and development into engineering and all succeeding stages, which bring new products, processes and services, and contributes to growth . . . I believe," he went on, "that the field of science and technology is one where industry and government can effectively co-operate in the national interest. . . . The success of our programs will depend ultimately upon the response of industry and the willingness of management to innovate with a view to improving its product lines, productivity and market opportunities. I would like this objective to be the subject of a continuing dialogue between us."

Show of the Month

Everything's big in Texas—including trade fairs. When the Association of Home Builders in the U.S. put on its annual convention and trade fair in Houston in January, it attracted some 50,000 visitors. In the huge Astro Hall, they examined displays by U.S. and foreign companies that covered all types of building products and building techniques.

Canada was there for the third successive year. In 1968 and 1969 the Department of Industry, Trade and Commerce sponsored an institutional exhibit. This year seven Canadian companies displayed their products and services within the space that the Department reserved. And they showed everything from synthetic rubber floor coverings to high-quality kitchen cabinets, vanity tops of synthetic marble, decorative wood pannelling, vinyl window hardware, and a revolutionary building technique that uses polystyrene building blocks as a form for concrete, providing rigid, durable walls and flooring. In addition, the exhibit area itself was designed to illustrate the many uses of different types of Canadian woods as pannelling, flooring, beams, cladding, and so on.

In the five days of the fair, over 12,000 visitors toured the exhibit. The result: over 900 serious inquiries. One company, in fact, left the fair early because it sold out its entire year's production. When the show closed, the Trade Commissioner's office in Dallas estimated that the seven firms would receive orders as a result totalling at least $2.5 million. The firm that offered all-season windows with plastic edgings and vinyl hardware looks forward to big sales to the mobile home industry in the U.S. Interest in what Canada had to offer was sparked by two interviews with Canadian exhibitors over Houston television stations in prime viewing time, interviews also over the radio, and a number of articles in the newspapers and in the trade press.

Two American visitors are admiring the cedar shakes that were used as cladding throughout the Canadian section. The beams in the picture are made of white spruce. There was even a cedar shingle light fixture made in the shape of a pine cone, with a white spruce spine.

There was always plenty of traffic in the Canadian section of the Houston show. This picture gives a view of one of the aisles, with booths opening off. The young lady on the left is giving away Canada shopping bags; altogether more than 12,000 were handed out during the five days of the show. It was easy to spot those who had toured the Canadian displays! In the foreground is a little box with Canadian scenes inside.

For those who wanted to sit down quietly and discuss business, there was space provided. Here two prospective buyers talk with Bill Rhodes (right) of the British Columbia Council of the Forest Industries. Note the western red cedar panelling.

Assistant Trade Commissioners Posted

The eighteen members of the 1969-70 group of Assistant Trade Commissioners, who have completed a number of months of training including tours of Canadian industry, have now received their postings. Two of the group have already taken up their new assignments; the remainder will depart from Canada during the summer.

Peter W. Belanger

Born: Vancouver, B.C.

Educated: University of British Columbia, B.A. 1965; Carleton University, M.A. 1967.

Posting: Cape Town, South Africa, as Assistant Trade Commissioner.

Donald C. Butler

Born: Pasadena, California.

Educated: Queen's University, B.A. 1969.

Posting: Stockholm, Sweden, as Assistant Commercial Secretary.

Peter G. Campbell

Born: Calgary, Alberta.

Educated: Queen's University, B.Sc. (Eng.) 1969.

Posting: Tokyo, Japan, as Asst. Commercial Secretary.

Claude Courtemanche

Born: Montreal, Quebec.

Educated: University of Montreal, B.A. 1966; McGill University, M.B.A. 1969.

Posting: Lagos, Nigeria, as Asst. Commercial Secretary.

Charles H. Cummer

Born: Gravelbourg, Sask.

Educated: University of Saskatchewan, B.Comm. 1965; University of Western Ontario, M.A. 1966; London School of Economics, M.Phil. (incomplete) 1967.

Posting: Kuala Lumpur, Malaysia, as Assistant Commercial Secretary.

Simon Doyon

Born: Quebec City, Quebec.

Educated: Laval University, B.A. 1966. and Lic. Adm. 1969.

Posting: Boston, Massachusetts, as Vice Consul and Assistant Trade Commissioner.

Pierre L. Duchastel

Born: Ottawa, Ontario.

Educated: University of Sherbrooke, B.Comm. 1967; York University, M.B.A. 1969.

Posting: Paris, France, as Asst. Commercial Secretary.

Paul A. Gagnon

Born: Macamic, Abitibi, Que.

Educated: Laval University, B.A. 1965, and M.A. (Econ.) 1969.

Posting: Permanent Mission of Canada to the United Nations, New York, as Third Secretary.

Paul Gibeau

Born: Montreal, Quebec.

Educated: College Ste-Marie, B.A. 1964; Laval University, B.A. (Econ.) 1969.

Posting: Guatemala City, Guatemala, as Assistant Commercial Secretary.

Roland J. A. Goulet

Born: Plessisville, Quebec.

Educated: Bréboeuf College, B.A. 1964; University of Sherbrooke, M.Sc. 1969.

Posting: Seattle, Washington, as Vice Consul and Assistant Trade Commissioner.

Philip A. Holton

Born: Windsor, Ontario.

Educated: University of Western Ontario, B.E.Sc. 1964 and M.B.A. 1969.

Posting: Vienna, Austria, as Asst. Commercial Secretary.

Miss Lucille Lee

Born: Shanghai, China.

Educated: University of British Columbia, B.Comm. 1969.

Posting: Milan, Italy, as Vice Consul and Assistant Trade Commissioner.

Charles R. Mann

Born: Sudbury, Ontario.

Educated: University of Toronto, B.Sc. 1967 and M.B.A. 1969.

Posting: Manila, Philippines, as Vice Consul and Assistant Trade Commissioner.

Miss Patricia M. Marsden

Born: Edmonton, Alberta.

Educated: University of British Columbia, B.A. 1967; College of Europe, Certificate Hautes Études 1968.

Posting: New Delhi, India, as Asst. Commercial Secretary.

Robert D. Merner

Born: Wetaskiwin, Alberta.

Educated: University of Alberta, B.A. 1963.

Posting: Berne, Switzerland, as Assistant Commercial Secretary.

Marc C. Pelletier

Born: Quebec City, Quebec.

Educated: Laval University, B.Sc. (Mech.) 1966; University of London, M.Sc. (Admin.) 1968.

Posting: Caracas, Venezuela, as Assistant Commercial Secretary.

Jean Roy

Born: Montreal, Quebec.

Educated: University of Montreal, B.A. (Political Science) 1965 and M.Comm. (Marketing) 1968.

Posting: Belgrade, Yugoslavia, as Assistant Commercial Secretary.

David G. Ryan

Born: Sao Paulo, Brazil.

Educated: Carleton University, B.A. Hon. 1968.

Posting: Bangkok, Thailand, as Assistant Commercial Secretary.

British Market for Timber and Plywood

1969: High prices, preoccupation with other markets reduced Canadian sales.
1970: Canadian shippers should make significant comeback, with competitive prices, fewer offers from European sources.

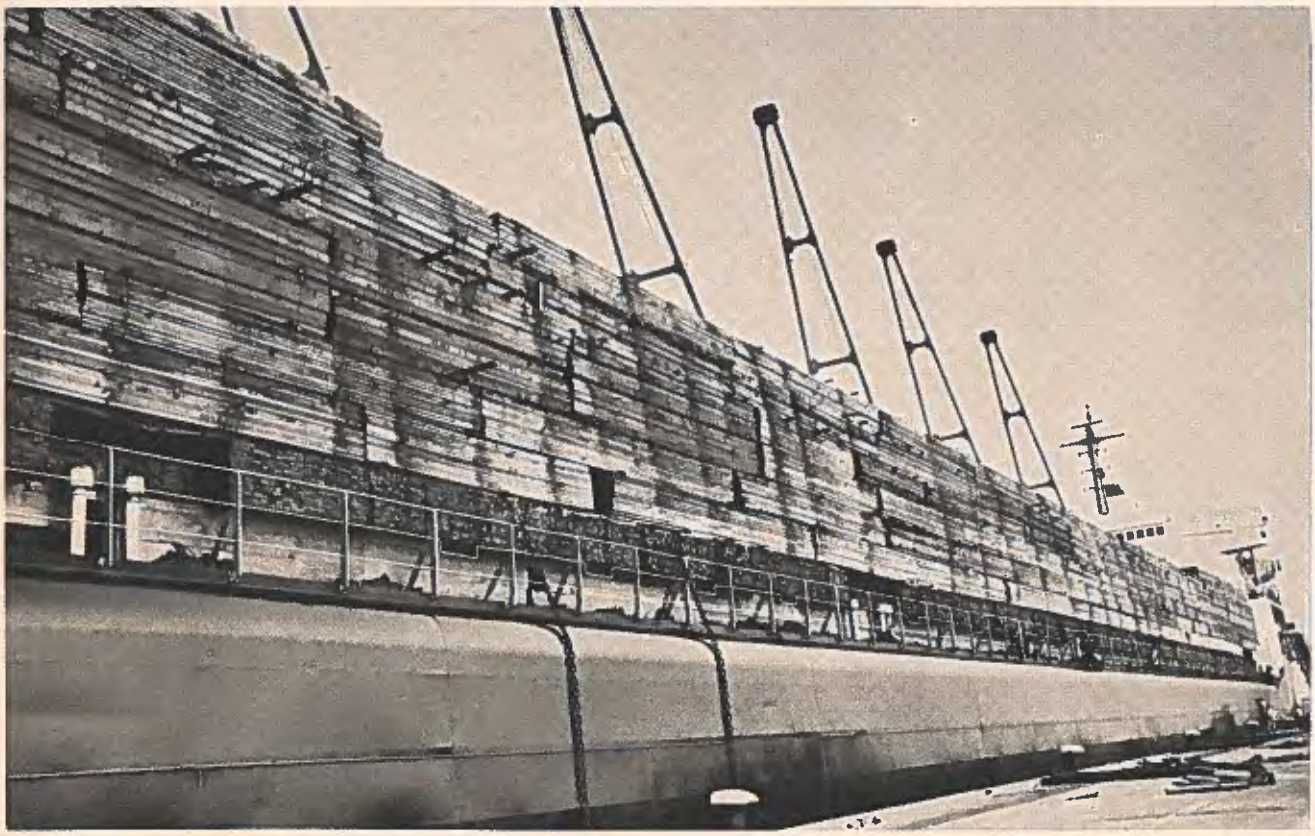
O. HICKIE, Commercial Counsellor (Timber), London

