

foreign trade

Department of Industry, Trade and Commerce, Canada

Canada and the EEC

Le Parc des Érables à Igny

New U.S. Lumber Standards



August 15/70



In This Issue

“Le Parc des Érables à Igny”—for those not familiar with Canada’s other official language that Érables translates to Maples—is a pilot housing project in France. The system of building is Canada’s timber-frame method and when the Hon. Jean-Luc Pepin, Canada’s Minister of Industry, Trade and Commerce, and the Secretary of State for Housing in the French Government, Robert André Vivien, opened it officially, they noted that it marked a new joint endeavour for the two countries.

Over 100 houses are in Le Parc des Érables à Igny, planned as a means of demonstrating how this method of rapid construction can contribute substantially to the growing housing demands in France. The story begins on page 26 and our cover shows opening ceremonies.

The world’s largest single import market, the EEC, is not being fully

exploited by Canadian exporters. This information from the Canadian trade commissioners covering the six countries of the EEC.

“Canada’s participation in this dynamic market has not been very striking”, writes G. F. Mintenko, Counsellor at Canada’s Mission to the EEC in Brussels.

The \$40 billion market is described in country and general reports beginning on page 2.

There’s a lot of potential there for Canadian companies willing to put forth vigorous international marketing efforts, according to the reports, and Canada’s share last year was only \$836 million.

And for those companies not doing international business, how about the remark of Colin Johnson, export manager of Electrovert of Montreal.

“Exporting is fun”, says Mr. Johnson in an article describing this firm’s export success. The back cover picture on this issue was taken during the loading of an Electrovert shipment to IBM’s Fujisawa plant in Japan.

Just back from an extensive marketing tour through the Pacific Rim, Mr. Johnson believes many Canadian firms are “not export minded”. Maybe all won’t agree, but Electrovert’s success story shows that it’s in a position to give advice. The article begins on page 36.

Then there are also stories of selling boats in New England, cattle in Brazil, and some important information from Chicago on the new U.S. lumber standards.

Oh, yes, next month we’re back to publishing every other week. That’s September; that’s fall; that’s a no-no.

foreign trade

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The Hon. Jean-Luc Pepin, Minister

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

J. H. Warren, Deputy Minister

O. Mary Hill, Editor

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G. F. MINTENKO
Counsellor
Canadian Mission to the EEC
Brussels

During 1969 economic activity in the countries of the European Economic Community continued to increase at a substantial rate. Real Gross Community Product (GCP) increased by 7½ per cent over its 1968 level of U.S. \$380.6 billion. The rate of expansion in 1970 is slowing down somewhat, reflecting a rather tight supply situation, and measures taken by member governments to check the rise in the price trend. Nevertheless, GCP in real terms is expected to move forward by another 5½ per cent during the year. This will be in addition to the 85 per cent by which GCP grew over the period 1957-69. In comparison, growth in the U.S. over this period was 63 per cent, and in Britain 41 per cent.

Trade has been a key element in the growth of the Community. During 1969, EEC exports to all outside countries rose by 11 per cent and imports by 17 per cent. Imports are expected to register an increase of similar magnitude during 1970. The increase in exports will likely be smaller with the result that the Community will probably experience an unusual deficit in its trade account in 1970. (In 1969 imports and exports were in balance at U.S.\$39.2 billion.)

Price developments are a cause of concern both at Community level and among governments of the member countries. As measured by the GCP deflator, prices rose by 1.9 per cent in 1969, and officials of the European Commission expect a further increase of 5.8 per cent in 1970. Labor shortages and a number of substantial wage increases have resulted in steadily rising unit costs, and this trend will probably persist at least until the latter part of 1970.

A closer look at the character of the Community's imports from outside countries can be worthwhile. In 1969 purchases worth \$39.2 billion made the Community the largest single import market in the world. While the Community has close trade relations with the less developed countries, particularly those in Africa, fully 56.7 per cent of the Community's 1969 imports came from the industrialized countries of the Free World. Another set of figures illustrates the highly-manufactured nature of the bulk of the Community's imports. While the over-all increase in purchases from outside the Community amounted to 17 per cent in 1969, those of machinery and transportation equipment went up by 22 per cent, chemical products by 20 per cent, and other manufactured products by 28 per cent.

Canada's participation in this dynamic market has not been very striking. Our exports to the Community in 1969 amounted to \$836 million which was an increase of 11.9 per cent over 1968. This percentage increase, when seen in isolation, is satisfactory but is less so when it is recalled that the Community's overall imports from the outside world increased by 17 per cent during the year, and those from the U.S. by 14 per cent. Over the decade of the 60's Canada's exports to the six countries of the Common Market grew at an average annual rate of 7.5 per cent while our imports from these countries increased by a yearly rate of 11.6 per cent.

Looking at the composition of Canada's exports during the two years 1968 and 1969 it is seen that the increases were largely in the traditional Canadian export items of industrial and raw materials and foodstuffs—flaxseed, lumber, aluminum, copper, zinc ore, molybdenum ore, pig iron, asbestos,

The GEM grain silo in Rotterdam's Botlek harbor (opposite page) can store 60,000 tons at a time. Grain is seen being transferred to barges.

scrap iron, woodpulp, iron ore. On the other hand, the most dynamic element in the Community's import picture is, as noted earlier, the sector of manufactured products, the group that the Dominion Bureau of Statistics describes as inedible end products. Canada's export performance in this category in 1969 came to \$86 million, only 10 per cent of our total exports to the Six.

In recent years there has been a dramatic increase in Canadian manufactured products exported to the U.S. Why then the relative insignificance of high technology and quality labor-content products among Canada's exports to the EEC? A number of possible explanations can be advanced, but from here it seems that the most likely one is simply that Canadian producers and exporters do not take as seriously as they should the possibility and the profitability of marketing in Western Europe. From the figures that have been cited earlier in this report, it should be clear that the EEC is a fast-growing, high income area. As an industrial power, the Community rates immediately after the U.S., and as a world trader stands at the head of the list. It is far from becoming or wanting to become self-sufficient in manufactured products, a fact which is attested by its substantial imports from countries like Switzerland and Sweden, as well as the large industrial powers such as the U.S. and Britain.

Other articles in this issue will give Canadian businessmen a more detailed picture of the possibilities which await them in this part of Western Europe. Hopefully, these will be exploited, and the trade figures a few years from now will reflect a more vigorous and expanding Canadian participation in the rapid economic growth of the EEC.



AUGUST 15, 1970

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The Netherlands: Booming Economy

D. H. CHENEY, Commercial Counsellor, The Hague

Holland's economic development in 1969 was characterized by continued growth in almost all sectors. Production, productivity, investment and private consumption were up, and foreign trade reached record levels with exports spurring production. The country imported \$185 million worth of goods from Canada, more than in any other year, and prospects for continued Canadian sales and investment are bright. But, as in many other countries, inflation and regional labor shortages are causing concern.

The gross national product increased by 5 per cent in volume and 12.5 per cent in terms of current prices, achieving a level of U.S. \$28 billion. Industrial production rose 12 per cent and production per employee by 11 per cent. The most notable increases in production were achieved by oil refining (31 per cent), mining (28), utilities (20), chemicals (17), metalworking (12), paper (10) and textiles (5.5). Phasing out of the coal mines and gradual depletion of the oilfields accounted for reduced production in these industries. Production figures for a number of key commodities are shown in Table 1.

Construction—Although the housing construction record was rather disappointing, the construction industry as a whole enjoyed an active year. Total value of new construction was up 6 per cent over 1968 at Fl. 8.5 billion (Cdn. \$2.5 billion). New dwellings completed numbered 123,117, up 0.3 per cent while housing starts fell 2.2 per cent to 121,228. The value of new industrial building amounted of Fl. 1.8 billion (\$531 million). Road construction and hydraulic engineering works accounted for Fl. 2.7 billion (\$787 million).

The Dutch chemical industry is undergoing a tremendous expansion. Last year 38 new projects were completed with a total investment of Fl. 1.7

billion (\$501 million) and 88 projects with an investment of Fl. 3.9 billion (\$1.15 billion) are under construction.

Transportation and Transshipment—Total transshipment of goods in the Dutch ports grew by 13 per cent and the volume of international inland shipping rose by 4.5 per cent. International road transport jumped by 15 per cent. The Netherlands railroads enjoyed an increase of 3.8 per cent in freight and 2.5 per cent in passenger traffic. The volume of crude oil transported through the pipeline from Rotterdam to West Germany registered a spectacular increase of 22 per cent to 21.1 million tons.

The number of passenger arrivals and departures at Amsterdam airport reached an all-time high of 4.4 million, an increase of 20 per cent, and air freight jumped 31 per cent to 352 million pounds. With an additional 349,000 new cars on the roads during the year, there are now 2.4 million registered in the country, one for every 5.4 inhabitants. The ports of Rotterdam and Amsterdam handled 39,987 seagoing ships during the year. Goods transshipment in Rotterdam, now the world's largest port, rose 12.5 per cent to 176.5 million tons. Amsterdam handled 20.1 million tons, an increase of 12 per cent.

National Income and Expenditure—The Dutch population of 13 million celebrated its rising standard of living by consuming 2.5 per cent more per capita and 3.5 per cent more by volume than in 1968. Savings account balances increased by 11 per cent and the ratio of savings to national income was 22 per cent, compared to 21.5 per cent the previous year. New life insurance policies increased by 5 per cent.

Gross investment in fixed assets by private enterprise increased by 8.5 per cent in the first nine months over

the level for the corresponding period of 1968. Government investment rose by 10 per cent.

Capital and Money Market—The central bank continued its policy of credit restraint to counteract the inflationary trends of the economy. Tax rebates for new investment were curtailed and later abolished. Scarcity of capital and the high international demand for it kept interest rates at record levels. The speculative inflow in September associated with the German revaluation was short lived and by November the prime rate was at 9 per cent.

TABLE 1
DUTCH PRODUCTION IN 1969

Commodity	Volume (millions)	Per cent change
Coal	5.5 tons	-18
Crude oil	2.0 tons	-6
Natural gas	21,800 cu. ft.	+50
Salt	2.7 tons	+14
Steel	4.7 tons	+27.0
Pig iron	3.5 tons	+25.0
Electrical energy*	37,100 kwh.	+10.5
Grains	1.62 tons	-2.3
Potatoes (table and industrial)	4.7 tons	-6.7
Sugar and fodder		
beet	5.8 tons	-3.8
Milk	7.9 tons	+2.0
Cheese	269.7 kg. (593 lbs.)	+8.2
Condensed milk	499 kg. (1,098 lbs.)	+4.6
Butter	112.2 kg. (247 lbs.)	-4.9
Milk powder	141.5 kg. (311 lbs.)	-3.7
Vegetables	1.3 tons	+1.3
Fruit	.455 tons	-15.0
Fishery products	.272 tons	-2.0

*316 million kwh. were produced by nuclear means.

The interest rate on new government loans rose to 8 per cent. The call money rate averaged 5.98 per cent as against 4.05 per cent in 1968. Interest rates of the Netherlands central bank were increased three times in a period of eight months from 5 per cent to 6 per cent. The volume of money in circulation (cash and cheques) rose from Fl. 21.5 billion (Cdn. \$6.3 billion) to Fl. 23.3 billion (\$6.9 billion).

Wages, Prices and Employment—
During the past several years Holland has been going through a transitional phase from a controlled to a freer wages policy. New legislation on wage formation based on the responsibility of the contracting parties was passed late in the year whereby the Government retains the power to intervene only in exceptional circumstances. Wage costs per worker in industry (including social charges) increased 10.5 per cent. But the average rise in productivity per worker was only 4.5 per cent, a considerable deterioration from the previous year.

Because of higher prices for imports, the transition from turnover to added value tax, rising wages and record high interest rates, the consumer price index jumped 7.5 per cent, compared to 3.7 per cent in 1968.

Particularly in the heavily populated and highly industrialized western region of the country, serious labor shortages have developed. This will place additional pressure on wage rates and cause problems for new industrial expansion. At the end of 1969 the unemployment rate was down to 1.9 per cent of the male working population, compared to 2.1 per cent at the end of 1968.

Mergers and Foreign Investment—The trend toward concentration in industry and business continued at an increased pace. More than 300 mergers, take-overs and co-operative arrangements occurred, many on an international scale. At the end of the year 608 subsidiaries of foreign industrial concerns had been established in Holland since 1945. Of these, 328 were participating or in co-operation with Dutch enterprises. The greatest number (367) came from the United States.

Foreign Trade—Dutch foreign trade increased 19 per cent in 1969, reaching

TABLE 2
SELECTED CANADIAN EXPORTS TO THE NETHERLANDS

	\$'000 1968	1969	\$'000 1968	1969
Food, Feed, Beverages and Tobacco				
Salmon, fresh and frozen	617.8	757.7		
Salmon, canned	982.4	433.4		
Shellfish, fresh, frozen and canned	126.9	342.0		
Rye	205.0	534.6		
Wheat	39,286.6	29,624.6		
Apples, fresh	—	347.5		
Tobacco, flue cured	229.1	400.7		
Flaxseed	5,291.5	10,702.3		
Mustard seed	1,000.1	1,371.5		
Rapeseed	640.8	2,541.7		
Hides and skins (exc. fur)	2,485.9	2,489.4		
Whisky	140.9	140.3		
Crude Materials, Inedible				
Pulpwood	2,633.2	2,349.9		
Iron ore	13,090.3	23,203.3		
Metal scrap	3,168.1	2,170.5		
Ores and concentrates (exc. iron)	14,178.6	7,346.8		
Asbestos	4,581.1	4,265.3		
Sulphur	—	2,670.2		
Non metallic minerals	1,678.3	1,163.9		
Fabricated Materials, Inedible				
Lumber and flooring	4,779.1	4,501.1		
Veneer and plywood	3,944.0	3,558.4		
Woodpulp	21,876.0	18,070.9		
Newsprint	774.6	1,283.9		
Other paper and paper products	809.3	1,396.7		
Yarns and textile fabrics	1,054.1	952.3		
Tallow	1,740.6	1,568.3		
Fish, marine animal and essential oils	171.5	665.0		
Industrial chemicals, mineral oxides, salts, etc.	4,332.5	3,561.1		
Fertilizers and fertilizer materials	10,876.6	9,570.5		
Plastics compounds, resins, laminated materials, basic shapes	1,891.6	3,220.1		
Industrial chemical specialties and explosives			1,915.6	1,975.9
Coke			—	496.0
Pig iron			—	1,720.3
Steel (primary products)			919.6	122.6
Non-ferrous metals and alloys			11,931.1	11,958.9
End Products, Inedible				
Engines, turbines and parts			752.6	202.1
Chain saws and parts			359.5	871.8
Dairy machinery and parts			—	243.1
Automobiles, trucks, parts and accessories			604.4	1,011.9
Aircraft, engines, parts and handling equipment			8,882.7	14,831.5
Radar equipment and devices			1,082.6	276.8
Navigation instruments and apparatus			885.8	559.9
Medical, laboratory, optical, measuring and testing equipment			506.5	749.2
Hand tools incl. power driven			257.1	425.5
Office machines and parts			111.6	643.1
Sporting goods, games and toys			32.2	93.9
Garments of all kinds			359.4	377.4
Medical and pharmaceutical products, surgical, medical and dental supplies and ophthalmic lenses			190.5	417.8
Cameras, equipment and photographic supplies			288.5	281.6
Military weapons and ordnance			1,556.6	2,039.8
All other products			5,678.0	4,497.0
Total exports			178,900.4	185,000.0

Note: \$1 = 3.38 florins.

a total value of Fl. 75.9 billion (Cdn. \$22.4 billion). Imports rose by 18 per cent to Fl. 39.8 billion (\$11.7 billion) and exports by 19 per cent to Fl. 36.1 billion (\$10.7 billion). Substantial export growth was achieved by natural gas (75 per cent), crude oil and petroleum products (28.6), iron and steel (31.6), machinery and equipment including electrical (19.6), metal products (24), transport equipment (31) and yarns, fabrics and finished textiles (22 per cent).

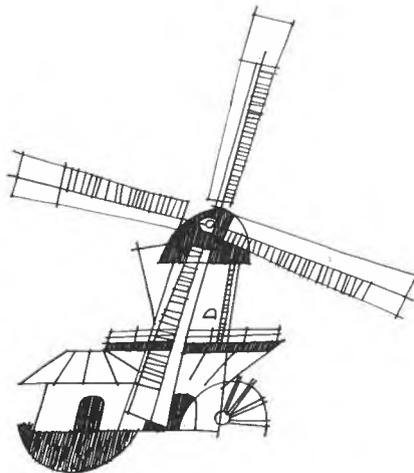
Trade with other members of the EEC continued its spectacular growth, accounting for 56.7 per cent of Dutch imports and 60.1 per cent of exports. Imports from France, assisted by the devaluation of the franc, jumped 41 per cent. Purchases from Britain rose by 23 per cent and from West Germany by 20 per cent. Imports from the United States were up 5 per cent to U.S. \$1.07 billion. Purchases from BLEU increased by 4 per cent.

The balance of payments on current account showed a deficit of Fl. 68 million (Cdn. \$20 million) as opposed to a surplus of Fl. 255 million (\$75.2 million) in 1968. The 1969 deficit, however, was almost completely covered by surpluses on the services and capital accounts.

Imports from Canada—Holland's imports from Canada, according to Canadian statistics, gained just over 3 per cent for a value of \$185 million (in 1968 it was \$179 million), thus making Holland our fifth ranking world market after the U.S., Britain, Japan and West Germany. The Canadian figures, however, reflect a substantial volume of transit trade in grain and other bulk cargo through the Dutch ports destined for interior European points. Using the Dutch statistics, imports from Canada for consumption in Holland amounted to Fl. 335.8 million (\$99 million) leaving the balance of \$86 million as transit trade. On this basis of calculation, however, Canada's exports to Holland increased by 22 per cent over 1968 (\$81.1 million). Dutch exports to Canada also registered a heavy gain, amounting to Fl. 252.6 million (\$74.5 million) up 19 per cent over 1968 (\$62.5 million).

While agricultural commodities and crude materials still dominate Cana-

dian exports, the list of sophisticated end products shipped to the Netherlands is growing in length and importance. In spite of a significant decrease in our wheat sales, other grains and oilseeds picked up the slack beautifully, aided by a tremendous increase in shipments of iron ore and important advances in sales of aircraft, to provide a modest increase over 1968. Table 2 tells the story in detail.



1970 Market Outlook—With a growing population, much of it consisting of younger people with rapidly rising incomes and more selective tastes, Holland should offer an even more varied market for Canadian exporters in 1970. Sales of salmon and shellfish should continue to increase. Sales of canned salmon were down in 1969 as a result of a short pack but demand remains strong. The outlook for sales of rye, flaxseed and rapeseed is excellent and prospects for wheat sales appear somewhat more optimistic. Demand for primary and crude materials to feed expanding Dutch industries will continue to rise. A shortage of high quality steel sheet and strip has developed and opportunities for increased exports of these items are promising.

Whether we can increase shipment of lumber and plywood to the Dutch market will depend on supply and price factors in North America. Though demand is strong the market is highly competitive.

Participation by seven Canadian manufacturers of packaging and labeling machines and equipment at the

Macropack Show in Utrecht April 22 to 29 proved extraordinarily successful and points up great opportunities for both direct sales and licensing. Excellent possibilities also exist for sales of food servicing equipment, office machines, equipment and supplies. Technology is increasing rapidly in the Netherlands and the market outlook for sales of medical, laboratory, testing and measuring instruments and equipment shows great promise. Expenditures by Government and private industry on scientific research are at a high level and increasing. Specialized equipment for marine cargo handling, shipbuilding and shipyards is in strong demand through the reorganization of the Dutch shipbuilding industry and modernization of the merchant fleet. Exports of aircraft, engines and parts will show further increases as our deliveries of the NF5 fighter to the Dutch air force hit full stride.

Canadian exporters who feel they are unable to compete directly in the expanding European market are urged to consider licensing production of their products in Holland, establishing a wholly owned subsidiary, or participating in a joint venture with a Dutch company. Many excellent opportunities are available for exploitation, and officers of the Commercial Division at the Canadian Embassy in The Hague are anxious to assist. With its strategic location in the EEC market, its highly skilled labor force and multilingual managerial resources the Netherlands offers the ideal base for participation in the burgeoning fortunes of the expanding European community.

Rotterdam Leading Container Port

Container traffic through Dutch ports in 1969 increased sharply to 143,200 units compared with 109,200 in 1968. Total weight handled was 1,188,500 tons for inbound containerized goods, (712,500 in 1968), and 1,159,750 (699,500) tons for outbound. The greater part of this traffic was through Rotterdam which received 1,053,900 tons and shipped out 989,250 tons. Of the total container cargo of 4.7 million tons handled in the northwest Europe ports in 1969, over 2 million tons or 44 per cent passed through Rotterdam. Antwerp was second with 25 per cent, followed by Bremen, Hamburg and Amsterdam with 17, 10 and 4 per cent respectively.

BLEU Is Major World Trader



Canadian concentrate from New Brunswick is being unloaded in the port of Antwerp. Although down by about 8 per cent from 1968, ores, metals and minerals accounted for more than half of Canada's exports to the BLEU last year.

L. A. CAMPEAU, Commercial Counsellor, Brussels

Economic Unions are nothing new for Belgium and Luxembourg. As far back as 1921, these two countries signed a treaty creating the Belgium-Luxembourg Economic Union, which reflected the desire of both countries to coordinate their economic, trade and monetary policies. In 1944, they entered into a customs union with the Netherlands. Belgium and Luxembourg were among the six who signed the treaty setting up the European Economic Community in 1957. And finally, in 1958, Belgium, the Netherlands and Luxembourg signed the treaty establishing the Benelux Economic Union.

BLEU's economic policy is directed essentially towards a balanced expansion of its economy by diversifying its production and keeping its position well-adjusted within the EEC. The past year was particularly good for the Belgian and Luxembourg economies, which continued to move forward rapidly. It was in 1967 that the BLEU economy recommenced a vigorous expansion which developed in 1968 and especially in 1969 under the impetus, in particular, of sustained demand from the EEC partners. BLEU now ranks among the world's ten leading commercial nations, in spite of the fact

that it only covers an area of 12,475 square miles and has a population of less than ten million.

Economic growth, sustained by strong foreign and internal demand, continued at a high level through 1969. Economic expansion has been supported by an exceptional growth of the country's exports, and internally by the increase of private consumption, and a considerable increase of productive investments. Bearing in mind the stimulus which the revaluation of the Deutsch Mark would bring to the fully-stretched Belgian economy, the government took

a series of credit and budgetary measures to avoid overheating. Although the performance of the economies of Belgium and Luxembourg in 1969 had been estimated at between 6 and 6.5 per cent, the GNP which is now running close to U.S. \$23 billion (less than one-third the current Canadian figure) grew in real terms by 5.5 per cent in 1969. Public capital expenditure, which contributed useful backing to expansion of the economy, slowed down, but nevertheless remained high as a stimulus to internal demand.

Poor in natural resources, the degree of industrialization in BLEU is very high. Industrial production reached its most rapid expansion rate in the last years and now accounts for close to one-half of the GNP. In addition, the percentage of output tied to foreign trade is about 40 per cent.

As in most industrialized countries, inflation remains a frustrating problem to the governments of BLEU. Inflationary demand for consumer products, coupled with a strong expansion of industrial activity, is causing the economies to overheat. As a consequence, various measures have been taken by the government in an attempt to control the situation. In addition to these measures, the Luxembourg authorities recently established a system of credit restrictions under which the Luxembourg banks will have to limit their credit extensions to Belgian authorities.

It is chiefly in foreign trade that the most spectacular results were obtained in 1969. BLEU total imports were U.S. \$9,983 million and exports reached U.S. \$10,069 million. Belgium is ninth among the great world trading nations, and is first as an exporting country on a per capita basis. Usually the trade balance of BLEU has shown a deficit and apart from 1969, only once (in 1951) did it show a surplus. It is Western Europe which buys the lion's share with 80 per cent, the EEC countries absorb 67.5 per cent; the U.S. and Canada only about 9 per cent of BLEU total exports.

The formation of the EEC has had a profound effect on the BLEU's economy. From 1958 to 1969, the percentage of the Union's total exports to its Community partners has increased from 46.1 per cent to 67.5 per cent; its

imports from 43.5 per cent to 57.4 per cent. West Germany and France are BLEU's largest trading partners. Its principal suppliers are West Germany (20.5 per cent), France (14.7 per cent), the Netherlands (14.6 per cent), the United States (8.4 per cent) and Britain (7.3 per cent). BLEU buys from the developing countries twice as much as it sells them. BLEU imports on a per capita basis more than twice as much as West Germany, almost three times as much as France and more than five times as much as the United States. BLEU had an increase of 19.8 per cent in her 1969 imports over 1968 and 23.3 per cent in her exports.

Exports consist largely of iron and steel, machinery and equipment, textiles, non-ferrous metals, chemicals, diamonds, glass and cement. Its imports are mainly cereals, fruit, cotton, wool, metals and ores, chemicals, machinery, electrical equipment and motor vehicles.

Its principal imports (1969), in millions of U.S. dollars (per cent of total in brackets), were: base metals and manufactures 1,408 (14.1), mineral products 1,288 (12.9), machinery and appliances 1,264 (12.7), transport material 1,150 (11.5), textiles 944 (9.5), precious stones and pearls 626 (6.3), chemical products 601 (6.0), agricultural products 560 (5.6).

The demand for coking coal from the steel industry is expected to remain in 1970, requiring higher imports. With an expanding rationalization program it is expected that in years to come Belgium will seek extra-European sources to meet the requirements for coking coal. Other import expansion is expected in transportation equipment and electronic consumer goods, organic chemical products, plastic materials, control and measuring instruments and metal-working machine tools.

In recent years, purchases from Canada have moved in accordance with fluctuations in general economic activity and in total imports. In 1969, about 76 per cent of Canada's exports to BLEU were primary materials. Wheat, lead and zinc concentrates and ores, asbestos fibers and flax-seeds contributed 44 per cent of this total export figure.

TABLE 1
CANADIAN TRADE WITH BLEU

Year	Cdn.\$ million		Trade Balance
	Exports	Imports	
1965	128.0	72.0	+56.0
1966	117.5	61.6	+55.9
1967	100.8	64.6	+36.2
1968	127.4	57.5	+69.9
1969	116.2	60.9	+55.3

TABLE 2
CANADA'S MAIN EXPORTS TO BLEU

Group	Cdn.\$		Per cent change	Per cent of total exports
	1968	1969		
Ores, minerals, metals	77,240,900	60,293,179	- 8.9	51.9
Agricultural and fish products	25,426,473	28,518,153	+12.1	24.6
Lumber, pulp, paper	9,578,533	12,291,034	+28.3	10.6
Industrial, electrical, electronic machinery and equipment	2,363,474	3,437,997	+45.4	2.9
Chemicals, plastics, synthetic rubber	3,412,038	2,935,003	-13.9	2.5
Motor vehicles, engines, parts; aircraft assemblies, engines, parts	4,191,727	2,256,726	-43.7	1.9
Textiles fibers, fabrics, clothing	1,694,893	2,165,422	+27.7	1.9
Biological, pharmaceutical, medical products	1,069,760	1,963,465	+83.7	1.7
Photographic film; photographic equipment	222,877	305,607	+27.0	0.2
Other	2,179,259	2,065,597	- 5.2	1.8
Total exports	127,379,934	116,232,183	- 8.8	100.0

Despite Canada's modest performance in the field of fabricated items, there are a number of products with good growth potential, such as sophisticated electric and electronic equipment, specialized industrial machinery, scientific and medical instruments, specialty and novelty items of apparel and some lines of specialty foodstuffs. In those cases where direct shipments of manufactured products cannot meet local competition, Canadian manufacturers should consider entering into licensing arrangements and have their products distributed in other EEC markets.

BLEU trade with Canada from 1965 to 1969 showed no clear upwards or downwards trend, although sales fluctuated between the all-time 1965 high of \$128 million and \$100 million for an average of about \$110 million per year. Canadian sales to BLEU are only about 1.2 per cent of its total imports. There was a decline in 1969 compared to 1968, mainly due to a reduction in exports of lead and zinc.

Belgian sales to Canada for 1969 showed a small increase compared to 1968, but were still below 1967 when exports to Canada reached \$64.6 million. According to the latest figures, BLEU is Canada's fifth largest customer in Western Europe, after West Germany, the Netherlands, Italy and France. In world terms BLEU is Canada's tenth leading consumer.

As a major Canadian customer, BLEU is a sophisticated market for capital equipment and consumer goods. The prosperity which has prevailed in the Belgo-Luxembourg Economic Union during the last few years has created a demand for higher quality products than previously. Imports of capital equipment, semi-manufactured and raw materials by Belgian industries have substantially increased to meet rising demand in foreign as well as domestic markets. As a processor market, BLEU imports large quantities of raw materials and semi-manufactures. With an economic system based on private enterprise, there is little government intervention and government procurement accounts for only a minor part of the BLEU market. The overwhelming bulk of consumption lies in the private sector.

To capitalize on the numerous opportunities for selling to BLEU, the Cana-

dian exporter must establish close and good relations with actual and potential distributors and customers, and see that inquiries for quotations are promptly answered. The exporter must adhere closely to delivery schedules and terms and realize that ocean shipping usually requires stronger and more specialized packing than domestic freight.