The curtain has gone up on a new decade and some of the developments which will probably shape the destiny of the timber and plywood markets in Britain during the seventies are being revealed. For the British trade, the present decade will almost certainly be the most crucial one for generations. A number of important events set in train during the late sixties are still gathering momentum and are expected to give rise to other changes as the years wear on.

The probable net result will be a complete transformation of the centuries-old trading patterns and methods and also of the structure and organization of the trade itself. It may be useful at this critical point, therefore, to review some of the major developments and achievements of the sixties and speculate about the probable shape of things to come.

Highlights of the Sixties—From a trading point of view, the timber and plywood sectors had their share of problems. But being resourceful, they managed to chalk up some fairly solid achievements. Though the volume of timber handled fluctuated considerably in response to the easing and tightening of government restrictions, the over-all trend of imports and consumption was significantly upward, rising from about 1 to 1.5 million standards in the fifties to 1.6 to 2.0 million in the sixties. The performance for the plywood sector was especially impressive, with almost uninterrupted growth which saw the total import volume nearly double.

This decade also marked the beginning of some developments which are bringing about fundamental changes in all aspects of the trade. Under the pressure of rising production, shipping, handling and distribution costs, **traditional methods of supplying loose and random-length cargos were rapidly being abandoned in favor of neatly sorted and packaged units**. Liberty



Indicative of the newer methods is this shipment of packaged Canadian lumber being unloaded at a British dock.

ships and tramp vessels began to give way to the more efficient bulk carriers, paragraph ships, and roll on/roll off ferries for transporting timber. This in turn made necessary the construction of strategically located terminals to speed up turn-around time and to facilitate better planning and more direct distribution to consumers. To improve the efficiency of inland movement, road transport has been replacing the railroads. Large capital outlays were being made on mechanized handling equipment in timber yards and at quayside, and on automating and computerizing mills and offices. In addition, faced with the strain of raising the money to keep abreast of the times, **many old-established timber firms were being forced to merge with more powerful competitors** or were simply absorbed by holding companies trying to diversify.

TABLE 1

RESIDENTIAL HOUSE CONSTRUCTION IN BRITAIN, 1965-1969

Year	Starts	Completions	Under Construction at Year End
	thousands of units		
Public Sector			
1965	181.4	168.5	243.1
1966	185.9	180.1	248.8
1967	213.9	203.9	254.2
1968	194.3	191.7	255.0
1969	176.6	185.1	246.5
Private Sector			
1965	211.1	213.8	201.0
1966	193.4	205.4	189.1
1967	233.7	200.5	222.3
1968	200.1	222.0	200.3
1969	166.8	181.7	185.5

Source: Ministry of Housing and Local Government, *Housing Statistics*, 1969.

Probable Developments in the Seventies—Many of these activities have been carried over into the new decade. There is evidence this year that the formation of large groups is continuing unabated and the number of important active trading companies is expected ultimately to be substantially reduced. The survivors, after carrying out rationalization, will be in a position to concentrate on buying and selling on a previously unknown scale. This development may even have some influence on the future size of producing units in some of the major supplying countries. Perhaps the most significant developments will take place in the chain of distribution and the structure of the trade. The last few years have already produced a number of possible variations in the supply chain ranging from direct sale to importers (either from landed stocks or through British sales offices) to sole concessionaire arrangements. Undoubtedly there will be other innovations in the next few years. Whatever happens, it is certain that the trade to emerge in 1979 will bear little resemblance to its structure in the sixties.

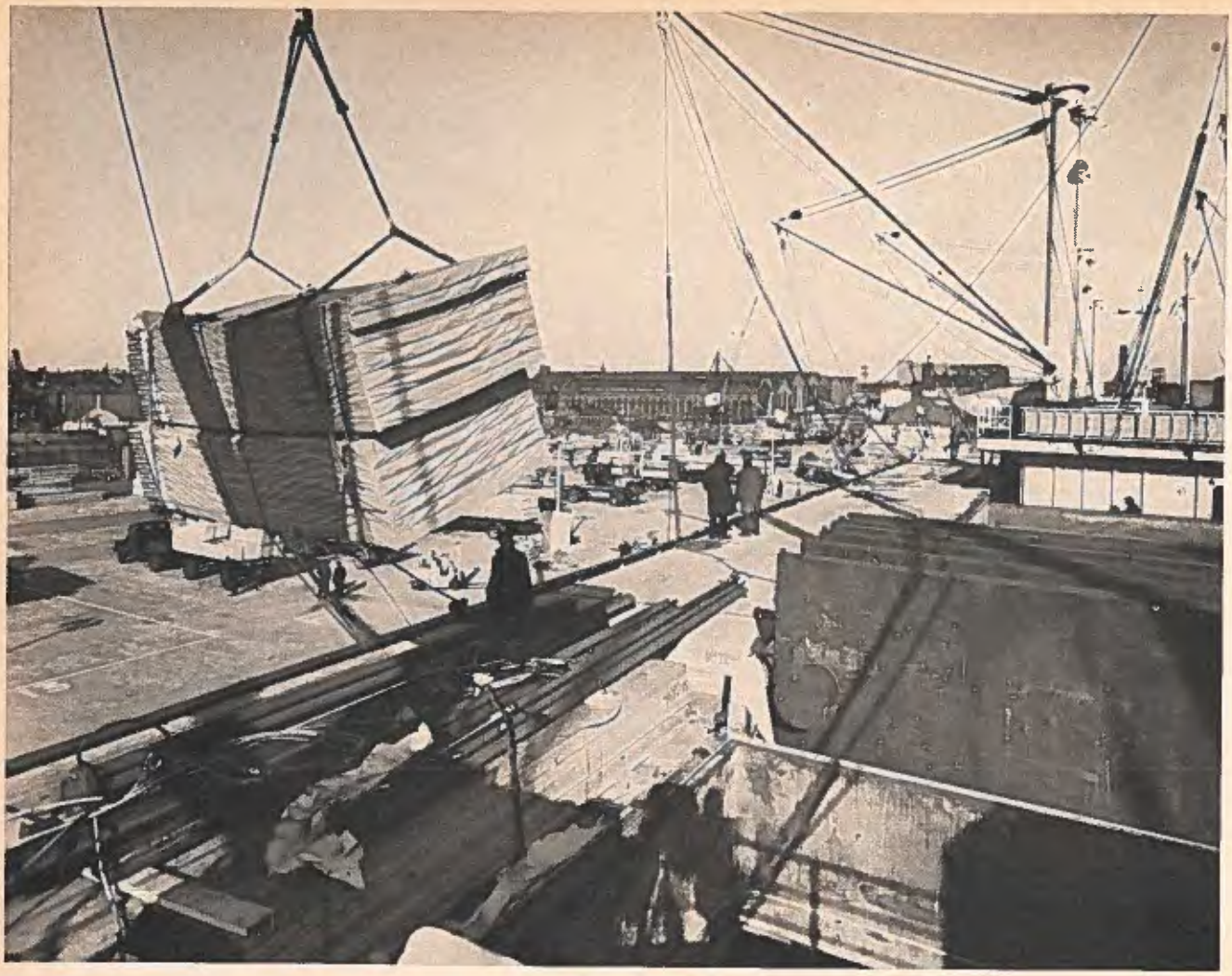
The seventies may also see significant changes in the products handled by the British trade. Though the over-all consumption of timber and plywood is expected to continue the upward trend of the sixties, there is growing evidence that the volume of wood-based panel products will have a particularly high growth rate, largely at the expense of solid timber. At the same time, though, competition between the major sheet materials—plywood, particle board and fiber board—will likely intensify and their individual success will depend on which one is best able to combine versatility with economy. Furthermore, **the early years of this decade will see the complete change-over from imperial to metrically sized materials.**

The Markets in 1969—When the year opened, the trade was euphoric, despite warning signs of a decline in housing output and the prospects of a drop in imports arising from the impending changeover to metric. It had just enjoyed the most profitable trading year for some time as a result of the unexpected bonus from devaluation and the record construction activity, and importers were in a bullish mood. Consequently, the first Soviet offer was received with enthusiasm in spite of some significant price increases and was promptly over-subscribed by about four times the specified amount. Eventually, contracts for around 425,000 standards were placed from this initial approach.