There are a large number of general and specialized trade fairs in BLEU, offering an effective channel for the Canadian exporter to introduce his products. It must be remembered that Belgium, the most important market of the Union, is bilingual, with 20 per cent of the population having facility in both French and Flemish. Although correspondence is acceptable in English, the use of the local languages is a must in promotional literature, advertising, label instructions, etc.

Because the foreign trade of Belgium is combined with that of Luxembourg within the framework of BLEU, the two countries have a common system of foreign trade controls. Most of BLEU's imports are not subject to licensing. Of the commodities requiring a licence, the majority are in the agricultural area. BLEU controls over imports from both dollar and non-dollar sources are identical. At present, nearly all of BLEU imports are liberalized, i.e. admitted without quantitative restrictions. The small number of items still subject to restrictions are, moreover, usually admitted in liberal quantities. Although licensing is maintained

on some liberalized commodities, licences are readily granted.

The Central Council of the Economy believes that a slowdown of economic expansion can be expected, but it doubts that there will be a recession. According to the BLEU authorities, there are no signs of weakening in 1970. A brisk demand from EEC partners and from the domestic market should continue. The employment situation has improved. Although there is little room for expansion, industrial production is on the rise, with a high demand for equipment goods. With no great change expected over the next few months, the economy should continue to expand, with a slower growth, however, of the GNP. Belgian authorities predicted for 1970 a GNP growth in real terms of 4.7 per cent. A decline in the rate of expansion of exports is also expected, but imports, especially of capital goods, are likely to pass the 1969 level. Industrial investment should continue to be substantial, despite high interest rates and restrictions on borrowing.

With an important road development program, a major reduction in public works expenditure is unlikely.

Trade between BLEU and its EEC partners will no doubt continue to expand. Therefore, if Canadian exporters wish to maintain or improve their position in BLEU, a highly competitive market, they must try to make a concentrated effort not to lose ground to suppliers from other countries.

Spanish Steel Firm Doubles Capital

One of Spain's major steel manufacturing companies, UNINSA (Union de Sidurgicas Asturianas) has recently doubled its capital to 10,000 million pesetas (Cdn. \$155 million). This increase enables the immediate construction of the second and third blast furnaces in the Verina (Gijon) plant in northern Spain. This will concentrate production at Verina, as the other plants at Felguera and Mieres will be dismantled.

Previous capitalization of the company had been distributed as follows: UNINSA, 3,000 million pesetas (Cdn.\$46.5); INI (National Institute of Industry), 500 million (Cdn.\$7.8 million); and 500 million pesetas each from Confederacion Espanola

de Cajas de Ahorro (Spanish Federation of Savings Banks), another Spanish banking group and the German firm of Krupp. Krupp will provide technical help in assembling the new steel mill.

The new capitalization brings INI's participation up to 47 per cent from its former 10 per cent. Included also is a medium term loan of 1,000 million pesetas (Cdn. \$15.5 million) from the Bank of London and South America Ltd., which has connections with the Bank of Montreal.

There is the possibility that UNINSA will eventually merge with Spain's largest steel mill, ENSIDESA, located nearby and in which INI has a 91.3 per cent interest.

Luxembourg: Small and Stable



Luxembourg's Grand Duchess Charlotte Bridge epitomizes the modernity and prosperity of this bilingual country.

LAWRENCE D. LEDERMAN, Assistant Commercial Secretary, Brussels

Imagine you lived in a country half the size of Prince Edward Island, with a population equalling Ottawa. Imagine you produced over five million tons of steel annually; imagine you had virtually no unemployment, your own airline, your own currency, a fairy-land-like countryside dotted with medieval castles, beautifully groomed fields and splendid forests. Imagine that your country was so economically and socially stable that in the last 40 years you had only four prime ministers and in the past 30 years the only strike that occurred was one in which you participated in defiance of invaders during the early days of World War II. Imagine you could drive from any

point in your country 50 miles north or south or 35 miles east or west and be in any one of three foreign countries. Imagine all of these things and you would be a Luxembourger!

The history of Luxembourg dates back to 963 when the Comte d'Ardenne Sigefroi built a chateau on a hill overlooking what is today Luxembourg City. It remained a feudal kingdom under the various Dukes of Luxembourg, and by the end of the Middle Ages was four times its present size. After the 15th century, Luxembourg was under a long period of foreign domination from Spain, Austria, France and finally Germany. Nevertheless

she preserved her individuality. It was not until 1839 that the frontiers of the Grand Duchy took its present form when the great powers signed the Treaty of London. Finally in 1867, the powers met again in London and worked out a statute which guaranteed "perpetual neutrality" to Luxembourg. A constitution was created the following year, and Luxembourg took its place among the democratic and free nations of the world.

The Grand Duchy of Luxembourg is today a constitutional monarchy which owes allegiance to the Grand Duke, 48-year-old Prince Jean. The Grand Duke, who is married to the sister of

the King of Belgium, left Luxembourg during the last war and in 1940 enrolled in law and political science courses at Laval University in Quebec. This experience has provided the sovereign with an insight into Canada and he has maintained an interest since.

Luxembourg is a bilingual country in which French is the official language, yet all newspapers are in German and everyone speaks an unwritten language called Luxemburgish, a German dialect. A good percentage of Luxembourgers also speak English and so Canadian visitors should not encounter any language difficulties.

The Grand Duchy of Luxembourg is a relatively prosperous economic entity among world nations. Although Luxembourg is only 1,000 square miles and contains 338,500 people, it enjoys economic prosperity equal to much larger countries with greater resources. There is virtually no unemployment in Luxembourg and in May of this year the Minister of Immigration signed an agreement with Portugal to permit the emigration to Luxembourg of more than 1,000 workers.

The unquestionable prosperity of this small country depends on foreign markets. In 1969, for example, her exports represented more than 80 per cent of her gross national product. Luxembourg enjoys the highest per capita gross national product (Cdn. \$2,750) and the greatest number of automobiles, radios, telephones and hospital beds per thousand persons of any other EEC country.

Recognizing that her prosperity depended on good relations with her neighbors, Luxembourg first entered economic union with Germany in 1842. Although economic prosperity resulted, her political latitude was narrow and in 1918 this union ended. In 1921, she concluded an agreement with Belgium to form what today we know as BLEU, the Belgium-Luxembourg Economic Union. Luxembourg became a member of the European Steel and Coal Community in 1952 and was a founding member of the Six when the Treaty of Rome created the European Economic Community.

Luxembourg's dependence on her market partners is exemplified by the fact that 75 per cent of her exports go to

countries of the EEC while 90 per cent of her imports originate in these same five nations.

An interesting aspect of Luxembourg's foreign trade is her importance to Canada as an export market. Total figures for trade between Canada and Luxembourg are not available since they are compiled as part of the statistics for BLEU. However, the Foreign Trade division of Luxembourg's Ministry of Foreign Affairs disclosed its 1969 figures for the major commodities the two countries trade: sales of steel mill products to Canada totalled Cdn.\$9.2 million (1.2 per cent of total Luxembourg exports). Our exports of 47,684,782 kilos of wheat worth Cdn. \$3.3 million represented 0.6 per cent of Luxembourg's total imports.

Hence Luxembourg represents a market worth more than \$3 million which places it in the same category as countries such as Lebanon, Indonesia, Czechoslovakia, Uruguay and Costa Rica.

Luxembourg has had a relatively slow rate of growth over the past 15 years due to the predominance of the steel industry in her economy. This industry employs approximately 20 per cent of the active labor force of 140,000 and represents about 25 per cent of the country's GNP. Luxembourg boasts the highest per capita steel production in the world at 16 tons with an annual production of 5.5 million tons. This dependence on a naturally slow growth industry has stimulated the government to introduce imaginative legisla-

tion to attract foreign investment in industry and services and thus protect the country against any possible reversal in the steel sector since almost two thirds of her exports are in steel products.

In 1962, the first law to improve the general structure of the economy and regional balance of the economy was promulgated. In 1967, amendments to this law were legislated which introduced incentives including interest rebates, guarantee of the state, capital subsidy and tax relief.

Interest rebates provide that interest rates of investment loans granted by authorized Luxembourg lending institutions can be temporarily reduced by the Government.

Guarantee of the State provides that the State will guarantee the lending institutions, under special circumstances, the repayment of principal and interest up to a maximum of 50 per cent of the expenses actually financed by such loans.

A capital subsidy of up to 15 per cent of the cost of investment in buildings, equipment and research may be granted.

The Government is prepared and able to grant a tax exemption of up to 25 per cent of taxable profits regarding corporate and business taxes for the first eight years of operation.

There are other incentives but these are the major ones. The introduction

In sharp contrast to the modern freeway is this castle in the Ardennes mountains.



of liberal investment legislation in 1962 and 1967 has resulted in the establishment of such international manufacturing facilities as Goodyear Tire and Rubber Company with tire, fabric, and mold installations. E.I. Dupont de Nemours, P. Lorillard Company, Monsanto, Norton, Uniroyal, Texas Refinery Corporation, Avco Bay State, Abrasive Company and others have major manufacturing facilities in the Grand Duchy. In May, Dupont announced the expansion of its facilities which will involve an investment of more than \$20 million. General Motors is also planning to build a plant for the manufacture of heavy equipment which will involve more than \$6 million and employ about 200.

These world-wide companies have chosen Luxembourg because of her political and social stability, her ideal geographical location, her membership in the Common Market and her investment incentives.

Communications are excellent with more than 200 miles of railway lines and 3,000 miles of roads. Airport facilities near Luxembourg City are continually being improved and Paris is less than an hour by air while Brussels is only two and a half hours away, by auto or train.

Although the steel industry dominates the industrial sector and diversification in the manufacturing area is of first priority, two other areas are important to Luxembourg's economy.

Agriculture represents more than 6 per cent of the GNP. This is becoming more mechanized as larger farms are created. The number of farmers possessing small plots is decreasing by 3 per cent per year. Yet 10 per cent of the working population is employed in agriculture.

The famous Luxembourg white wine of the Moselle area reaches annual production of 82,500 barrels and a value of almost \$4.5 million. Thirty per cent of the wine production is exported. Tourism is an important source of revenue for Luxembourg. More than 60,000 foreigners visit this country each year.

Probably the most well-known feature of Luxembourg for Canadians is its reputation as "The Little Giant of In-

ternational Finance". With 33 banks for a population of 338,000, Luxembourg has one of the highest banking densities in the world. In less than 15 years, the number of banking institutions almost tripled between 1955 and 1970. But why Luxembourg? Luxembourg offers all the advantages of Switzerland and more. The central bank in Luxembourg does not exercise a firm control over the international activities of Luxembourg's banks and there is no withholding tax to be paid on interest paid by borrowers in Luxembourg. Apart from its general stability, Luxembourg can boast a long period of monetary stability. Its franc is at the same rate of exchange as the Belgian franc. Its foreign reserves are pooled with those of the National Bank of Belgium and since 1957 Luxembourg has had the lowest rate of annual monetary erosion of any European country, 1.8 per cent as compared to 4.7 per cent for France.

As a financial center of the EEC, Luxembourg City is the headquarters of the European Investment Bank, the finance division of the European Steel and Coal Community. Each of these institutions has assets greater than \$1 billion.

Luxembourg has devised an administrative and legal framework that does not hamper or penalize international finance. The Grand Duchy offers the following characteristics which facilitate the collection and redistribution of international funds.

Holding companies or foreign borrowers are not required to pay interest on bonds they issue in Luxembourg. As a result, Luxembourg banks are active paying agents for all the international bond issues floated in Europe.

The holding company law exempts all dividend and interest income from taxation when received or distributed by local holding companies. This law came into force in 1963 when the United States introduced the Interest Equalization Tax. At that time Luxembourg authorized international companies to create holding companies in Luxembourg in order to borrow funds in the Euro-dollar market as long as the funds were distributed to affiliate companies. Many multinational firms such as Mobil Oil, Standard Oil (Indiana), Du Pont, I.T.T.,

Bayer of Germany, Philip Lamps of Holland, Petrofina of Belgium and others took advantage of this opportunity. More recently banks have been permitted to establish financial holding companies so that they can raise funds for their customers. The Bank of America, Bank of Tokyo and the Banque de Paris et des Pays-Bas are among these financial institutions.

Luxembourg and Belgium are the only European countries whose securities legislation is patterned after that of the United States. Any public offering or listing must be approved by the Bank Control Commission. This institution has endeavoured to protect investors by demanding extensive information about the borrower and the terms of the issue. Prospecti also approach North American standards. The procedure for listing securities on the Luxembourg Stock Exchange is relatively simple and inexpensive. This has resulted in more than 300 of the 420 international bond issues floated in Europe to be listed.

Luxembourg banks have managed or co-managed about 60 bond issues in recent years for a total value of more than \$600 million. Besides, more than \$200 million has been raised through Unit of Account borrowing, pioneered by Luxembourg's Krediet-bank.

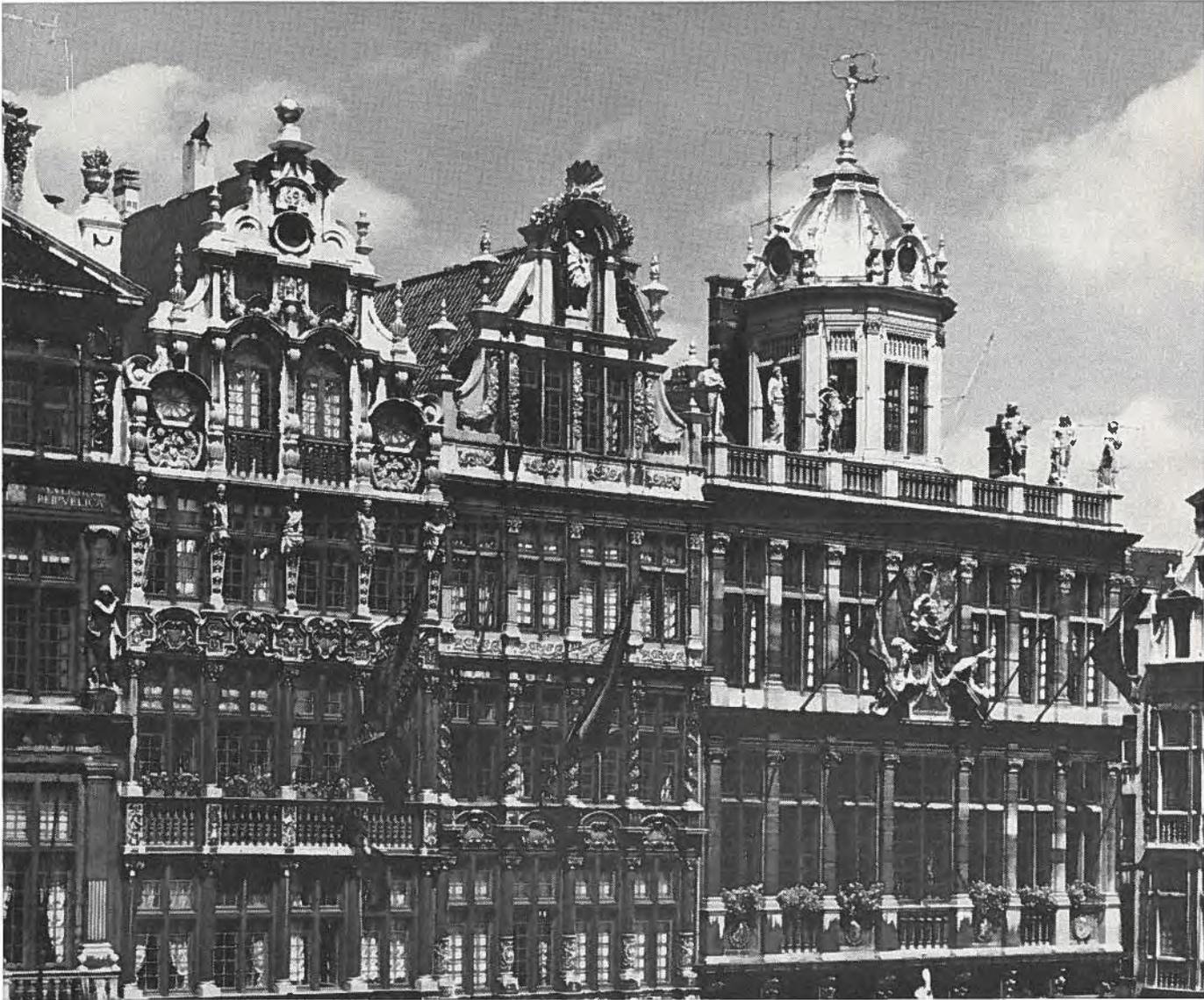
Canadian businessmen interested in visiting Luxembourg will find it worthwhile to contact the Commercial Counsellor, Canadian Embassy, 35 rue de la Science, Brussels, Belgium. The Commercial Division of the Embassy will facilitate your visit to Luxembourg whether it entails making hotel reservations, appointments with importers or government officials.

Probably the greatest tribute paid to this smallest member of the United Nations was when the Former Prime Minister of Britain, Winston Churchill, in an address before the Luxembourg Parliament, said:

"I am profoundly impressed with the strong principle of vitality, of personality, which has preserved the independent and sovereign life of this ancient State, the Grand Duchy of Luxembourg, across so many centuries of shock and change and through the devastating cataclysm of the last two great European and World wars."



Canada Missing Opportunities



Traditional Flemish exuberance can be seen in the Baroque decorations in these 17th century houses in Brussels.

A. R. A. GHERSON, Chargé d'Affaires a.i., Canadian Mission to the European Communities, Brussels

January 1, 1970, was a turning point for the EEC. It marked the end of its 12 year transitional period. The Community has now embarked on a course of further integration: progressive advance from a Customs Union towards an economic and monetary union with eventual political attributions.

The main elements of this next phase were decided at the summit meeting of the Six Heads of Government or of

State at the Hague on December 1-2. In brief, the chief Hague Summit decisions were in three parts: (i) completion of the transitional phase; (ii) enlargement of the Community; and (iii) the further development of the Community.

Completion of the transition period meant that the objectives and time table laid down in the Rome Treaty were achieved by the December 31,

1969 objective. At the time of the Hague Summit the Community had established its customs union July 1, 1968—18 months ahead of time; it had instituted a common agricultural policy with a common market organization for the principal commodities; it had agreed on a common commercial policy under which trade relations and negotiations with third countries would be conducted; it had established the basis for technological and scientific

co-operation which was to be extended to other European countries; it was developing proposals for a common policy on economic and monetary, industrial, regional matters and transport affairs. Add to this the free movement of labor and the right of establishment within the Community. What remained to be agreed upon were the common financing regulation for the Community's financial autonomy and certain common market regulations such as for wine, tobacco and fisheries.

On December 22, after a marathon council, the six ministers agreed upon a package deal including the financing of the Community's own resources in three phases ending December 21, 1977. On January 1, 1978, member states will automatically hand over to the Commission receipts from import levies and customs duties (less 10 per cent for administrative costs) plus up to 1 per cent of the value added tax (on harmonized basis) and any other Community wide taxes to finance the Community's expenditures. Agreement was also reached on a time-table for the regulations covering tobacco and wine, two other critical elements in the package that came into effect the past Spring. The deal also involved increasing the European Parliament's budgetary powers. This finally brought the transitional period to an end.

On enlargement, the Summit agreed that negotiations with the applicant countries should be opened and that discussions be started with other members of the European Free Trade Area who wish to define their future relations with the enlarged Community. The negotiations were opened in Luxembourg on June 30 at a plenary ministerial level between the Six and the four applicant countries (UK, Ireland, Denmark and Norway). This was followed by the first bilateral meeting between the EEC and the UK on July 21. Bilateral meetings with the other applicant countries are scheduled for late September.

Concerning further integration of the Community, the Six agreed at the Hague (a) to develop a plan in 1970 for a phased approach to an economic and monetary union; (b) on the possibility of establishing a European Reserve Fund to be complemented by a common economic and monetary policy; (c) on the co-ordination of

industrial research and development in key sectors by means of common programs, (d) on the development of a new research program for the European Atomic Energy Community to meet the needs of modern management, and make the most effective use of the joint research centre. It was also agreed that the foreign ministers should examine the best means of making progress in political unification within the context of enlargement, and report back to heads of states or governments before the end of July, 1970. These decisions set out the Community's next phase, and work has already begun.

Taking enlargement and further integration together, it is possible that by 1980 there could be a Community of ten members forming a fairly closely-knit economic—and perhaps monetary—unit with certain attributes of a federation or confederation such as a European Parliament elected by direct universal suffrage.

What does this all mean for the Canadian exporter? First of all, it means, in positive terms, a market of close to 270 million people with sophisticated tastes, high standards of living, increasing purchasing power and a highly industrialized society increasingly applying advanced technology in practically all sectors. This is all mentioned now to stimulate the Canadian exporter to begin thinking in those broad dimensions when looking at Europe and to come and see for himself the opportunities. Whether the EEC is enlarged or not, the fact remains that it is here to stay, and it is important to underscore certain basic realities.

First, the EEC is the largest single import market in the world. In 1969, it imported about \$40 billion which is about 10 per cent more than the U.S. although the market is 7½ per cent smaller than the U.S. and its gross community product appreciably less than half that of the U.S. From 1957 to 1969, intra-Community trade increased fourfold, and trade with the outside world doubled. Community trade with the outside world represents 20 per cent of the combined Gross Product of the Six: exports and imports account for 10 per cent each.

Consumers in the Community eat more and better than ever before;

there are more cars; they use more household appliances and time saving devices; they want better and well heated accommodation; they travel more, pull more trailers with their cars; use more recreation equipment. To sustain this high standard of living, there has been a vigorous economic expansion with an aggregate growth rate of six per cent per year; there are already efforts made to compete with the U.S. technologically: a highly sophisticated, technologically advanced and innovative industrialized society is the aim of the Community of the future.

Here are the challenges and the opportunities for the Canadian exporter: to supply these increasing demands—from toys, pleasure craft, paper napkins to aircraft engines, parts and components, machinery of all kinds, snow removal equipment, ski wear, hotel equipment, heating and air conditioning equipment, timber frame housing, electronic data processing equipment. This is just an indicative list. Attractive products at competitive price, with reliable delivery dates and efficient after sales service are important to win, nurture, maintain and expand the market.

In the July, 1969, issue of *Foreign Trade* devoted to the EEC, I wrote that Canadian exporters were not seeking out and taking full advantage of the new and expanding market opportunities in the Common Market, particularly in the growing sector of secondary manufactures. Another article in this issue discusses the dynamic growth of the EEC market and the rather disappointing performance by Canadian exporters. EEC imports from non-EEC countries have grown by 17 per cent and yet Canada's share rose by only 11 per cent: the DBS Category "end products inedible", the growing sector of EEC imports of secondary manufactures, form but 10 per cent of Canada's exports to the EEC.

Exports of industrial raw materials from Canada continue to flourish, but one of the main objectives of the Kennedy Round of trade and tariff negotiations was to open up new and increased outlets for secondary manufactures. This was expected to enable Canada to extend its market, to rationalize, specialize and take advantage of

the economies of scale where relevant to further develop a viable industrial economy. With the Community now moving to its next phase from a customs union to an economic and monetary union, an additional impetus will be injected. As another article points out, there are plans for a common industrial policy and a framework for close

co-ordination in the technological and scientific field on a broad European basis. This means new export outlets which must be explored and exploited before they are lost to our competitors—and competitors there are: in 1969, the Community imported about \$40 billion, of which only \$850 million came from Canada.

The Community is an attractive industrial market we can only urge the Canadian exporter to come and see for himself. Trade Commissioners in each of the Six are ready and equipped to service enquiries and provide all possible help and the mission can provide information and advice regarding the Community.



A Common Policy

J. K. B. KINSMAN, Second Secretary, Canadian Mission to the EEC

The EEC was founded for a variety of reasons, many of them related to the political need to bind together in functional union the tribes whose conflicts have shattered the continent for centuries. One of the major objectives, however, was to enable fragmented European industry to consolidate resources via the creation of a large single market so as to maximize economic efficiency—which would enable European industry to compete effectively with the post-war phenomenon of massive American overseas industrial expansion and provide the new Europe with a good measure of independence.

The first industrial revolution occurred in Europe. In the nineteenth century, European industry dominated the world economy. The second industrial revolution occurred in the U.S. and dominates the present world economy. Concentrated American effort during the 1960's on the inter-related areas of space and data processing touched off a series of explosions of industrial innovation which herald a whole new vista of technology. The dynamics of future economic expansion will, for industrial countries, depend largely upon the new technology.

EEC industry has not, on the whole, been able to keep pace, although an economic miracle has indeed occurred in the EEC. It has largely been confined, however, in industry to the consumer goods producers. Only the low technology "Henry Ford" as-

sembly line consumer staples (autos, refrigerators, etc.) have really benefited from the customs union. The vital high-growth technology-intensive sectors in Europe are dominated by the Americans, which suggests that the "European vocation" of an independent EEC is in jeopardy.

What are the reasons for Europe's backwardness in the new industrial technology? It is undoubtedly true that there are fewer scientists per capita in the EEC than in the U.S. and the scarcity is no doubt reflected in European industrial research and development programs. Only about 1 per cent of the population of the Six between the ages of 20 and 24 is actively being trained in science, compared to about 4 per cent in both the U.S. and the U.S.S.R. (and 2.7 per cent in Britain, where industrial research and development is considered by many to be one of the stronger features of the economy).

A more important reason is the inadequacy of research and development in the EEC. Simply stated, whereas 3 per cent of the U.S. gross national product is devoted to research and development, only 2 per cent of the much smaller EEC GNP is reinvested in this fashion (which represents nonetheless more than a doubling of effort since 1964). Moreover, the funds are invested in different ways. In the United States, the Government assumes a massive role in generating industrial research and development via public

contracts. Government assistance is concentrated on a few co-ordinated industrial programs. In the EEC, the government role in industrial research and development funding is both much more limited and much less efficient. Programs supported in one EEC country are frequently duplicated in another. Often, the programs are redundant or obsolete in world terms.

Yet, even if there is an increase in the volume of industrial research and development funds in coming years—and undoubtedly there will be—and even if member and applicant Governments agree to co-ordinate national research and development programs—as they might, eventually, though allocation of respective research and development responsibilities will remain a contentious issue—another very basic problem would still remain: European firms have not been able to achieve the scale necessary to compete with the American giants.

Twenty years from now competitive industrial growth in a developed economic climate such as the EEC's (or Canada's) will depend to a great extent on the capital and technology-intensive sectors; auto production in the U.S. is declining for this reason. Efficient science-based enterprises need large-scale operations to achieve optimum use of expensive research and development in an era where competitive innovation requires that commercial conversion of an invention occur often

in months (was it 40 years that elapsed between invention of the telephone and its commercial exploitation?). A large-scale operation needs a large domestic market. The two should provide an adequate domestic base to permit investment and exports abroad. The Common Market was created to provide the key element—the large domestic market, the essential base. Yet the most often repeated cliché in new European circles is the assertion that only the American businesses have really taken advantage of the Common Market. Like most clichés, it's probably true.

Very few European firms (Dassault, BP, Shell, Philips, Unilever, etc. . .) have managed to plan industrial strategies in the world-wide terms common to the larger U.S. and Japanese corporations. In the EEC, the operations of American based, or genuinely multinational American firms, are conducted on an EEC-wide basis, taking advantage of what is effectively a single market. For the most part, European companies remain national in capital, production, and market approach, as if the EEC consisted of several fundamentally national economic environments. Monopolistic national industrial structures have, therefore, evolved. These industries are no match for the U.S. enterprises, which strategically scatter their EEC production according to plant specializations. As European firms generally locate production and sales concentration in the national environment, they often suffer a consequent loss of strategic mobility, limit to expansion, and over-diversification within plants.

The obvious solution is for European enterprises to merge across national frontiers in the EEC. Mergers do occur, but usually between enterprises within the same country, or, more often, between EEC enterprises and enterprises from third countries, usually the U.S. Genuine trans-European mergers such as Agfa-Gevaert or Hoechst-Roussel Uclaf are exceptions and are accomplished only with considerable complication, because national fiscal and legal obstacles to trans-national mergers are formidable. When national European giants do attempt to overcome obstacles to achieve a genuinely European status, such as Fiat, they are often blocked for reasons of national prestige.

The difficulty of achieving trans-national mergers among EEC enterprises is probably the major feature in the current version of the technological gap. A year ago, we reported for *Foreign Trade* an effort by member states to create a technological community through government to government co-operation on 47 different projects in six priority sectors: environment, meteorology, new modes of transport, telecommunications, data processing and oceanography. The Groupe Aigrain, as the study group of the Six was called, invited the participation of nine other European countries: the four candidates for EEC membership (Britain, Norway, Denmark and Ireland) and Switzerland, Austria, Sweden, Portugal and Spain. The Groupe Aigrain became the Groupe Prest and established seven working groups of experts which have studied the possibilities of co-operation and made certain recommendations for further progress which will probably be taken up by a meeting of ministers of the 15 countries toward the end of the year. The hard recommendations are for the moment, however, restricted to the co-ordination of existing government programs where neither industrial participation nor pooling of government funds is required. It is probable that industrial participation will be obtained eventually and the work of the Groupe Prest could result in the production of one or two valuable prototypes.