This was followed almost immediately by offers from Poland and Czechoslovakia, also at increased prices. These too were well received. Another series of smaller offers were issued in March by the same three suppliers and again quickly taken up. During all this time Swedish and Finnish shippers had also been selling well at higher prices. The net result was that the prevailing price structure was established early, and by the end of the first quarter more than half the British requirements for the year had been covered.

As the year wore on, the combined effects of growing consumer resistance to high prices, destocking by merchants feeling the credit squeeze, bad weather that delayed work on building sites, and home buyer apathy because of the high mortgage interest rates all resulted in a substantial drop in consumption. Even in the face of these rather pessimistic developments, European shippers generally maintained a buoyant and firm position on prices. The main reason was **the almost total absence of Canadian competition in the carcassing timber grades during the first half of the year,** because of excessively high prices and shippers' preoccupation with other markets, principally the United States and Japan.

Actually, Canadian prices in 1968 had already moved well out of line as far as Britain was concerned. Early last year, the supply position was aggravated by the unusually severe weather in B.C. and by the anticipated high level of demand from the U. S. housing sector. Sensing an acute supply shortage, buyers drove prices up to unprecedented levels and the only orders Canadian mills were able to get from Britain were for specialties. Even



Canadian packaged plywood accounted for the biggest single share of British imports of that commodity, 31 per cent in 1969.

these were in tight supply. Though the North American market bubble burst towards the end of the first quarter, Canadian shippers did not make any significant comeback much before the beginning of autumn. But by that time, importers had covered most of their requirements for the year and did not respond in strength to Canadian offers. On top of all this, the longshoremen's strike which closed B. C. ports for 45 days from September to November completely halted shipments.

The Housing Sector—It was evident by the end of 1968 that 1969 would see a decline in house construction in Britain. Housing starts had fallen off by 12 per cent, and work further back in the pipeline had also declined significantly. The persistent pressure of the severe credit squeeze and high interest rates were taking much of the steam out of the housebuilding sector, one of the largest consumers of timber and plywood.

As a result, by the end of the year house completions had dropped about 11 per cent, falling from nearly 414,000 units in 1968 to 366,793 in 1969. Housing starts, too, ended the year at just over 343,000—about 51,000 units, or 13 per cent, below the previous year and the lowest figure since 1958. Furthermore, work remaining in the pipeline had also suffered a setback. As a result, the immediate outlook for the current year is none too bright. (See Table 1).

Softwood Lumber—It is not surprising that the softwood lumber market turned in its poorest performance since 1962. The volume of consumption fell from 1,920,100 to about 1,744,500 standards, a drop of nearly 11 per cent. Total imports likewise declined from 1,961,500 to 1,664,200 standards, a drop of more than 15 per cent. As evidence of the de-stocking movement because of the credit squeeze, and in preparation for metrication, stocks at the year-end stood at 588,000 standards, the lowest in many years and about 74,000 standards below 1968. Some of this drop was also due to the failure of Canadian shipments to arrive because of the B. C. longshoremen's strike. Out of total softwood imports of 1,664,200 standards, four countries again accounted for more than 85 per cent—Sweden (26.6 per cent), the U.S.S.R. (26.1), Finland (22.0) and Canada (10.7). For reasons already outlined, this was Canada's weakest performance since 1959, both in terms of absolute volume and market share. The other three supplying countries shipped less but they each increased their respective shares of the reduced British softwood market, mainly at the expense of Canada (See Table 2).

Even though the U.S.S.R. once more got off to a flying start early in the year, the late spring breakup and shipping difficulties were responsible for them being 'pipped at the post' with

TABLE 2

BRITISH IMPORTS OF SOFTWOOD LUMBER

Country	Volume in '000 standards and percentage of market									
	1965 '000 std.	%	1966 '000 std.	%	1967 '000 std.	%	1968 '000 std.	%	1969 '000 std.	%
Canada	501.7	26.2	376.3	22.3	411.5	22.8	294.6	15.0	177.4	10.7
U.S.S.R.	488.3	25.5	428.1	25.3	407.7	22.6	467.5	23.8	434.4	26.1
Sweden	268.4	14.0	261.6	15.4	379.6	21.0	496.3	25.3	442.2	26.6
Finland	375.0	19.6	364.7	21.6	353.6	19.6	408.9	20.9	365.7	22.0
Poland	117.7	6.1	105.1	6.2	104.2	5.8	109.6	5.6	91.9	5.5
Brazil	44.8	2.3	52.7	3.1	42.7	2.4	61.7	3.1	35.8	2.1
Czechoslovakia	43.4	2.2	40.3	2.4	40.9	2.2	47.1	2.4	35.3	2.1
Others	78.4	4.1	61.4	3.6	65.7	3.6	75.8	3.9	81.5	4.9
Total	**1,917.7**	**100.0**	**1,690.2**	**100.0**	**1,805.9**	**100.0**	**1,961.5**	**100.0**	**1,664.2**	**100.0**
Percentage change	−5.7		−11.9		+7.0		+8.6		+15.2	

Source: Board of Trade, *Overseas Trade Accounts of the United Kingdom*, 1966–1969.

434,400 standards. And like the year before, it was Sweden who did it again with a total shipment of 442,200 standards. The virtual absence of Canada gave Swedish shippers, particularly in the south, an excellent opportunity to command a larger share of the British importer's purchasing power. An interesting sidelight was that, due to the tight supply of Canadian CLS lumber which enjoyed a good demand last year from timber-frame builders, south Swedish and Finnish shippers began supplying it, even calling it CLS. Though Finnish sales fell by about 33,000 standards, they nevertheless accounted for 22 per cent of the market. Canadian sales, at 117,200 standards, were down by nearly 40 per cent.

Hardwood Lumber—On the average, Britain normally imports annually between 28 and 32 million cubic feet of sawn hardwoods and a further 9 to 12 million cubic feet of round logs. Most of this is usually purchased from countries in West Africa, Southeast Asia and various parts of Europe. Canada, with 3.2 per cent of the market, is only a marginal supplier and a large part of our shipments are low-grade maple and birch for the tinplate and furniture industries. However, we do supply some high-grade maple and birch for specialized end-uses.

As Table 4 shows, the over-all volume of Canadian hardwood shipments to Britain has declined steadily. In fact, 1969 exports of only 875,000 cubic feet were about half the amount shipped in 1965. In common with the British timber market as a whole, the hard-

TABLE 3

CANADIAN SOFTWOOD LUMBER EXPORTS TO BRITAIN

Year	British Columbia		Rest of Canada		Total	
	Standards '000	Per cent	Standards '000	Per cent	Standards '000	Per cent
1965	411.2	82.0	90.5	18.0	501.7	100.0
1966	302.6	80.4	73.7	19.6	376.3	100.0
1967	362.6	88.1	48.9	11.9	411.5	100.0
1968	274.0	93.0	20.6	7.0	294.6	100.0
1969	158.8	89.5	18.6	10.5	177.4	100.0

Source: Estimates published by the Timber Trade Federation of the United Kingdom based on softwood importers' returns.

TABLE 4

BRITISH SAWN HARDWOOD IMPORTS

Exporting Country	Cubic feet '000				
	1965	1966	1967	1968	1969
Canada	1,691	1,263	1,354	1,086	875
Malaysia	7,741	5,386	5,036	5,869	4,837
Ghana	4,553	3,709	3,766	4,852	4,089
Singapore	—	1,071	1,422	2,218	2,016
Rumania	2,524	2,939	2,745	3,356	2,371
Denmark	1,606	1,346	1,311	2,379	1,822
Finland	1,342	1,145	1,397	1,574	1,647
Nigeria	2,073	1,578	1,396	1,654	1,355
France	1,791	1,718	1,645	1,217	1,055
Japan	909	882	896	908	739
United States	1,171	1,335	1,655	834	569
Yugoslavia	1,336	639	438	508	487
Others	6,657	6,028	5,295	6,017	5,441
Total	**33,394**	**29,038**	**28,359**	**32,472**	**27,253**

Source: Board of Trade, *Overseas Trade Accounts of the United Kingdom*, 1966–1969.