Yet, prototypes are of little value if there are no European companies big enough to exploit them commercially. Production by multinational consortium has obvious advantages in the achievement of scale, but multinational management has seldom been very efficient and frequently duplication, or parallelism, results, as is apparently the case with the Concorde. Multi-government projects seldom fare even as well as binational co-operation: the principle of the "juste retour" (which requires that each participating country receive industrial benefit commensurate with the portion of the project financed by the country concerned) means that a "European launcher" is really a synthesis of a French stage, a German stage, Italian nose cone instrumentation, etc. . . . The principle of the "juste retour" cannot be discarded while there are still nations, but it should not be applied to single pro-

jects; the application should, for the sake of efficient distribution of technological specialities and effective management, be applied over a wide range of projects, so that national investment in one project could in effect be recouped by industrial benefit from another. This, in fact, is the long-term aim of the Groupe Prest, but the objective will probably not be reached until there are enough European firms of dimension sufficient to complete whole project systems. Thus, we return full circle to the major problem in the European industrial research and development dilemma—the need to facilitate the creation of such enterprises.

In response to this need, the EEC Commission this spring unveiled its long awaited plan for a common industrial policy. The plan represents an over all offensive in industrial strategy touching on virtually every aspect of EEC economic life. Closely tied to other common policies (agriculture, regional trade, transport, social, etc.) the industrial policy's basic recommendation is the creation of multinational European firms of sufficient dimensions and scale to compete effectively with U.S. enterprises. The particular objective is the strengthening in the EEC of the key technology-intensive sectors.

But nobody expects the plan to be adopted wholesale in the near future. Its over-all importance in principle would seem to require the assent of applicant countries as well. In some cases, member states are asked to give up important national prerogatives, and to accept European instead of strictly national priorities, and this does not make for speedy adoption of the whole common industrial policy. Yet, European priorities are what the EEC is all about and as the Community moves more closely toward economic and monetary union, as a European economic web emerges, the Commission's industrial policy will likely take shape as well.

An advantage of the plan is that it can be adopted in a piece-meal fashion. Some aspects have already been under study for some time: the removal of technical barriers to trade; the liberalization of public purchasing; the abolition of taxation frontiers; the creation of a European capital market; and the elaboration of an intelligible European company law are good examples.

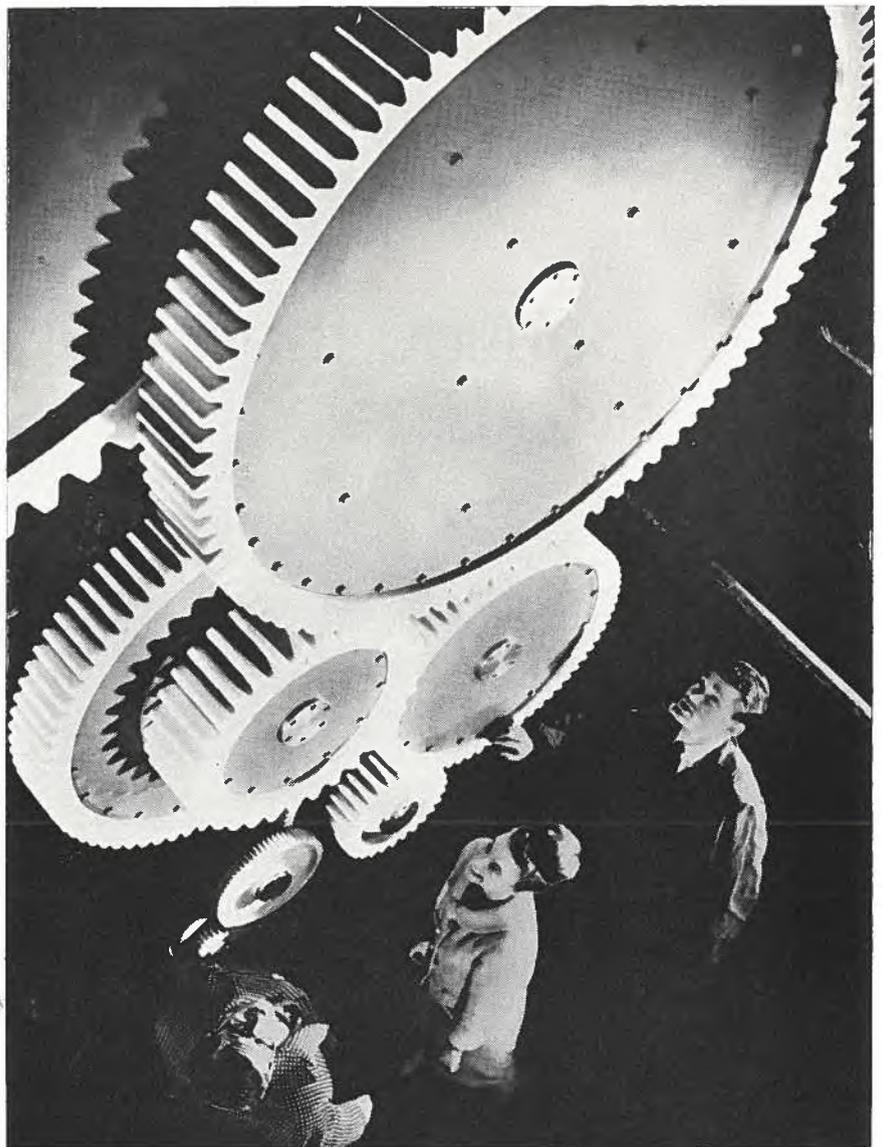
The Commission memorandum proposes working along five basic lines:

1. Completion of the single market—All firms must be able to benefit freely from the existence of the single market. Industries based on the new technology, however, frequently depend for their development on national government funds and public orders. The Commission proposes, therefore, that public purchasing policies, particularly in the fields of public transport and utilities and in the nuclear and aeronautical industries, be co-ordinated to ensure the effective establishment of a single market in advanced technology products. Technical barriers to trade must also be removed.

2. Unification of the national systems governing corporate law, taxation and finance—The institutional framework in which EEC enterprises operate is still highly fragmented. A common tax law on mergers and a revised European company law to cover the transnational corporations should be adopted at an early date. Harmonizing national laws on taxation is particularly necessary, as is a legal "joint enterprise status" covering industrial co-operation among public companies. The Commission is also studying the possibility of new tax arrangements to favor financing of risk capital, and is studying plans to form a European capital market and to modernize banking systems and practices.

3. Reorganization of firms to achieve greater scale—To stimulate industrial concentration, particularly in advanced technology sectors, Community development contracts should be introduced and awarded on a priority basis to firms that have resulted from mergers across national frontiers. The Commission recommends that the European Investment Bank increase financial facilities available to firms in different member states wishing to combine. These would also be directed toward the technologically innovative sectors.

4. Facilitation of structural change—Geographical and vocational mobility of labor must be encouraged. To minimize disruption and to ensure timely labor adjustment, more effective consultation between management and labor and more frequent and meaningful use of technological forecasting are



These plastic gear wheels of Ultramid, nicknamed "plastic steel", were made in Ludwigshafen, Germany. The new process allows a finished product that is about seven times lighter than cast iron and strong enough for ship propellers. A common industrial and technological policy is one of the aims of EEC members.

needed. The Commission stresses the need for improved management techniques and suggests the creation of a "European management and training foundation", which would also help to improve relations between industry and universities.

5. Community solidarity in external economic relations—Until now, the customs and tariff instruments have been almost the only levers which the Community has used in its direct relations with third countries. As part of the economic harmonization necessary for a fully effective common industrial policy, the Commission considers that the Six should elaborate policies in

all other areas of economic relations with the rest of the world, namely: export credits and subsidies; non-tariff barriers; protection of the natural environment; raw materials and energy supplies; investment promotion; status of multinational companies; and technological co-operation.

These developments in the EEC could have significance for Canadian exporters. As the article by Mr. Mintenko on page 2 points out, Canadian exports to the EEC of secondary manufactures have not been doing well. Our own national capacity in technologically advanced industrial research and development may suffer from

industrial relationships with the U.S. Direct involvement by Canadian industry with EEC technologically intensive industrial groupings could assist us on both counts. A start has been made—a fairly high powered

technological delegation representing industry and Government in Canada spent ten days with Belgian industrialists and government officials in June. Similar démarches will likely occur in other EEC member countries.

If the contacts jell, and if the Europeans succeed in consolidating technology resources, closer industrial relations between Canada and the enlarged EEC could ensue, with possibly very positive results.



Beating the Ploughshares into Line



Patchwork fields like these may become a thing of the past if EEC farm modernization plans are followed by each state.

V. F. WIGHTMAN, First Secretary, Canadian Mission to the EEC

With the transitional phase of the Common Market completed at the end of 1969, member states still had to put the finishing touches on the Common Agricultural Policy (CAP). Agriculture has been one of the most difficult sectors to negotiate. There has been impressive progress, nevertheless, toward common ground rules, along with the customs union achieved in mid-1968 and a common commercial policy toward outside countries attained by the end of last year. Moreover, this joint policy for agriculture is far-reaching, with common producer prices, common marketing arrangements and jointly-financed support operations.

By the beginning of this year, the EEC had completed a common market organization for almost all the prin-

cipal sectors of Community agriculture: grains, oilseeds, sugar, dairy products, pork, poultry, eggs, beef and veal, and fruits and vegetables. Only two important sectors remained for negotiation in 1970, tobacco and wine, and agreement was reached by late April. The Common Market organization for flax and hemp was adopted at the end of June. Thus by mid-1970, some 95 per cent of EEC agriculture is covered by a common policy. A certain number of residual products remain without a market organization: for example, mutton and lamb, potatoes, vinegar, horsemeat, dried alfalfa, honey and chicory roots. It has been suggested that they be attached, where possible, to some regulation already in effect, or that a simple protective system be devised so as to open up the internal EEC market and with a com-

mon trade regime towards outside suppliers. It is expected that these products will be handled piecemeal over the next year.

In February the EEC Council of Ministers adopted a common marketing policy for tobacco. The EEC produces only a third of its tobacco requirements, and production is tending to decline. In 1968, output amounted to 134,000 tons, of which Italy accounted for 74,000 and France 50,500 tons, while Germany and Belgium produced minor quantities. By contrast, imports of raw tobacco in 1968 amounted to 218,671 tons valued at \$278.6 million; (the DBS recorded Canadian exports to the EEC that year at \$546,000). Much of Community production is dark tobacco, although Italy produces a range of varieties; imports comprise

a wide range from many countries. The common external tariff for tobacco is bound in the GATT and import levies could not be used. The EEC, therefore, selected a type of deficiency payment on quantities marketed, in order to protect the domestic producer.

With domestic production protected by this supplementary payment, the internal market price will be determined in large measure by imports. These are subject only to the common external tariff and no quantitative restrictions or other taxes are permitted. The regulation contains a safeguard clause in the event of internal market disruption, but Germany and the Benelux countries have always insisted that their regular imports of certain grades and types of tobacco must not be hindered even if the internal market for domestic leaf should come under pressure.

An interesting departure in the tobacco regulation is a commitment by the Council to introduce certain disincentives if unsold stocks of certain varieties or grades accumulate in support agencies. This may take the form of a reduction in the support price or a cessation of support purchases. There has been some reluctance in EEC circles to institute any type of supply management in any one sector because of the implications for guarantees in other sectors and in view of differing national interests.

The principle of a deficiency payment is now firmly entrenched in areas where the Community has a substantial import deficit, or where the tariff is bound in the GATT and the terms of access cannot be changed without renegotiating with the chief suppliers. Under the new regulation for flax and hemp, adopted by the Council June 29th, domestic production will be protected by an area payment (\$110 per hectare for flax) while the terms of access remain unchanged for outside suppliers. Similarly, under a newly proposed regulation for a common market organization for seeds, certain herbage seeds and hybrid seed corn would be protected by a supplementary payment on the quantities marketed. The acknowledged purpose of these extra payments is to make the crop in question as remunerative as other competing field crops, but the danger is that it could encourage internal production to the point where there is less

of a market for third countries even though the legal terms of access have not changed.

The EEC achieved an important breakthrough last December in agreeing to a permanent basis for Community financing. This budget will cover not only the cost of supporting the agricultural market as before, but also administrative and other costs. Two main issues were at stake: control over a large amount of money, and the Community (i.e. the Commission) having its own direct financial resources rather than relying upon annual grants from member states.

Substantial sums are involved and the bulk will continue to go to agricultural support. Last summer, the Commission offered as example a total budget (based on 1970) in the vicinity of \$3 billion. The lion's share, \$2,750 million, would go to the agricultural support and farm improvement fund, known by its French initials FEOGA, and the remainder would be divided between (in millions of dollars) administrative costs 120, Euratom research 80 and the Social fund 50. Revenue from import levies and duties was then estimated at \$2.1 billion, leaving almost a third of the budget to be met directly by member states.

Over time, the Commission will automatically receive all the proceeds from import levies on agricultural products, the revenue from customs duties on all imports up to 1 per cent of the added value tax, and the proceeds of any EEC-wide taxes. For 1970 the Council of Ministers extended the arrangements already in place in order to permit time for ratification of the new system by national parliaments. In fiscal 1970 the share of the total budget (which is so far limited to agriculture) borne by member states is divided as follows (in percentages): Germany 31.7, France 28, Italy 21.5, Netherlands 10.35, Belgium 8.25 and Luxembourg 0.2. This procedure will be carried forward until the new arrangements are ratified.

From 1971 to 1974, the new system will be introduced gradually, with the rider that contributions from member states will not rise or fall by more than 1 or 1.5 per cent, respectively, from one year to another. By 1975, revenue from import levies, customs duties and

certain EEC taxes will pass automatically to the Commission rather than via national parliaments. Even here, there is a limit of 2 per cent in year to year changes in national contributions. In 1978 EEC financing will become fully automatic. This money will be controlled on the basis of an annual budget prepared by the Commission for the Council of Ministers and it is expected that the powers of the European Parliament in fiscal matters will be reinforced.

It is evident that the EEC will henceforth possess an automatic means of financing its agricultural industry. All important sectors of agriculture are entitled to market support, which includes support buying where necessary and export subsidies to remove surpluses from the market. Butter, sugar and wheat account for most of the surpluses. Recently the Commission stated that surpluses had been brought under control in the current crop year, but pointed out that such action had been very costly. Last fall the EEC, with heavier than usual carryover stocks of wheat, had a surplus to internal requirements of more than 12 million tons. As the crop year drew to a close, this had largely been worked off by means of exports of 7.1 million tons (including a little over a million tons in food aid) and a successful program of denaturing four million tons for feed. However, with export rebates of \$53-58 per ton and denaturing at \$20 per ton, the cost amounts to about \$500 million, to which would be added another \$50 million for market intervention and other similar charges. The estimated total for wheat of \$549 million is considerably ahead of \$329 million the previous crop year.

The butter surplus by the end of 1970 is expected to be lower than a year earlier (242,000 tons versus 302,000). The only measure yet taken to reduce production is a program for the subsidized slaughter of 250,000 dairy cows, and this could be easily offset by higher productivity. In the meantime, numerous schemes are in hand to work off stocks, including low prices sales to industry, to welfare groups, as food aid and in export. The total cost for 1970 is estimated at \$518.2 million, compared with \$348.3 million in 1969.