TABLE 5 BRITISH PLYWOOD IMPORTS

Exporting country	Volume and value									
	1965 '000 CBM	'000£	1966 '000 CBM	'000£	1967 '000 CBM	'000£	1968 '000 CBM	'000£	1969 '000 CBM	'000£
Canada	220.4	9,718.7	211.7	9,671.3	284.9	13,027.7	290.4	14,401.2	233.6	12,482.1
Finland	128.0	7,374.1	110.2	6,639.2	141.2	8,566.1	154.8	10,551.1	150.8	11,155.8
U.S.S.R.	125.7	5,636.6	105.9	4,805.1	112.7	4,926.3	135.9	6,185.2	119.2	5,933.0
Israel	33.6	2,128.5	28.6	1,752.1	40.6	2,539.0	37.2	2,610.4	32.8	2,441.2
Malaysia	3.4	211.9	3.3	182.6	13.5	737.5	22.7	1,384.7	32.6	1,944.0
Rumania	25.7	977.4	21.1	832.7	27.1	1,101.5	32.0	1,352.2	27.9	1,284.3
Singapore	—	—	2.0	108.3	7.9	434.3	18.8	1,229.5	28.4	1,744.7
Japan	37.5	2,362.9	26.4	1,649.6	27.9	2,034.4	29.3	2,342.7	18.2	1,696.5
Ghana	10.8	819.1	11.2	826.2	11.3	855.1	15.0	1,170.4	14.4	1,133.6
Nigeria	15.4	1,091.2	14.0	974.9	12.0	855.9	11.3	844.4	12.6	984.0
Gabon	17.2	1,014.8	11.7	660.0	15.0	848.0	22.3	1,421.3	11.5	794.7
United States	1.5	113.0	2.4	174.4	13.7	647.6	4.8	277.9	13.1	738.4
Spain	2.5	123.5	2.2	125.2	3.4	195.3	13.8	901.6	10.3	730.4
Brazil	2.2	122.6	1.3	70.7	2.1	112.1	6.8	368.0	8.2	470.4
Others	52.3		52.3		66.0		58.2		40.6	
Total	**680.2**	**35,040.0**	**604.3**	**31,634.5**	**779.3**	**40,778.3**	**853.3**	**48,887.3**	**754.2**	**46,300.7**
Percentage change	−0.1	+2.9	−11.2	−9.7	+29.0	+28.9	+9.5	+20.0	−11.6	−5.3

Source: Timber Trade Federation of the United Kingdom, Plywood Statistics.

wood trade did not enjoy a particularly good year in 1969. Total imports fell from 32,472,000 to 27,253,000 cubic feet, a drop of about 15 per cent. **Present indications are that the current year will see a further decline due to depressed conditions in the furniture industry.**

The Plywood Market—During 1969 British plywood imports were subject to the Import Deposits Scheme which required that 50 per cent of the value of imports be deposited with British Customs for six months. In December, the deposit requirement was extended for a further period at a reduced rate of 40 per cent. All importing firms were affected by this measure and it was estimated that at one stage, something like £30 million were on deposit with the Exchequer. In addition, the furniture and construction industries—important plywood consumers—had a rather disappointing and difficult year and plywood prices rose substantially. Only in the packaging industry did plywood enjoy a strong demand, with the rising volume of British exports.

Despite this, **last year's market performance was not nearly as bad as expected, a clear indication of its strength.** Apparent consumption declined by nearly 7 per cent, from 1,086,900 to 1,007,400 cubic meters and the total import volume fell by over 12 per cent, from 1,075,496 to 943,267 (including blockboard). If blockboard is excluded, plywood imports alone reached 754,200 cubic meters, 11.5 per cent down from the 853,300 in 1968.

Three countries alone accounted for more than two-thirds of the plywood volume: Canada, shipping 233,600 cubic meters (31.0 per cent), Finland 150,800 (20.0 per cent) and the U.S.S.R. 119,200 (15.8 per cent). Other important shippers were Israel (32,800), Malaysia (32,600), Rumania (27,900) and Singapore (28,400). It is worth noting the rapid growth in shipments from Malaysia and Singapore during the past five years; the volume from Japan declined in the same period. The U.S. plywood industry has been fairly actively promoting fir plywood in Britain, particularly in the past year. This is reflected in their sales rising from 4,800 to 13,100 cubic meters last year (see Table 4).

Outlook for 1970—All sections of the trade in Britain are looking for some improvements this year. They are hopeful that there may be some relaxation of government measures as the balance of payments continues to show healthy signs of improvement.

At the last European Softwood Importers/Exporters Conference at Bremen in October, the British delegation predicted 'a modest recovery' and that apparent consumption and imports of softwoods would likely rise by 1.7 to 1.8 million standards in 1970 if there was an improvement in the balance of payments. Since there is now evidence of some improvement, there is every reason for optimism. But even more important from Canada's point of view is the fact that with prices again competitive, and a forecast decline in the anticipated volume available from the Soviet Union and Sweden, **Canadian shippers should be in a good position to make a significant comeback this year and recover lost ground.**

On the plywood side, it has also been predicted that there will be a modest recovery of 10 per cent in demand and imports, thus bringing the volume back to near the 1968 level, which was satisfactory on the whole. It is not likely that British housebuilding will expand this year, but indications are that other sectors of the construction industry (some of them large plywood consumers) are going to enjoy a fairly good year. Furthermore, the trade expects that demand from the packaging industry will remain strong as British exports continue to expand. Therefore, provided Canadian suppliers can keep prices in line and maintain a good supply, it is not unreasonable to expect that Canada's shipments may finally top the 300,000 cubic-meter mark by the end of this year.

Make It Light and Bright

That's the formula if you want to sell clothing in Texas and the Southwest. And once you've landed an order, get it to the store on time.

JIMMIE R. GREEN
Commercial Officer, Dallas

The Southwestern woman, like any woman in her right mind, really believes that she "hasn't a thing to wear." Now this idea is spreading to the whole family. Women once competed only with daughters for the lion's share of the clothes budget but now the male members of the family are fashion-conscious too. And this, coupled with the high consumer buying power of the Southwest, adds up to an impressive market for apparel.

This potential has not escaped the notice of New York, California, or the burgeoning apparel industry of Texas. And foreign suppliers from Mexico to Europe to the Orient are wooing the Southwest buyer. But **there's a share available for the Canadian manufacturer as well if he will evaluate Southwestern needs and preferences,** cater to local tastes, and direct his efforts properly.

Canadian designers come under much the same influences as their American counterparts and the likelihood of delivering acceptable design, unique in style, and drastically different from that offered by U.S. manufacturers is small. If you've cornered the market on an unusual fabric or have a tariff advantage over the American manufacturer on an imported fabric, great. But what can the Canadian manufacturer offer consistently? The answer is quality, price, suitability and service.

Quality is still available domestically though perhaps not as readily as at one time, and the Canadian manufacturer may have a slight edge. But to some degree the decline in workmanship and inspection is offset by improved, easy-care fabrics, and the desire of the largest consumer age group for constant change in preference to serviceability. This desire is perhaps even more apparent in an area where seasons consist of eight months of summer, two months of winter, and virtually no spring or fall.

Price? All things considered, you'll do well just to be competitive with Seventh Avenue, so let's concentrate on suitability and service.

Obviously the most significant factor determining clothing needs in the Southwest is climate. Much Canadian apparel is simply too heavy. Eastern manufacturers of men's suits, for example, have for years provided a Southwestern weight fabric for this area.

Color preference is for vivid hues. **The intense sunlight and the dry, desert look of much of the area calls for clear, bright tones.** The look is casual for the most part, sophisticated but conservative for both men and women compared with national trends. Nudity is not as much "in" down Texas way and the extreme styles that find acceptance on both east and west coasts are a bit risky here.

The Southwest is much more oriented to California than to New York, because of a similar climate and way of life. But although areas such as Southern California and Florida enjoy a brisk tourist trade, Texas draws its business almost exclusively from the surrounding Southwestern states.

The Canadian manufacturer seriously interested in the Southwest market should study the development of the Texas apparel industry over the past few years and the way in which these manufacturers, with California makers, have been able to build sound, repetitive business among buyers who traditionally looked only to Seventh Avenue. The outstanding producers of men's, women's and children's apparel have achieved this success by offering smart but fairly conservative styles, easy-care fabrics, systematic calls on customers, and deliveries as promised. You cannot reach the greater portion of the Southwest market through New York. Department-store buyers, especially the large chains, visit the New York market several times a year and they also do much buying locally. **But the backbone of the Dallas market is the small department-store chain and the hundreds of specialty shops,** which now offer their customers the style and quality on which even small town and rural customers insist.

Not too many years ago the Texas apparel industry consisted of manufacturers of work clothes, uniforms and house dresses. Small shops unable to justify a trip to New York settled for what they could scrounge locally or from the Eastern manufacturer hungry enough to send a salesman this far. Not any more! The Dallas Apparel Mart is not too far away for a visit several times a year (the last market attracted some 8,000 buyers) and New York companies have come to the Dallas mart too, with showrooms and sales force. So can Canada.

There are several approaches to the Southwest market. No matter which one you choose—showing at the Dallas market, setting up a few direct accounts, or establishing permanent representation here—**begin with a personal reconnaissance.**

You'll enjoy your business visit. Southwesterners are relaxed and helpful and few buyers will refuse to see your line. Don't expect a schedule of fixed appointments when you leave Canada. Most buyers will say, "Give me a ring when you get here." Some will come to the Consulate or your hotel to see what you have to offer, and others will invite you to "C'mon over to the store." Don't get the idea that because your buyer is slow-talking he is also slow-thinking. You could be horse-traded out of your entire profit.

If you're sending up a trial balloon, concentrate on the department stores in the major centers. If you're selling members of the larger chains in another

area, either directly or through a buying office, you have a foot in the door already.

Already secure in another U.S. market? And your test runs have indicated that you can make it here? Then show at a Dallas market and ask for a sign that says "this line is open for representation." Dallas market facilities are unsurpassed (see *Foreign Trade*, December 1969). But don't expect buyers to come flocking into your showroom just because you're there. Bombard your prospects with a direct mail campaign ahead of time. Arrive early and follow up with telephone calls and visits ahead of market to tell them you made it. Take advantage of trade publications that reach buyers and reps. **Make certain that you're showing what buyers are buying at the moment and** stay a few days after market to make follow-up calls.

Many of your volume buyers you won't see at the mart during market. Set up appointments with them after the market is finished, and remind them that Montreal is only an hour from New York on their next trip. Consider yourself fortunate if you make your expenses the first time. Pioneering a new line takes time, money and concerted effort.

Check out interested reps thoroughly with other people in the trade, firms they currently serve or formerly represented, buyers, bank sources. (Don't rely too heavily on the latter; the nature of a rep's business renders the usual credit check nearly useless, and the company that appoints a rep by mail or over the telephone has no one but itself to blame if its samples are sold and it never sees an order.)

An arrangement with a representative depends on many factors. It may include a draw, advertising allowance, or participation in showroom expense. Travel expenses are high these days and you'll be lucky to get a good agent on straight commission only. Commissions usually average about 10 per cent.

Don't board that soutbbound plane in Canada without duty-paid delivered prices, in U.S. dollars, in your pocket.

Your Trade Commissioner's office will do everything possible to make your selling trip or your first market venture in the Southwest a success, if you start in time and give us the necessary information.

Canadian apparel is not new to the Southwest. The New York efforts of Canadian firms have not entirely escaped notice here and the Canadian reputation for style and quality is growing. The United States Shoe Buyers

David Herstein (right), president of Bernard Casuals, Vancouver, shows samples to a prospective U.S. buyer. Southwestern fashions tend toward the conservative, with a decided preference for vivid colors to go with the intense sunlight.

Mission last fall was both good business and good public relations, and your Trade Commissioner's staff now has carefully fostered contacts. Many Canadian manufacturers have select, well-established accounts, sold directly or through national agencies or buying offices. Canadian furs, handbags, rainwear, men's suits and some children's apparel are already in retail stores here. Among those manufacturers with whom we have worked personally in the past year, not one has gone home empty-handed. A Western Canadian rainwear manufacturer is convinced that "a good job can be done in the Southwest with a little work." A Montreal fur manufacturer considers a new account established with a Dallas wholesaler this past season "an interesting one to watch". (Furs are for fun or status here—rarely for warmth.) Mukluks made the famous Neiman-Marcus Christmas Catalogue this past year, and a men's suit manufacturer who formerly sold through a New York buying office to member stores here has now appointed a top-flight representative to call on specialty stores as well. This company made its reputation on quality, flexibility and dependable delivery. Repeatedly we heard buyers and merchandise managers tell him: "Your flexibility and delivery capability is the best thing you've got going for you."

Your first orders will be small. Then comes the real test. Can you deliver as promised? Will the delivered merchandise be as good as the samples? And, obviously, does it sell?

Handle customs clearance and problems yourself or through a broker and clear your shipments through a U.S. customs port. Merchandise won't sell while it's held up at U.S. Customs and the small store has neither the facilities nor the inclination to cope with clearance.

It is impossible to over-stress delivery. The most frequent and bitter complaints of Southwestern buyers and agents center on undelivered or late merchandise. Many reps now require 85 per cent of their commission to be paid immediately upon the manufacturer's acceptance of the order. But if the order is late, or is not even delivered, this commission is not of much assistance to him when he again approaches that disappointed buyer for another order.

Buyers are tired of being told how they will take the merchandise and how much of it. The Canadian company, accustomed to dealing with a smaller national market, is more likely than its U.S. counterpart to retain the advantages of flexibility and versatility in a market large enough to specialize. This flexibility will have to be demonstrated and less than realistic minimum orders accepted in initial efforts to crash a new market.

What sells best in the Southwest? Anything that's styled and colored to Southwestern tastes, not too heavy, properly promoted, priced right and delivered on time. Obviously the biggest volume comes from moderately priced merchandise styled for the young set. They're in the majority and they like change. But other consumer groups represent good business too. Knitwear—especially washable synthetics—seems to be a perennial favorite with all age groups. Fads and fashions generally follow the national trend.

Women may recall with some nostalgia the day when it was an accomplishment just to get clean jeans and a T-shirt on boys and when Dad felt that a grey flannel and a blue serge suit would suffice for all occasions. But it's a fact that there's a whole fashion-conscious family to dress in the Southwest these days—and more of their apparel ought to be Canadian.

IADB in 1969

The Inter-American Bank during 1969 authorized 67 loans to Latin American countries totalling $631.5 million. This was $200 million more than the 1968 figure of $430.8 million and $135 million more than the previous record loans of $496.4 million in 1967. The 1969 commitments brought the Bank's net total lending for Latin America's economic and social development to slightly more than $3,430 million, representing 565 loans.

Mr. Felipe Herrera, president of the Bank, emphasized in a year-end report that this volume of lending is helping to finance development projects that have an estimated total cost approaching the $10 billion mark. "In other words," he said, "the Latin American countries themselves are putting up two thirds of the total cost of the projects that the Bank is helping to finance."

In its lending during 1969 the Inter-American Bank emphasized support for the development of Latin America's agricultural sector, particularly the marketing area, both at the domestic and export levels, and for the transportation, communications and electric power sectors. Special support was given to education.

More of the Bank's lending last year was devoted to speeding up economic integration than in any previous year. The Bank authorized $99.6 million in loans for such projects and extended an additional $2.4 million for technical assistance, on a grant basis, for programs related to the integration process. At year-end total IADB support for Latin America's integration amounted to more than $400 million.

Loans approved in 1969 included four for $69.7 million to help build Latin America's regional transportation network. Of this, $15.2 million was for a section of the Pan American Highway between Pasto and Popayan, Colombia; $26.4 million for the Trans-Chaco Highway in Paraguay; $25.5 million for dredging a maritime channel between the port of Buenos Aires and ports on the Parana River to improve river traffic with Paraguay and Bolivia, and $2.6 million for a feasibility study of a link in the highway that will eventually unite Brazil's capital, Brasilia, with Lima, Peru.

Two loans totalling $16 million are fostering Latin America's integration in the field of electric power. They are helping to build networks to distribute power produced by the Bank-financed Acaray hydroelectric plant in Paraguay, throughout the Province of Misiones, Argentina, and the State of Parana, Brazil.

Another loan for $10.5 million is financing a campaign to control and eventually eradicate foot-and-mouth disease in Argentina. This is part of a South America wide campaign to rid the continent of a disease that takes a toll equivalent to nearly half a billion dollars in cattle losses a year. The Bank had previously made loans for similar projects in Paraguay and Chile.

The Bank also authorized two additional lines of credit to finance exports of capital goods from one Latin American country to another. These included $2.4 million to Mexico to finance the export of goods and services used in the construction of a gas pipeline in Colombia, and another for $1 million to help Brazil finance its general intra-regional export program. In addition, previous revolving lines of credit extended in Argentina, Brazil, Mexico and Venezuela were increased by $4.2 million through repayments.

Castings Market Becomes Red Hot

Demand for grey iron castings in Michigan exceeds supply, and buyers are looking as far afield as Spain and Japan. Opportunities await both large and small foundries; delivery and quality are as important as price.

W. B. SCHUMACHER
Vice Consul and Assistant Trade Commissioner, Detroit

The Michigan market for grey iron castings has become red hot, with an unequalled concentration of ferrous castings users. Demand for castings far exceeded local supply in 1969, evoking a variety of reactions from users. Clark Equipment Company, producing materials handling equipment, automotive parts, and construction machinery in five Michigan locations, has started an extensive program to convert away from castings to weldments. In the automotive and agricultural equipment fields, buyers have given orders to firms as far afield as Britain, Spain and Japan.

Even relatively small, low-volume producers of special machines are buying machine bases from foundries as distant as Mississippi. During the past year, **the Detroit Consulate assisted two large pump manufacturers who looked to Canada for additional grey iron casting sources** and developed numerous inquiries from a wide variety of firms, including 60 manufacturers' agents eager to locate Canadian sources of grey iron castings.

Why the eagerness for grey iron castings? Although ferrous castings account for a relatively unimpressive 1 per cent of U.S. gross national product, they are a key input in a wide variety of heavy manufacturing industries which are well represented in Michigan. Table 1 shows total U.S. consumption of grey iron castings by major industry group for the year 1965. It is apparent that three industry groups—primary metal industries (SIC 33), non-electrical machinery (SIC 35) and transportation equipment (SIC 37)—account for 57 per cent of the grey iron castings consumed in the United States.

Studying the primary metal industries sector, it was determined that virtually all the grey iron castings used by this group were in the form of ingot moulds for the steel industry. Hence the non-electric machinery and transportation equipment sectors would appear to be the most promising areas for Canadian grey iron castings. Table 2 provides a more detailed breakdown of these two industrial sectors, indicating the number of Michigan establishments employing 20 or more and the value added by manufacture to provide an indication of the relative importance of each industry to the Michigan economy.

Canadian producers are in an excellent position to supply castings to all the Michigan industries enumerated in Table 2. Many foundries will find that there are numerous potential accounts in Michigan that are geographically closer than some of their Canadian customers. Furthermore, tariffs on large numbers of castings are less than 7 per cent, often less than 2 per cent on unfinished grey iron castings, and certain automotive and agricultural types are duty-free.