The EEC continues to have a surplus of around a million tons of sugar,

which has prevented it from participating in the International Sugar Agreement. Denaturing and subsidized industrial use within the EEC take up some 300,000 tons, leaving the remainder to move into export. In this case, there is a contribution by the sugar industry, leaving a net cost of \$100 million, (\$70 million the previous crop year).

This successful rundown in stocks has removed some of the earlier urgency in Council sessions to bring EEC agricultural production into better balance with outlets. The Commission feels no such relief. Beginning 18 months ago with the Mansholt report, again in June 1969 with its price proposals for the 1969/70 crop year, and again last November, the Commission entered an urgent plea to use price policy to orient the production pattern. Specifically, the Commission had three proposals: adjustments in grain prices to make coarse grains relatively more attractive than wheat; a reduction in the quota for sugar (sugarbeet) enjoying the full guarantee price to the level consumed within the Community; and a reduction in the butter price to encourage consumption and higher level for skim milk powder (resulting in slightly lower returns for milk) coupled with subsidies to work off surplus stocks.

Unfortunately, these proposals ran into conflicting national interests. All of them meant lower producer returns in major sectors of EEC agriculture. As the season advanced, it was apparent that any price adjustments could have no effect on production this year, and in early June the Council decided to carry forward the 1969/70 price structure for another year. The Commission is invited to make new proposals for 1971/72 and has indicated its intention to combine price proposals with those covering structural and other measures to strengthen EEC agriculture.

In May the Commission tabled a set of six proposed directives based upon the earlier Mansholt Plan, which was issued in November 1968 and has been a subject of heated debate throughout the Community. These new directives will not be directly applicable in member countries, as in the case of regulations, but member states would over a period of time adjust their own

programs to pursue a similar approach. The over-all aim is the removal of land and labor from agriculture to improve its economic structure; the strengthening of remaining farms by enlargement and greater capitalization; and a consequent increase in farm income.

Individual countries will retain considerable flexibility in operating these programs. They may be concentrated on certain areas or groups of people and will be tied in with regional development schemes. Countries may also offer other specialized programs, provided they do not falsify competition in the EEC by undue subsidization. For projects approved by the Commission, half the cost will be defrayed by the FEOGA.

The Commission has proposed:

1. Modernization of farms. Only a potentially viable farmer will be assisted, the definition being that he has adequate professional capacity, that he keeps farm accounts and that he has a rational development plan. In that case, he may obtain a grant of up to \$5,000, reduced interest rates for investments for other than land or stock, government guarantees for loans, and grants up to \$100 for book-keeping costs; he will have access on a rental basis to land freed under other programs. The aim is an annual gross income of \$10-12,000 for a farm with two fulltime workers on the basis of 2,300 hours of work per year.

2. Reduction of labor engaged in agriculture. Farmers would be encouraged to leave their farms by means of a special income supplement of at least \$1,000 per year for a married person who is 55 or older and has one dependant. The beneficiary would have to cease farming and cede his land for other uses. Persons under 55 would receive a departure grant equal to eight times the annual rental value of the land. Similar assistance would be available to farm workers.

3. Retraining of farmers. Farmers with unsatisfactory returns would be assisted by counselling services and vocational training, either to improve their qualifications for agriculture or for some other occupation.

4. Reduction of land in agriculture. As a means to avoid surplus production

resulting from greater efficiency, some of the land removed from agriculture would be converted to forestry, tourism and recreation. Subsidies would be offered for reforestation up to 80-90 per cent of costs, or cessation grants would be coupled with retraining. Some 9.8 million hectares are expected to be freed under other programs; 80 per cent will be kept for enlargement of farm holdings and 15 per cent for commercial forests.

5. Measures to encourage a shift from dairying to meat animals. Dairying would be assisted only in particularly good natural conditions. The present program of offering \$200 for the slaughter of dairy cows (and the cessation of all dairying) would be continued to the end of 1973. In addition there would be grants over three years on a declining scale to develop production of beef and lamb; for the first year it would amount to \$30 per hectare for a maximum of \$3,000 per farm.

6. Assistance to farm groups. To encourage joint marketing enterprises by farmers, there would be starting grants and other assistance on a declining scale based upon the value of the produce handled.

Costing has been proposed for the first five years, although many of these projects are expected to last ten years or more. The five-year cost to the FEOGA is estimated at around \$2.7 billion, which would be matched by member states. The main outlay is expected to be for the modernization of farms and reduction of farm labor, both in the vicinity of a billion dollars.

Thailand Eases Visa Rules

Canadian businessmen visiting Thailand on a visa and wishing to prolong their stay may now submit a request for a visa extension, together with an endorsement from the Canadian Embassy in Bangkok, to the Thai Ministry of Foreign Affairs. Each request will be dealt with independently.

The move to ease the extension of visas is in line with Thailand's policy of promoting trade and commercial relationships with other countries. This move has been taken in advance of any changes which might come about in the Thai Immigration and Visa Act as a result of a current review by the Government.

How EEC Affects Canadian Exports to Italy

D. S. WRIGHT, Assistant Commercial Secretary, Rome

Approaching EEC countries individually on trade policy and access problems is becoming increasingly perilous business. While one might have feared the financial gnomes of Zurich (or perhaps Basel) in European transactions of an earlier day, a new, more formidable spectre has risen, the Eurocrat of Brussels. It is interesting to examine the changing trade patterns of EEC member nations with their partners, and to draw conclusions about the direction in which the Common Market is heading. It is appropriate and relevant to assess the repercussions of such trends and patterns on Canada.

Italy's trade ties with its EEC partners are being strengthened continuously. In 1959, 26.8 per cent of total Italian imports were from the five other Common Market members. Ten years later, in 1969, this figure had grown to 38.7 per cent, and it is estimated that by 1975, 45 per cent of Italy's imports will come from its EEC partners.

The four applicants for membership in the EEC (Britain, Denmark, Norway and Ireland) supplied 5.4 per cent of Italian imports in 1969. If these nations are included in an analysis, we find that by 1975 over one half of Italian imports will be supplied from the current EEC plus the four applicants.

This trend is closely paralleled in other EEC member countries, with vast and complex ramifications. But in this article only the impact of closer intra-EEC trading relations on Canadian exports to Italy will be discussed.

Based on Italian import classification, we may look at the top Canadian exports to Italy in 1969 (each over 1 billion lire, or \$1.7 million). These commodity groups (see accompanying table) have been affected variously by the trend toward integration of the



These boutiques in Rome appear to be doing a good business, but Italy is buying more and more goods from its EEC partners, rather than from outside areas.

Comparison of Canadian and EEC exports to Italy, as percentage of Italian imports

Commodity	1959		1964		1969	
	Cdn. %	EEC %	Cdn. %	EEC %	Cdn. %	EEC %
Wheat	55.7	nil	11.3	46.6	25.6	14.3
Nickel and alloys	24.1	7.9	29.2	10.1	20.4	17.1
Non-ferrous metals (other than Ni,Al,Cu.)	1.7	17.5	3.7	17.4	3.7	21.7
Aluminum and alloys	24.7	31.3	8.9	36.5	4.0	45.8
Non-ferrous scrap (excl. copper)	8.0	18.7	22.4	24.1	10.8	32.9
Paper and linerboard	nil	11.4	2.6	10.2	5.3	16.2
Copper and alloys	0.8	6.5	0.7	12.8	0.7	13.7
Ores other than iron ore	nil	4.5	2.7	3.9	6.1	10.5
Industrial chemicals	0.2	51.7	0.6	56.2	0.8	63.0
Wood pulp	3.5	6.6	8.5	3.9	15.2	5.3
Iron ore	0.9	10.6	0.5	nil	15.5	0.2
Sawn lumber	0.4	1.6	2.6	5.3	3.9	2.3
Metal shavings, powders and ash	24.6	42.5	18.7	39.4	15.4	33.9
Telecommunication equipment	nil	65.7	0.9	70.5	1.3	53.9

economies of the Six. For nine of the commodities, the EEC share of the Italian market has been growing steadily over the past ten years. The Canadian share of the Italian market has, during the same ten-year period, fluctuated unsteadily, declined, or remained rather inconsequential in seven of these nine commodity groups.

For six of the commodities that constitute Canada's top 15 exports to Italy, the EEC share of the Italian market has not grown significantly since 1959. Canadian performance in these commodity areas has been excellent, with steady growth in the Canadian share of the Italian market in all but metal shavings, powders and ash.

We may conclude, therefore, that an improved share of the Italian import market for other EEC members has generally damaged Canadian export prospects in Italy, even in the major primary commodities we have traditionally supplied in large volume. The figures can be somewhat misleading because of the role of multinational corporations, and by their international perspective for decision-making on commodity flows (e.g. nickel).

The table also indicates major areas where Italy's needs are not being increasingly met by its EEC partners, and where opportunities for further Canadian penetration into the Italian market appear particularly favorable.

The figures point to wood products and ores as two areas where Canadian opportunities are excellent.

There is no doubt that Italy will continue to seek closer ties with an expanded Common Market. And the forecast that more than one half of Italian imports in 1975 will be supplied by the present EEC and the four applicant countries is worth bearing in mind. Italy is committed to the growth of the Common Market in a unique sense. A key element in Italian foreign economic policy is to facilitate regional economic development and to eliminate regional economic disparities (particularly south of Rome) by participating fully in, and encouraging, a broadly based and intensive economic unit in Europe. An expanded EEC, that will provide more markets for Italian goods and open the door still wider to employment opportunities for Italian labor, serves Italy's purposes.

Canadians must face a number of realities regarding the future of Italy and the EEC. Self-sufficiency in most agricultural commodities is an objective of the Six that is rapidly being attained. The future of the Common Market as an outlet for Canadian agricultural produce is uncertain. Furthermore, European technology is advancing, and Canadian penetration of the EEC with secondary manufactures continues to lag lamentably. If Britain joins the Common Market, one side effect for

Canadian trade will be intensified British competition in manufactured goods on the Continent.

For some who work within the parameters of the EEC, particularly its Common Agricultural Policy, the Common Market remains a mythical six-headed monster, with each head saying something slightly different from the other, and each interpreting fact and principle in a unique manner. There remain many practical hurdles to intra-EEC trade, particularly in terms of the bureaucratic manoeuvres required, and in the field of taxation. Be that as it may, to treat Europe as a composite of individual markets will be to follow a well-trodden path to diminishing returns. Europe's direction toward unity is inevitable, and industrial concerns must plan accordingly.

Canadian businessmen have been oriented for too long toward the view that the individual nations constitute the whole, the Common Market. Canadian penetration of the European market cannot be done from without, on a country by country basis. Canadian firms who have attained the expertise and productive capacity to develop a significant export market in the EEC should consider the next logical step, and one most appropriate at this time: an investment in productive facilities in Europe. J. J. Servan-Schreiber in "Le Défi Américain" points to the American industrialist as the only one to show complete confidence in the future of European integration. U.S. firms have invested in Europe on the premise that one vast market can best be supplied from within that market, especially when, as is the case with the EEC, a conscious effort is being made to attain as great a degree of self sufficiency in trade as is possible. Canadian manufacturers who seek wider markets as outlets for an already significant productive capacity might look at this example. One of the factors to keep in mind when considering investment is the range of incentive programs in force for investors in southern Italy.

The lesson from Italy is a clear one; the most fruitful initiatives for expanding and developing Canadian export prospects will come in commodity areas where the rest of the EEC is not gradually assuming a dominant role in fulfilling Italy's needs.

France Seeks Electronic Products

CLAUDE T. CHARLAND
Commercial Counsellor, Paris

In the face of pressures that developed in the French economy after the Grenelle Agreement—which conferred large wage increases and reductions in working time—in June 1968 and persisted up to the summer of 1969, the Government announced in early August last year an 11.1 per cent devaluation of the franc, set specific time targets for the restoration of internal and external equilibrium and took a number of steps to tighten domestic demand. The objective of these measures was to set

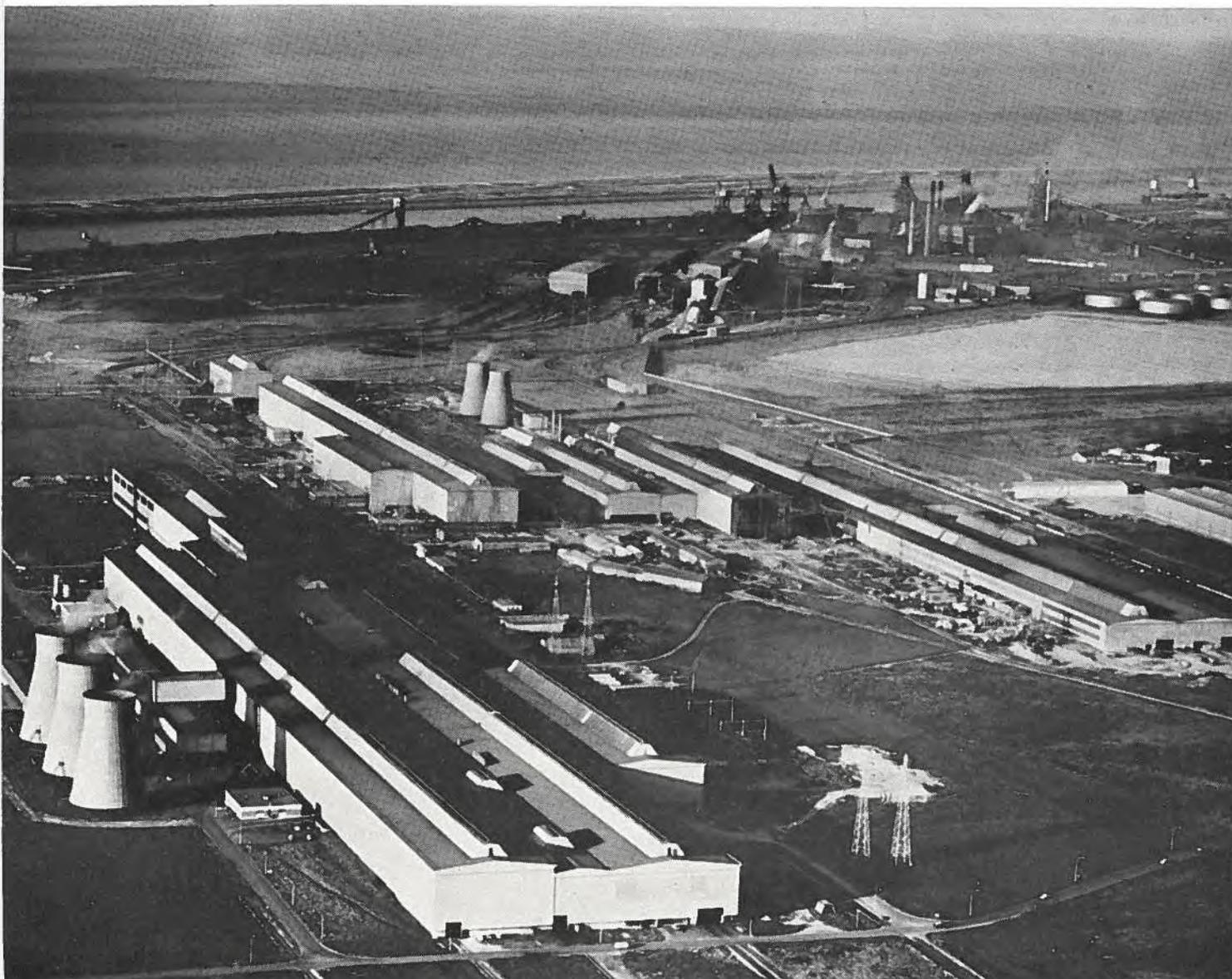
in motion a stabilization process that could produce its main effects within a year. Progress in recent months has been encouraging. The growth of domestic demand has become more moderate, the balance of payments has improved markedly and confidence has been revived, reflecting a weakening of inflationary expectations and attitudes. However, the policies have not so far led to significant changes in the labor market situation, and prices and wages continue to rise strongly.