TABLE 1

U.S. CONSUMPTION OF GREY IRON CASTINGS BY MAJOR INDUSTRY GROUP—1965

Industry Code and Group	Tons consumed millions	% of total
33 Primary metal industries	3.55	24
34 Fabricated metal products	0.82	6
35 Machinery, except electrical	2.08	15
36 Electrical machinery	0.10	—
37 Transportation equipment	2.73	18
All other industries	5.60	37
Total	**14.88**	

TABLE 2

GENERAL STATISTICS, SELECTED MICHIGAN INDUSTRIES

SIC Code and Industry	20 or more employees	Adjusted value* U.S.$'000
351 Engines, except automotive	16	182,971
352 Farm machinery and equipment	26	104,088
353 Construction and materials handling equipment	63	169,763
354 Metalworking machinery	92	152,709
355 Special industry machinery	60	99,173
356 General industrial machinery	110	209,268
358 Service industry machines	30	109,151
3713 Truck and bus bodies	7	13,009
3715 Truck trailers	2	2,169
3717 Motor vehicles and parts	202	4,891,278

Source: U.S. Department of Commerce Census of Manufacturers—1963.

*Added by manufacture.

Foundries of all sizes can participate in the Michigan market. Although the automotive industry is generally considered high volume, medium- and low-volume shops are required by the truck producers. The Detroit Consulate recently sponsored a seminar for Canadian vendors where high-ranking truck purchasing officials of Chrysler, Ford Truck, General Motors Truck and Coach and Diamond Reo were unanimous in specifying grey iron castings as their number one priority in the search for new suppliers. For foundries interested in one-off or job-shop runs, there are a variety of opportunities, ranging from prototypes for agricultural and automotive accounts to producers of specialized equipment and machinery. Regardless of the type of business you intend to seek, delivery and quality are as important to the U.S. buyer as price—so before coming to Michigan, be prepared.

Probably **the best preparation for this market is to take a walk through your plant as if you were a buyer**. For the type of work you want to do, is the plant and capital equipment suitable and in good condition? Is modernization or expansion required to reduce production costs? Does the production control system appear adequate to ensure that delivery commitments are met? Will the quality control system detect relevant process deviations?

If you find weak spots in your plant, make plans to correct them as soon as possible. Remember that the experts of the Department of Industry, Trade and Commerce, Iron and Steel Division, as well as your provincial departments are available for consultation at any time. If your plans include modernization or expansion, these experts can advise you on the availability of financial assistance from government sources.

With facilities in order and capacity available, **what is the best marketing approach?** The use of manufacturers' agents is more prevalent in the U.S. than in Canada, particularly for smaller, more distant firms. None the less, there are many firms operating in this area that are doing an excellent job on a direct basis and benefiting from the closer customer liaison this approach affords. In making the decision, it should be remembered that **local buyers expect to be called on more regularly than their Canadian counterparts**; when a problem arises, they expect to have a vendor representative at their side in a matter of hours. The staff of the Detroit Consulate will be pleased to discuss this subject in more detail. Should you decide to seek the services of a manufacturers' agent, the Consulate can provide data on qualified agents interested in representing a a Canadian foundry.

If you choose to sell direct, a visit to the Consulate can pay dividends in another way. Through personal contact with Michigan industry and the Consulate's reference library, the staff can suggest suitable calls based on your capabilities and interests. Also, since the duty rate on castings varies with end use, the Consulate can help you to obtain opinions from U.S. Customs in Detroit or, if need be, official rulings from Washington. Ready to make some calls?

When making calls on potential U.S. accounts, **we would recommend coming prepared with the vendor information listed.** This is the information normally requested by G.M. buyers, and it is typical of the information most buyers will be interested in. Be prepared to leave a copy of it with the buyers you visit and above all, be prepared to call back frequently on accounts with good potential. Preparation and perseverance are the keys to success in this bubbling market for Canadian grey iron castings.

Vendor Information of Interest to U.S. Buyers

1. Company name, address and telephone number
2. Name, address and telephone number of local representative, if applicable
3. Date established
4. Size of plant
5. Number of employees
6. Principal products
7. Location of plant and transportation facilities
8. Description of production facilities and equipment
9. Approximate yearly sales volume
10. List of three representative customers
11. Financial and credit rating.

Machinery for West Germany

HENRY MAHNCKE
Commercial Officer, Duesseldorf

The German machinery industry in 1968 was marked by increasing orders, high turnover, complaints about delays in the supply of components and a labor shortage. On average, the industry has an order backlog which will last for at least another eight months.

Last year, German machinery output increased by 6.3 per cent to a total value of DM40,000 million. Machinery imports into the Federal Republic increased by 17 per cent to DM5,090 million.

Rising retail sales (average 9.3 per cent during the first nine months) and a wage increase of 12 to 15 per cent are added to the fact that industry, already working at more than 90 per cent capacity, could not maintain such a tempo for long without a decline in productivity. In addition, the labor shortage is growing.

As the most export-oriented of all German industries—with exports this year accounting for 45 per cent of total turnover—the machinery manufacturers are particularly hard hit by the revaluation of the Deutsche Mark. According to the Machinery Manufacturers Association, exports of machinery last year accounted for over one fifth (or DM21,000 million) of the Federal Republic's total exports of DM100,000 million. For the whole of 1969 machinery exports were expected to reach a total value of DM23,500 million.

The problem arising from the revaluation of the Mark coincides with an increase in the industry's prime costs by 11 per cent over the whole of 1969. Productivity is estimated to rise by about 14 per ecnt this year, but cost increases brought a rise in prices of 3.9 per cent in the first nine months of 1969.

Against this background, it is interesting to note that **Canada's exports of machinery to Germany continue to expand.** Therc is a market especially for special-purpose equipment such as machine tools, labor-saving construction machinery, metal-working and special industry machinery.

Industrial machinery is sometimes sold by foreign suppliers directly to their customers if the item is of considerable value. Otherwise a manufacturer's agent should be engaged. Because after-sales service is imperative, the agent or distributor must be prepared to provide servicing and spare parts. The importance of after-sales service cannot be overemphasized. This means that the Canadian exporter may have to provide his representative in Germany with a supply of spare parts or a consignment to enable him to honor warranty guarantees.

The Canadian exporter also faces the problem of choosing the best location for an agent. Once established in the market, he may find that it pays to have two or three distributors or subagents to cover the whole of Germany. But at the outset it is definitely easier to test the market by concentrating on one good agent.

Even though unique Canadian machinery or equipment sometimes possesses advantages which may outweigh the added cost of duties, freight and other import charges, **final landed costs and quick delivery remain extremely important and f.o.b. or c.i.f. prices must be calculated with a very sharp pencil.** The Canadian exporter considering the German market for the first time should route his products through Rotterdam or the ports of Hamburg and Bremen.

The Common External Tariff of the EEC may make it difficult for Canadian suppliers to penetrate the German market. However, the difficulties can in many instances be overcome by Canadian exporters who are willing and able to guarantee availability, service and quality. Germany is an open market with practically no import restrictions. Duties are approximately 8 per cent plus or minus (EEC countries zero). To this cost an 11 per cent added value tax must be added.

Canadian exporters wishing to enter the German market should bear in mind that competition is keen and a determined promotion effort is required. The three Trade Commissioners' offices in Bonn, Hamburg and Duesseldorf are well acquainted with the market and can help Canadian exporters to investigate prospects for their products.

CANADIAN MACHINERY EXPORTS TO GERMANY

	Cdn.$'000 1968	1969 11 mos.		Cdn.$'000 1968	1969 11 mos.
Power boilers, equipment and parts	2	12	Metalworking machinery, equipment and parts	69	25
Packaging machinery and parts	41	111	Rubber working machinery, equipment and parts	98	82
Industrial furnaces, etc.	1	4	Shoe-making industry machinery and parts	7	6
Foundry equipment and parts	31	23	Construction maintenance machinery and parts	21	74
Pumps, pumping systems and parts	13	90	Chemical, pharmaceutical production machinery and parts	1	15
General purpose industrial machinery and parts	69	21	Dies and moulds for plastics machinery	1	22
Hoisting machinery and parts	147	773	Plastics industry machinery and parts	12	14
Materials handling equipment and parts	2	11	Pulp and paper industrial machinery and parts	5	44
Rock drilling and related machinery and parts	46	3	Printing and bookbinding machinery and parts	118	357
Excavating, dredging equipment	—	169	Textile industries machinery and parts	248	260
Mining-quarrying machinery and parts	5	—	Food and beverage machinery and parts	1	80
Metal boring drilling machinery and parts	3	—	Special industry machinery and parts	37	101
Metal grinding machines and parts	86	8	Parts for combine reaper-threshers	12	11
Presses, metalworking and parts	3	—	Agricultural machinery and parts	1	2
Machine tools metalworking and parts	68	286	Locomotives and tenders, engines and parts	—	1
Welding apparatus, equipment and parts	11	16			
Cutting tools for metalworking machinery	19	17			

Source: DBS

Trade Lines

Uranium ore will be extracted and processed in Southern Texas at a $12 million plant built by Continental Oil Company. The plant will go into operation in 1972 with an annual capacity of 1.5 million pounds of uranium concentrate—Dallas.

A steel rolling mill with an annual production of 30,000 tons will be built in the Campo de Gibraltar area of southern Spain. The mill is a joint venture between Nishin Steel Company of Japan, and a consortium of four industrial banks and the Spanish company, ENDISA. The plant should be completed in 1972—Madrid.

A nickel deposit in the Manica area of Mozambique is to be explored by a European mining group. Laboratory tests of the deposit are said to be encouraging—Lisbon.

The Netherlands will build 3,000 to 5,000 more dwellings a year, if enough sites can be found and if financial means and building capacity are sufficient. Currently 125,000 dwellings are constructed per year—The Hague.

More hotels will be built in Morocco by one of Spain's major hotel chains, the Melia group. A planned investment of about Cdn.$31.2 million will be spent on new hotels at Casablanca, Marrakech, and Agadir—Madrid.

Philip Gloeilampenfabrieken of the Netherlands and Matsushita Electric Industrial Company Limited of Japan have jointly formed a company in Belgium to produce dry batteries for sale in Europe. It is expected that the plant will be built near Tessenderloo, in northern Belgium. The new company, Philips Matsushita Corporation, will have a capital of B.F.140 million, shared equally between both partners. The only producer of dry batteries in Belgium now is Mallory Batteries S.A., a subsidiary of Mallory Corporation of the U.S.—Brussels.

In 1969 more than a billion dollars was spent in the Cleveland area on payroll, material and capital expenditure programs by General Motors, Ford and Chrysler. General Motors, the largest employer with seven plants in the area, spent more than $239 million on payrolls alone; Ford spent $225 million and Chrysler $58 million. On goods and services, General Motors spent $194 million, Ford $45 million, and Chrysler $25 million. General Motors also led in capital investment with $832 million for its 20 plants in northern Ohio. Ford completed a $500 million expansion of its No. 2 engine plant in Brookbank, a Cleveland suburb. These developments should mean good opportunities for Canadian exporters of automotive parts to Ohio—Cleveland.

Norway is the second largest consumer of wood fiberboard in the world. Internal sales in 1969 were about 100,000 tons, about 27 kilos per capita. In the last six years, consumption has increased by 77 per cent. More than half the products now sold have entered the Norwegian market in the last decade—Oslo.

The Bayer and Shell companies plan an initial investment of B.F.1,600 million (Cdn.$34,560,000) to form a joint company in Antwerp to produce isocyanates (TDI and MDI). These isocyanates are essential raw materials in the production of polyurethanes, particularly flexible and rigid foam types. The output will help to meet the requirements of Shell's and Bayer's Belgian and foreign customers. Up till now, isocyanates have had to be imported into Belgium—Brussels.

Czechoslovakia's automobile industry in 1969 produced 132,000 cars, 25,000 trucks and commercial vehicles, and 122,000 motorcyles and scooters. This is an increase of 10 per cent over the previous year, despite a major fire in the Skoda plant at Mlada Boleslav. This year Czechoslovakia will import 1,000 automobiles from Japan under a bilateral agreement—Prague.

West Germany's Federal Railways are planning the transit system of the future. So far, no over-all concept has been decided upon. Air cushion and overhead magnet systems are among those being considered by the railways and the two co-operating firms, Strabag Bau AG and Messerschmitt-Boelkow-Blohm GmbH. The new system will complement rather than replace existing transport systems, and will attempt to combine the speed of air travel, the safety and reliability of conventional railroads, and the highly variable trunk-line possibilities of modern highways—Bonn.

The Netherlands' first astronomical observatory will blast off from the Western Test Range in California in August 1974. The project, to cost an estimated 46 million guilders (Cdn.$13.8 million), is being prepared by a consortium of Philips Electronics Industries and Fokker Aircraft Works, in co-operation with the Universities of Groningen and Utrecht. The satellite will contain Dutch equipment to measure ultraviolet rays and X-rays at a further cost of 8 million guilders (Cdn.$2.4 million). It will also study the evolutionary process of 2,000 to 3,000 stars—The Hague.

The new Baghdad International Airport was opened on January 8. It is the first stage of a larger project to be completed in 1973. The new airport has a runway 3,300 meters long, which can be extended for a further 700

meters. When it is completed, the airport will have two runways 4,000 meters long and will be able to handle up to 110 planes an hour—Beirut.

The Esso group in Singapore has built a plant on an offshore island capable of producing 3,200 barrels of asphalt a day. Most of the production will be for export, principally to Southeast Asia, where highway networks must be enlarged and improved to provide better access to industrial and trade centers—Singapore.

Rotterdam, the world's largest port, has become accessible to 250,000-ton tankers now that a deepsea channel has been dug in the North Sea. The channel took about three years to dredge and will require an estimated 12 million guilders (Cdn.$3.6 million) a year to maintain. The Government is studying plans to make it even deeper—The Hague.

Plans for the chemical sector of the Dutch State Mines call for stepping up of production of low-density polyethylene to more than 200,000 tons a year, plus the construction of a benzene plant to produce 115,000 tons a year. Other projects include the manufacture of various types of ethylene vinyl acetate (EVA) copolymers and the extension of the pipeline to carry ethylene from Beek to Antwerp—The Hague.

Japan recently exported 13,300 tons of steel to Norway in one shipment, the largest ever to arrive there. It is the first of a series. Japan is particularly interested in the Scandinavian steel market and the difficult international market situation has encouraged this trade—Oslo.

A Norwegian cement plant last year spent Kr.11 million on new equipment to keep up booming domestic and export trade. Norway is West Europe's biggest exporter of cement, shipping over a million tons last year—Oslo.

Iraq has purchased four merchant ships of 12,790 tons each from the Soviet Union for $15 million. They will increase the total tonnage of the Iraqi Maritime Transport Company by 400 per cent—Beirut.

The West German firm of AEG-Telefunken has developed what is claimed to be the most modern solar cell for transforming the sun's radiation into electrical energy. While conventional solar cells have a surface area of slightly less than an inch times an inch, AEG-Telefunken's "Telesun" measures out to a surface area of over 3.5 square inches. It reduces the number of contact points in a solar cell network, to increase dependability and decrease the cost of installation—Bonn.

Singapore's 1969 rubber exports will exceed the 1968 record of 1.5 million tons. In the first eight months of the year, exports topped the 1.1 million mark. In August alone, they reached a one-month record of 179,638 tons. The average price of rubber in August 1968 was 55.2 cents per pound but in August 1969 the price had risen to 80.3 cents. The increase in exports is largely due to a bigger purchase by the People's Republic of China of 125,000 tons (January-July, 1969) compared with 98,705 tons (January-August, 1968). United States imports were also up to 188,138 tons (January-July, 1969) compared with 161,124 tons (January-August, 1968)—Singapore.

Oslo's second fur auction of the season saw buyers, most of them European and American, purchase 85 per cent of the 109,000 pastel minks offered. Top price for male pastel skins was approximately $19, sapphire mink $20, and white mink, (33,000 skins offered) $15. The auction ended with an offering of 340,000 dark skins, of which 80 per cent were sold—Oslo.

A consortium of eight German companies is actively expanding its worldwide oil exploration and refining interests aided by government subsidy. It is already producing oil in Canada, Libya and West Germany, and has exploration interests in eleven other countries. The member firms are from the mining, chemical, potash, oil and coal industries—Bonn.

South Africa's oil-exploration company, Soekor, has just discovered oil near Port Elizabeth. It is the first result of both off- and on-shore exploration involving the state-run company and at least eight international firms. Expenditure in 1970 by the group is expected to reach $45 million, of which $30 million will be spent in and around South Africa and $15 million in the interior and off the coast of Mozambique—Johannesburg.

Sales of natural gas in the Netherlands this year are expected to reach 28 billion cubic meters compared with 1969's total consumption of 21.5 billion. Of the 28 billion cubic meters, nearly 10 billion will be exported, as against 7.5 billion in 1969. Gas sales in 1969 amounted to approximately Cdn.$300 million—The Hague.

Several West German winter resorts this season set aside special areas and organized training sessions for Skibobs, the latest novelty machine to capture the imagination of winter sports fans. With three runners—one under the handlebars and two beneath the rider's feet—the Skibobs look like a tricycle and are considered safer than skis or bobsleds—Bonn.

A container service is now operating between Barcelona, Britain and Canada, using two carriers, the S.S. **Beatriz del Mar** and the S.S. **Mercedes del Mar.** These carriers are operated by the same company as the S.S. **Tatiana del Mar,** which has a 50-container capacity and has linked Bilbao with Britain and Canada since November 1969—Madrid.

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:

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.

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. Filion, 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 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. Filion, Assistant Commercial Secretary, in Accra, Ghana, will visit Senegal May 17-23.

South Africa

W. D Wallace, Trade Commissioner in Cape Town, South Africa, will visit Port Elizabeth, East London and area May 18-27.

Turkey

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

Entrepot Harbor at Djakarta

Canadian exporters to Indonesia will be gladdened by the news that entrepot warehouse facilities have been established at the Tandjung Priok harbor (Djakarta). With the Indonesian Government as the sole shareholder, P.T. Jado Warehousing was established in June 1969 as the only enterprise licensed by the Government to operate a general entrepot. In order to retain the confidence of overseas suppliers, the operational management has been let to the Superintending Company (Indonesia) Ltd., an international firm with wide experience in this field.