The French economic policy in 1970 has two major aims: to further strengthen the balance of payments, and to

slow down the rate at which prices and costs are rising. In pursuit of these aims, the present restrictive policies are scheduled to be maintained beyond the first half of 1970 and decisions on the scope and timing of any relaxation will depend largely on the trend of wages and prices.

The fact remains, however, that parts of the stabilization program have met with considerable success. This is evidenced by the recent upward revision of the economic growth rate for 1970. Initially forecast at 4 per cent, it is now expected to reach 6 per cent. The latest returns also show that France's

A steel mill at Dunkirk. France plans expansion of the steel industry, among others, which could enlarge Canadian market.



external trade is in near balance—one of the main goals of the program. The trade balance with non-franc countries, on a transaction basis and seasonally adjusted, might even show a surplus of some \$200 million or more in the first half of 1970.

Responding to the booming import demand that prevailed before the stabilization program began to take hold, Canadian exports to France in 1969 registered a 53 per cent increase over the previous year to reach an all-time high of \$124.7 million. The largest increases were in primary materials which represent more than 70 per cent of our total sales to France—only 13 per cent is accounted for by manufactured products. By individual commodity, Canadian exports of wood pulp, copper, non-ferrous metal ores and scrap, asbestos, wheat, aircraft assemblies, fish and fish preparations, all recorded substantial gains.

Despite this remarkable performance, the Canadian share of the French market is slightly above 1 per cent and only in the broad commodity grouping of raw materials does Canada rank as a prominent supplier. The extent of Canadian participation in the French import market is vividly illustrated by the fact that Canada ranked as the 18th foreign supplier to France in 1968.

The outlook for Canadian exports during 1970 is bound to be affected by measures to curb the domestic demand and reduce inflationary pressures. Nevertheless, exports for the first four months showed a healthy growth, i.e. \$49.2 million against \$38 million in 1969 and for the first time since 1964

the trade balance was running in Canada's favor.

Even under the less buoyant conditions expected in 1970, France will continue to be a major market for Canadian products and special opportunities exist for the enterprising Canadian manufacturer and exporter. Furthermore, French efforts to strengthen and expand the country's industrial capacity should help to sustain a demand for raw materials, of which Canada is a prime supplier, and for capital goods, of which Canada is a potential supplier.

In this respect, it is significant that both the French Government and the Conseil National du Patronat Français (rough equivalent of the Canadian Manufacturers' Association) are stressing the need to modernize plant and equipment so that French industry can more effectively meet increasingly stiff competition within and outside the Common Market. There is also a keen interest in technologically-advanced capital goods that offer scope for increased productivity. It follows that the French import market for electronic products and components should prove particularly attractive to Canadian exporters, the greatest potential being in the area of control systems, data processing equipment and semi-conductors. The Paris office has identified specific opportunities in this sector and will be pleased to investigate prospects on behalf of Canadian exporters.

Also of interest are French programs designed to cope with the problems of environment, housing shortages, mass

urban transportation, expansion of highways and education facilities. To plan and carry out these programs substantial inputs will be needed from outside sources, and there is no reason why Canada should not be included. Indicative of the type of contribution Canada can make is the recent inauguration of a housing development at Igny, a suburb south of Paris. Called 'Parc des Erables', the project incorporates the Canadian timber-frame construction technique and will eventually comprise 114 homes. It is being realized by a Franco-Canadian enterprise formed by Société Dumez of Paris and Campeau Corporation of Ottawa. The firm is pleased with early indications of market acceptance and plans similar developments in other locations.

Other Canadian initiatives worth mentioning include a Holstein cattle export program that has met with encouraging results, a trial shipment of Western Canadian coal that could lead to substantial business, exchange of trade missions in the aeronautical field that laid the groundwork for eventual manufacturing or licensing agreements between Canadian and French firms, and the creation of a supermarket chain with important participation by Canadian interests. As a corollary to the Igny housing project efforts are being stepped up to stimulate French interest in Canadian building materials and hardware. By adapting its products to French requirements, a Canadian company was recently successful in introducing its food products to the French market. Possibilities will develop for other foodstuffs as they become importable.

TABLE 1
CANADA'S TRADE WITH FRANCE

Year	Cdn.\$ million	
	Imports from	Exports to
1964	69.0	79.4
1965	95.9	87.3
1966	106.6	84.5
1967	130.0	80.6
1968	121.6	81.3
1969	153.7	124.7
1970 (first quarter)	29.1	35.3

Source: DBS

TABLE 2
FRENCH IMPORT PATTERN 1956-68

Commodity Group	Per cent change		Per cent of total		
	1956-64	1964-68	1956	1964	1968
Food and beverages	37.9	7.8	24.6	17.7	13.8
Crude materials	12.3	- 2.8	26.5	16.4	11.5
Energy materials	52.9	24.8	17.9	15.1	13.7
Fabricated materials	150.4	58.7	18.3	25.3	29.1
End products	265.3	74.1	12.6	25.4	31.9
All imports	82.2	38.3	100.0	100.0	100.0

Source: Office of Economics, Department of Industry, Trade and Commerce, Ottawa.

This is by no means an exhaustive list but it does indicate that possibilities exist in all segments of French industry and that significant breakthroughs can be achieved if Canadian businessmen are willing to sell in the French market with the same vigor and efficiency they display in other markets.

There is no doubt that Canadian expertise and capability could be used in a number of key sectors, opening markets for commodities such as educational and advanced medical equipment, telecommunications, measuring, testing and control instruments, specialized machinery for packaging and food processing, machine-tools, automation systems and equipment that reduces traffic flow problems and facilitates the movement of people. Increasing emphasis on the need to develop and modernize French hotel and resort

facilities should also provide excellent opportunities for exporters of hotel equipment, particularly labor-saving devices.

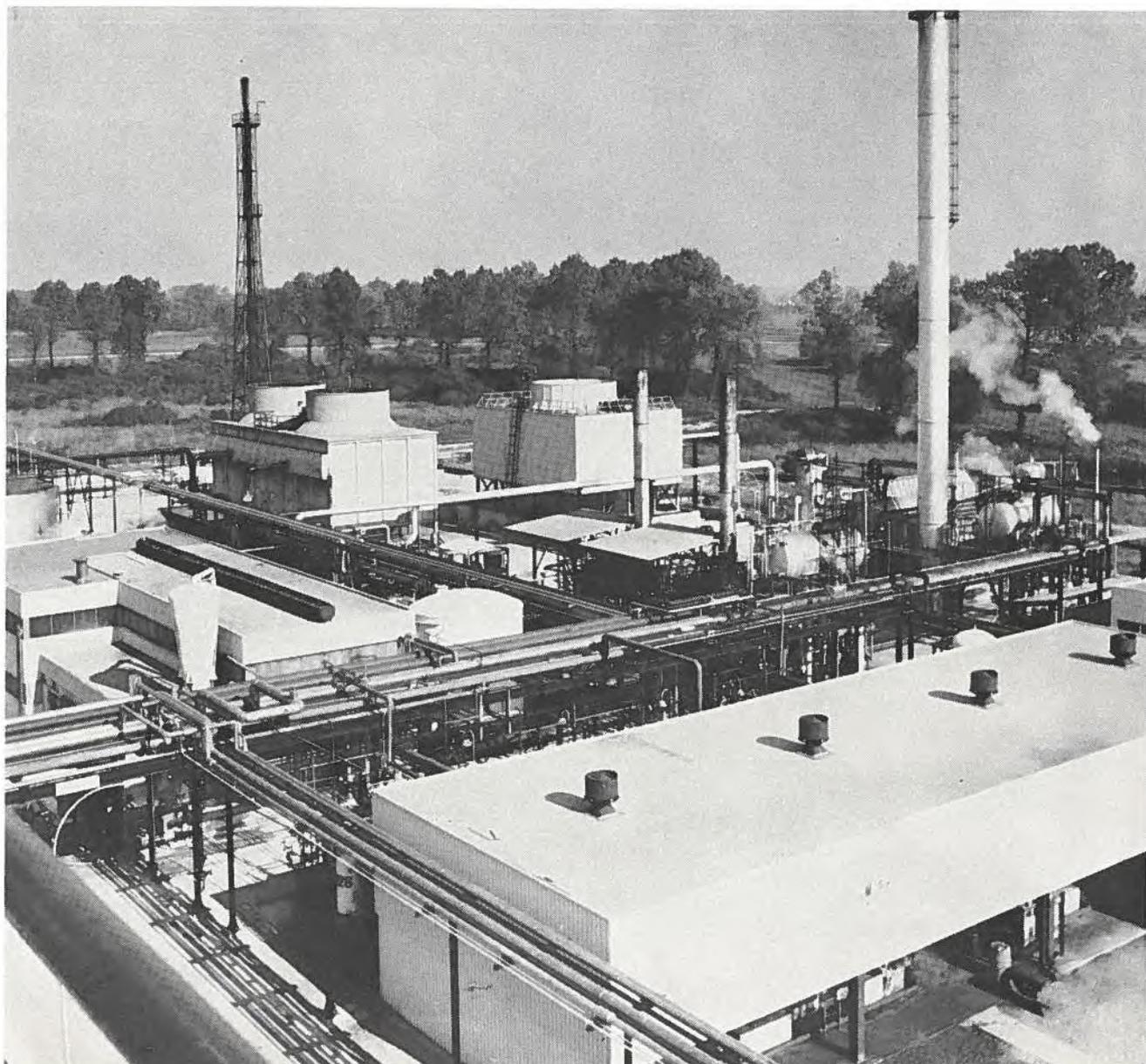
It should be noted that France is not exclusively a market for capital equipment and industrial materials, but provides opportunities for consumer goods. A consumer revolution has taken place in France in recent years. Larger incomes and more leisure have brought dramatic shifts in consumer tastes and preferences. As a result, sales of camping and sporting goods, pleasure boats, hobby equipment and novel appliances have risen considerably.

Canadian exporters should remain alert to the main French objective of modernizing and strengthening the country's industrial base. There are

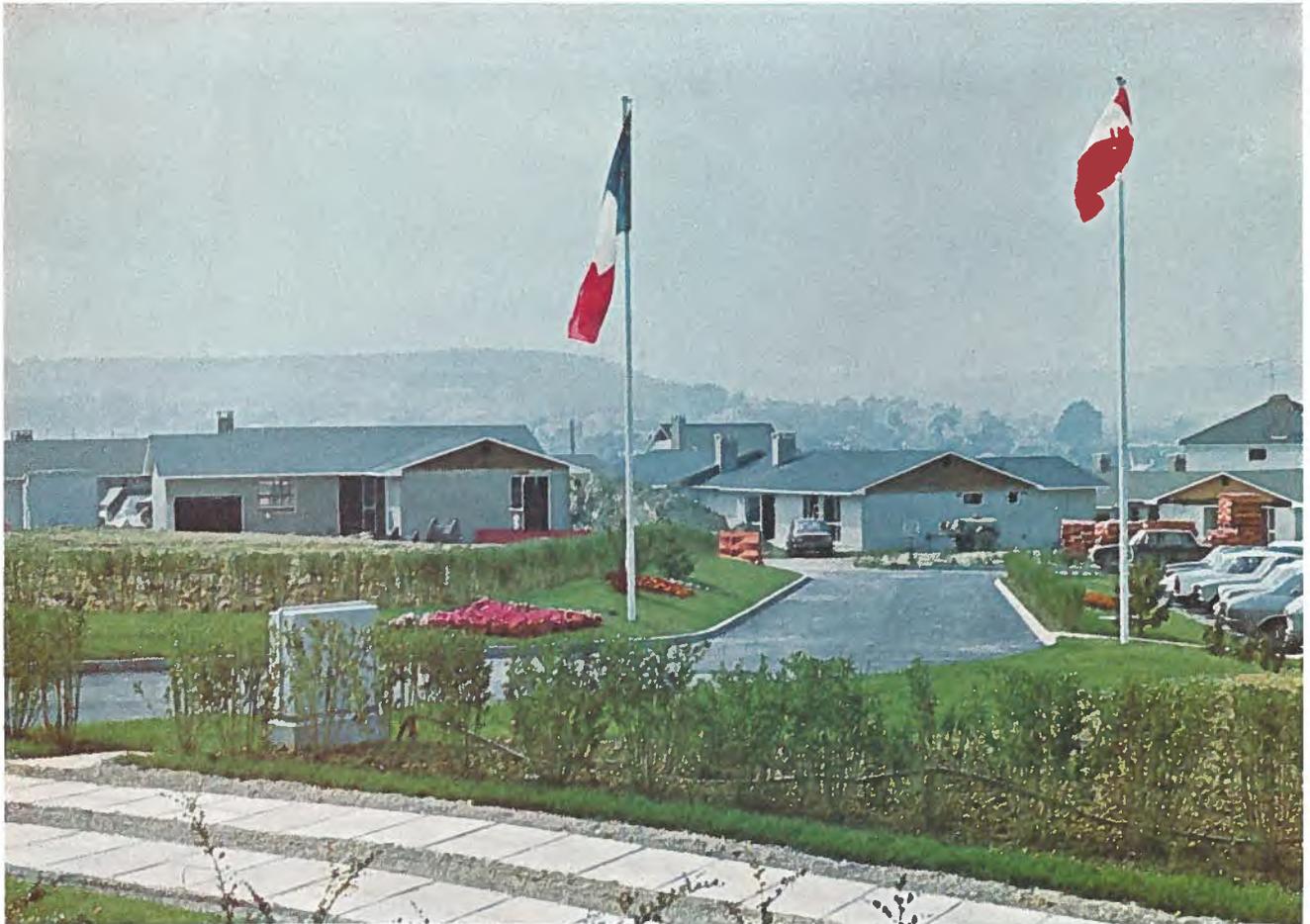
firm plans already for expansion in the chemical and steel industries; other expansion plans will materialize within the framework of the Sixth Economic Development Plan soon to go into effect.