Facilities now include covered warehouse space of 12 000 square meters and an open yard of approximately 10,000 square meters. Exporters of all goods except arms, explosives and goods specifically prohibited by the Ministry of Trade, will be able to use these facilities, which constitute the first steps towards a fully-fledged bonded warehouse. Goods stored can be re-exported to other destinations without being subject to import or export duties.

Consigning into the entrepot does not require the opening of a letter of credit or payment of import duties, consular invoices, taxes or other levies due to the Government as long as such goods are not withdrawn and put into free circulation. The import of goods from entrepot is subject to government regulations concerning payment, collection of import duties and other official formalities. Since the importer is normally required to pay the full invoice value at the time of shipment and interest rates run as high as 5 to 7 per cent a month, the advantage to the exporter is obvious.

Import orders from Indonesia for goods stored in the entrepot can be processed in a few days, whereas shipping the goods from Canada requires several months before they arrive in Indonesian ports. As release procedures require full prepayment by the importer, the only risk to the supplier is that the goods may have to be re-exported. Security precautions at the warehouse are stringent. The establishment of the entrepot, however, has not alleviated the continuing problem of pilferage and delay at the Tandjung Priok harbor.

Requests for further information should be directed to P.T. Jado Warehousing, P.O. Box 1257/Dak, Djakarta Kota, Indonesia (cable address: JADOWARE).

W. BOYCHUK
Acting Commercial Secretary, Djakarta

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 foreign currency unit in Canadian dollars at March 23	Canadian dollar in foreign currency units
Algeria Dinar	.1935	5.17
Argentina* Peso (free)	.3069	3.25
Australia Dollar	1.204	.8305
Austria Schilling	.0415	24.03
Bahamas Dollar	1.072	.93
Belgium and Luxembourg Franc	.0216	46.72
Bermuda Pound	2.579	.38
Bolivia Peso	.0900	11.11
Brazil Cruzeiro (official free)	.2440	4.09
Britain Pound	2.579	.38
British Honduras Dollar	.5363	1.86
Burma Kyat	.2252	4.44
Ceylon Rupee	.1802	5.54
Chile Escudo (bank rate)	.1010	9.90
(free)	.0869	11.50
China, Republic of New Taiwan Dollar (official)	.027	37.04
Colombia Peso (fixed)	059	16.94
Congo (Kinshasa) Zaire	2.154	.4651
Costa Rica Colon	.1620	6.17
Cuba[1] Peso	.....	.....
Czechoslovakia Koruna	.1489	6.71
Denmark Krone	.1431	6.98
Dominican Republic Peso	1.072	.93
Ecuador Sucre (official)	.0599	16.72
(free)	.0536	18.65
El Salvador Colon	.4290	2.31
Fiji Pound	1.232	.81
Finland Markka	.2554	3.91
France, Monaco, etc.[2] Franc	.1935	5.17
Franco-African Republics[3] Franc	.0039	256.4
French Pacific[4] Franc	.0107	93.44
Germany D Mark	.2922	3.42
Ghana New Cedi	1.051	.95
Greece Drachma	.0359	27.93
Guatemala Quetzal	1.073	.93
Guyana Dollar	.5395	1.85
Haiti Gourde	.2148	4.65
Honduras Lempira	.5363	1.86
Hong Kong Dollar	.1770	5.64
Hungary Forint (official)	.0921	10.85
Iceland Krona (official)	.0122	81.96
India Rupee	.1425	7.01
Indonesia[5] Rupiah	.....	.....

*Peso recently revalued.

Country and Currency	Value of foreign currency unit in Canadian dollars at March 23	Canadian dollar in foreign currency units
Iran Rial	.0142	70.42
Iraq Dinar	3.006	.33
Ireland Pound	2.579	.38
Israel Pound	.3064	3.26
Italy Lira	.0017	588.23
Jamaica Dollar	1.290	.76
Japan Yen	.0030	333.33
Kenya Shilling	.1526	6.55
Lebanon Pound (free)	.3325	3.00
Malaysia Dollar	.3504	2.85
Mexico Peso	.0859	11.64
Morocco Dirham	.2154	4.64
Netherlands Florin	.2952	3.38
Netherlands Antilles Florin	.5687	1.75
New Zealand Dollar	1.207	.82
Nicaragua Cordoba	.1534	6.51
Nigeria Pound	3.017	.33
Norway Krone	.1502	6.65
Pakistan Rupee	.2252	4.43
Panama Balboa	1.073	.93
Paraguay Guarani (free)	.0086	116.28
Peru Sol (free)	.0248	40.65
Philippines Peso (free)	.2741	3.63
Poland Zloty (fixed basic rate)	.2700	3.71
Portugal & Colonies[6] Escudo	.0375	26.66
Saudi Arabia Riyal	.2066	4.84
Sierra Leone Leone	1.502	.66
Singapore Dollar	.3506	2.85
South Africa Rand	1.502	.66
Spain & Dependencies Peseta	.0155	64.93
Sweden Krona	.2063	4.85
Switzerland Franc	.2488	4.01
Syria Pound (free)	.2819	3.55
Thailand Baht (free)	.0523	19.15
Trinidad & Tobago[7] Dollar	.5363	1.86
Tunisia Dinar	2.044	.48
Turkey Lira	.1192	8.38
United Arab Republic Pound (official)	2.468	.40
United States Dollar	1.073	.93
Uruguay Peso (free)	.0043	232.56
Venezuela Bolivar (official free)	.2389	4.18
Yugoslavia Dinar (official)	.0858	11.65

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

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

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

4. New Caledonia, New Hebrides, French Polynesia.

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

6. Approximately same rate for Portuguese territories in Africa.

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

Markets in Brief

Netherlands Antilles

Area: The Netherlands Antilles consists of six islands—Curaçao, Aruba, Bonaire, St. Martin, St. Eustatius and Saba—which have a total area of 409 square miles.

Population: 216,355.

Climate: Tropical but dry, pleasant and healthy. Average yearly temperature is 82 degrees.

Language: Dutch, Papiamento, (a mixture of Spanish, Portuguese, Dutch, English and French) is used by the majority of people, most of whom understand English and Spanish.

Currency: Guilder; one guilder equals Cdn.$0.57.

Weights and measures: Metric system.

Capital: Willemstad, Curaçao.

Chief ports: Willemstad, Curaçao; Oranjestad, Aruba.

Marketing centers: Willemstad (population) 50,000; Oranjestad, 14,000.

Economy: Oil refining is the chief industry, followed by the mining of calcium phosphate.

Total Netherlands Antilles imports: 1966—U.S.$627.4 million; 1967—U.S.$678.3 million.

Chief imports: Crude petroleum, automobiles and parts, electrical appliances, textiles, medical products, beverages and foodstuffs, wheat, flour, potatoes, lumber and wire.

Chief suppliers: Venezuela, United States, Netherlands, Britain, West Germany, Canada.

Value of imports from Canada: 1967—Cdn.$3.7 million; 1968—Cdn.$3.1 million.

Chief imports from Canada: (Cdn.$'000) 1968—sugar 704, fish 280, wheat flour 242, pharmaceuticals 163, explosives 153, washing machines 112, toilet paper 112, milk powder 71, newsprint 71.

Total Netherlands Antilles exports: 1966—U.S.$601.6 million; 1967—U.S.$617.2 million.

Chief exports: petroleum products (99 per cent), phosphates, salt, orange peel, aloe and hides.

Chief markets: United States, Britain, Canada, Netherlands, West Germany, France and Brazil.

Value of Canadian purchases: 1967—Cdn.$60.3 million; 1968—Cdn.$49.7 million.

Chief Canadian purchases: 1968—refined petroleum (99 per cent).

Prices: Quote in U.S. dollars, f.o.b. Canadian port or c.i.f. Netherlands Antilles port.

Usual terms of payment: Sight draft, documents against payment, or 30, 60, 90 or 120 days sight, documents against acceptance.

Samples: Dutiable only if of commercial value.

Visas: Not required; **Inoculations:** smallpox.

Foreign exchange and import regulations: Import licences are required for some luxury items. No exchange permit is required for commodity imports.

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

Correspondence: Airmail only; letters 25 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 Counsellor, Canadian Embassy, Apartado 62302, Caracas, Venezuela.

Raising the Roof

Bringing the roof down, modern style—or raising it, for that matter—is easy if it is hinged. Seen here is part of one of the world's largest folded plate roof systems. Made of Canadian fir plywood, it covers 4,500 square meters (about 45,000 square feet) of warehouse space in Apeldoorn, Netherlands. Erection time was about three weeks, about 15,000 square feet a week.

The folded plate panels (108 of them altogether, 56 feet long by 9 feet wide) are made with timber tension and compression flanges at top and bottom, with 5/16 inch Canadian fir plywood webs glued to both sides. A unique feature is a system of hinges joining the panels at the valleys and ridges. These allow the panels to be transported flat in pairs and to be opened up during erection. Once lifted into position they are supported on temporary wooden cradles until adjustments are made, then lowered into final position and covered with roofing material.

One of the main features of this Dutch-designed prefabricated roof is lightness. In fact there is a 50 per cent saving in weight compared with flat roof construction, which means that foundations and support structures can be lighter. In turn, this allows further economies in the choice of materials.

The support structure of this particular building consisted of four glued laminated beams placed in the longitudinal direction of the building at a center-to-center distance of 56 feet. These beams carry the horizontal thrust from the plywood folded plate roof panels, which span the beams and rest on steel saddles.

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