What should be kept in mind is that France imported some \$18.6 billion worth of goods last year and that Canada's share of this volume could be substantially increased if our exporters were more persistent and prepared to devote enough time and effort to penetrate what is admittedly a highly competitive, but also extremely rewarding market. In this respect, they can count on the counsel and assistance of the Office of the Commercial Counsellor in Paris which is always prepared to provide information about specific export opportunities and recommend suitable contacts.

French efforts to stimulate the country's industrial capacity is evidenced by this synthetic rubber plant near Strasbourg.



Le Parc des Érables à Igny





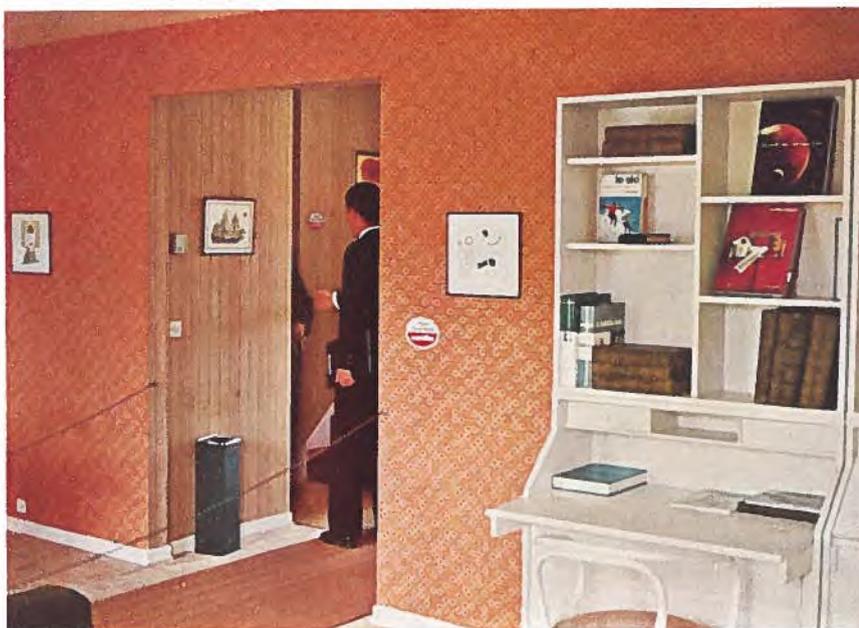
D. E. F. TAYLOR, Assistant Commercial Secretary, Paris

On June 12 at Igny, near Paris, the first major Canadian-style housing project in continental Europe was opened by the Hon. Jean-Luc Pepin, Canada's Minister of Industry, Trade and Commerce, and Robert André Vivien, the Secretary of State for Housing in the French Government. There are 114 houses, including six model homes, now being inspected by the public. Already 40 have been sold to private home buyers and the rest are quickly being optioned.

Being constructed by Canadian wood-frame techniques, the project represents an exciting innovation in a coun-

try building 427,000 houses a year almost entirely of brick and concrete. The program that involves construction companies in both Canada and France, together with the Governments of both countries, will introduce Canada's system of economy, speed and beauty. It is a vehicle for the marketing of Canadian building materials, equipment and furnishings in France and Western Europe.

Over 200 influential guests, representing federal and local governments, builders, architects, financiers and the lumber and supply industries attended the opening ceremonies. Comments of



The official opening of the housing project included the ceremonial planting of a maple tree by Robert Vivien, the French Secretary of State for Housing, and Canada's Trade Minister, Jean-Luc Pepin. Watching the planting in the photo at top left is Jacques Tissier, president of Dumez-Campeau S.A. At the bottom left the general view shows the development looking much like Canadian suburbia. Above, dignitaries tour a model home after the opening ceremonies. Directly above, assistant chief instructor of Canadian personnel for Campeau Corporation, Victor Charbonneau, gets his maple leaf pin from one of the pretty hostesses. The modern decor of the interiors is demonstrated in the photo immediately left.



Industry, Trade and Commerce Minister Jean-Luc Pepin discusses the housing project at Igny with T. G. Tait, assistant commercial secretary at the Canadian Embassy in Paris, and two of the guests at the project's official opening, Alphonse Boullot, president and director general of Ets. Boullot, and Mrs. Boullot.

these officials reflected a strong acceptance of this rather extensive departure from French design and construction.

Speaking at the opening, Mr. Pepin emphasized the advantages of joint French-Canadian companies in a variety of industries and the role which Government can play in creating "a favorable climate that will permit private enterprise to launch a new and daring venture." It is a major experiment of the joint venture concept where Canadian methods and materials are introduced and promoted by local operators, who add the vital skills and knowledge necessary to the country. The Canadian Minister briefly outlined the history behind the project. A French mission of top-level housing authorities came to Canada in 1967 on the invitation of the Canadian Department of Industry, Trade and Commerce. Members of the mission were impressed with the timber frame construction and recommended a pilot project of some 100 homes. These were to be built by a French firm in cooperation with a Canadian company. After further extensive studies, including the visit to France of a special Canadian housing mission in 1968, and as a result of consultation with Central Mortgage and Housing Corporation and the Canadian Association of Home Builders, the Department of Industry, Trade and Commerce opened talks with the French Government and agreed to support the project.

The experience gained in the Harlow Project, which introduced Canadian wood frame housing to Britain, indicated that a consortium approach with a local contractor was desirable to the point of being a necessity.

The Centre Scientifique et Technique du Bâtiment, responsible in France for investigating and approving building materials and techniques, granted the system as described and limited by the Residential Standards of the Canadian National Building Code 1965, the status of a "Traditional Method of Construction." This meant that acceptance was given to Canadian standards for materials, construction, design and methods without the time-consuming proving procedures normally required. This approval is also noted by neighboring countries.

French housing needs and goals have been documented and showed that both the volume and rate of residential construction had to be greatly increased above the 1968 levels. This market information convinced the Canadian participants that the Canadian home had a good chance of quick and long-term acceptance.

In 1969 Canada exported over \$10½ million of lumber, plywood and related construction products to France. Only 33 per cent of the new homes in France are individual units, but it is hoped the figure will reach the in-

dividual home unit in Britain (75 per cent) and eventually Canada (80 per cent).

This demand for more individualized housing and the current interest in North American styling will create an expanding opportunity for Canadian exporters.

The project has received excellent public response in the community as evidenced by the enthusiasm of the officials of the surrounding municipalities. Many of them were given a tour of the six display homes by Mr. Pepin, Mr. Vivien, E. P. Black and C. T. Charland, both of the Canadian Embassy. The Canadian involvement is promoted by the name of the project (Le Parc des Erables) and the planting of a ceremonial maple tree in the center of the development.

The official opening was preceded by a press opening June 11. The trade press, editorial writers and daily press were briefed about the objectives of the program and shown details of construction. The reports that followed were highly favorable and enthusiastic. This good press has resulted in an encouraging major increase in the interest shown and requests for tours and information.

The Igny housing project is the first development by the Franco-Canadian consortium formed by Campeau Cor-

poration of Ottawa and Société Dumez, a major French general construction company. This combination of Canadian housing expertise and Dumez's construction and business experience has provided an extremely versatile and competent agent to introduce the timber frame method in France.

The display homes are staffed by hostesses in Canadian trade fair uniforms. More than 1,000 visitors a month have toured the project and a good feed back of opinion has been assembled. The excellence of the model homes is proving most effective in turning distrust and scepticism of wooden houses into acceptance and enthusiasm. Housewives are impressed with the new levels of comfort.

One of the model homes is a double that has one side finished and the other an X-ray approach. Cutaway panels expose floor, wall and roof construction for inspection and the X-ray house contains samples of and literature about the materials used. There is also a theatre where films showing the construction operations and Canadian homes are screened. Visitors go first through the finished side of the house and then proceed into the X-ray house, where most of their questions are answered through observation.

The inclusion of a Canadian split-level home, the "Beauport" in the model group, was a closely watched experiment. It is a new concept in French housing and as hoped it has had a good reception and orders for it are exceeding the expectations. The Canadian style basement recreation room complete with bar and skiing posters is greeted with admiration... and a demand for more information.

Over 80 per cent of the homes are bought with basements, although the traditional new French home seldom has a basement. The fact that the French buyer will accept a basement for other than a wine cave opens the door to acceptance of other important features of Canadian styling, such as forced air heating.

Numerous other Canadian items from window shutters and siding to furniture have been admired by the home buyers. In fact, at this early point in the project it appears the taste of the modern Parisian suburbanite is close to his Canadian counterpart. Possibly because of this the response of industry professionals to the project has been more than favorable. Since the official inauguration on June 12, hundreds of requests for information or tours of the project have been received and processed by the Canadian Government

office in Paris despite the expected slow "show" summer period. Stronger evidence of the system's potential are the numerous requests received from housing agents or promoters wishing to locate companies using the system in their area of France and from end users requesting sources of supply of Canadian wood products and other construction materials associated with Canadian style housing.

The acceptance of the timber-frame system by the French public is only a means to an end. It remains for manufacturers of Canadian construction products to follow up on the potential for their materials in France and neighboring countries. Products which have been well received to date or might have a future in France include construction lumber and plywoods, wall coverings, including some types of wood panelling, wall papers, cedar and asphalt shingles, carpeting, certain hardware, building papers, heating equipment, roof trusses systems, and other specialty construction products.

Further information on the market may be obtained from the Wood Products Branch of the Department of Industry, Trade and Commerce, Ottawa or from the Canadian Embassy, 35 Avenue Montaigne, Paris 8e, France.

Mr. Pepin chats with C. Larocque, general framing instructor on the housing project, and Mrs. Larocque. Standing to Mr. Pepin's left is J. B. Slegre, director general of Dumez-Campeau and chief of instruction.



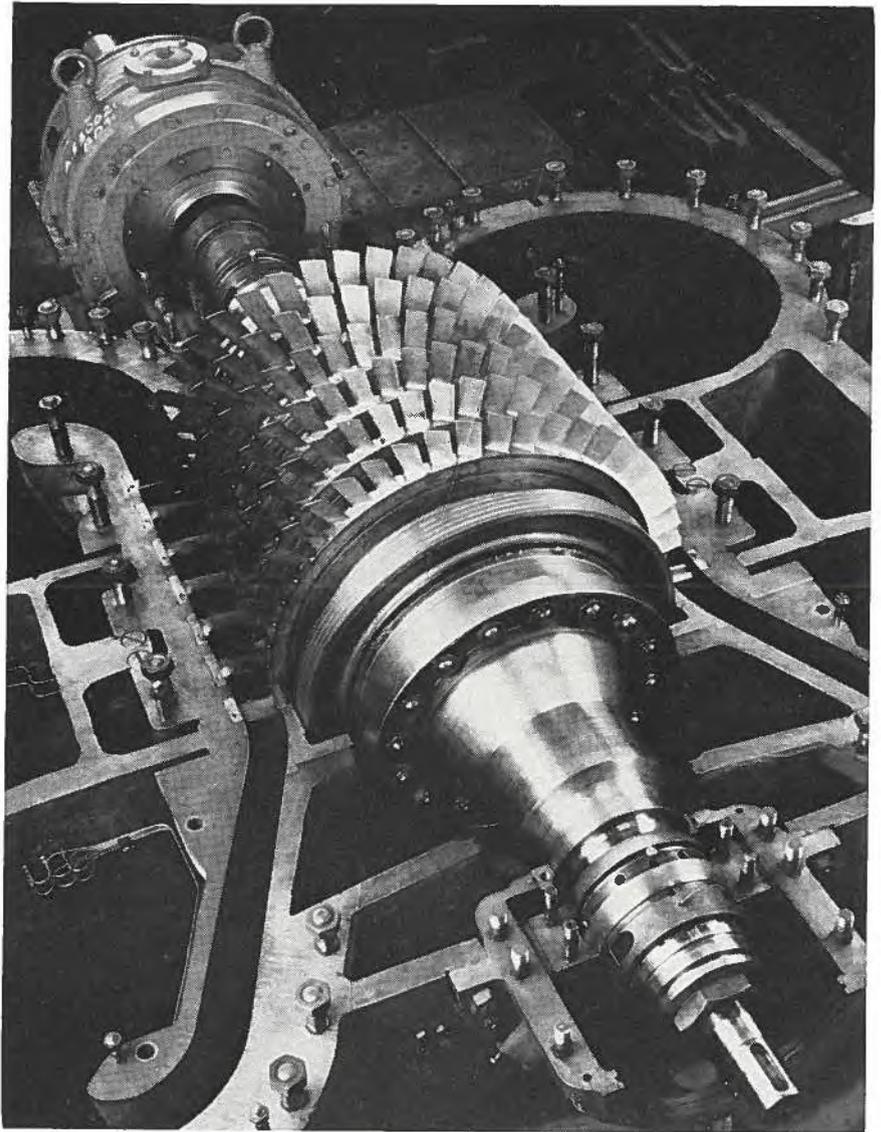
Germany Increases Canadian Purchases

R. R. PARLOUR
Commercial Counsellor, Bonn

The German economy, still in that period of rapid growth which began in 1967, now has increasing worries of overheating and inflation and the boom seems to be reaching its later stages. Real GNP is growing at a 6.5 per cent annual rate which could double the standard of living in 12 years. Industrial production continues to rise and industry order books are generally full, although foreign orders are not as buoyant as domestic. With rising personal incomes, buying pressure on the domestic market is focussed on consumer goods rather than industrial products.

Unemployment at 0.5 per cent has virtually disappeared, with eight unfilled positions for every unemployed worker, and the number of foreign workers in the country is near the two million mark. The annual rate of increase in the cost of living, which had been only 1.8 per cent five years ago, has steadily crept upwards to a present rate of close to 4 per cent. At the same time, industrial producer prices are rising at a 6.2 per cent annual rate. These figures are being watched with concern by all sections of the community. The government's efforts to combat inflation have so far been directed towards monetary measures, such as a tight money policy, a record 7.5 per cent discount rate, and a slowdown in government spending.

Foreign trade figures show that German industry is taking in its stride last autumn's upward revaluation of the mark. In the period January-April, 1970, imports were up 14 per cent and exports up 12 per cent, compared with those of a year ago. The country still has a favorable trade balance, running somewhat below last year's uncomfortably high level. Some particularly buoyant import sectors include industrial raw materials, consumer goods, scientific and high technology products such as computer communications and display equipment, electrical connec-



A turbine engine manufactured by Demag AG, Duisburg, Germany's largest manufacturer and distributor for metallurgical plants and mines and for the chemical and plastics industry. Canadian metal and mineral exports to Germany are increasing.

tors, geophysical equipment, industrial and commercial refrigeration, computer output microfilm, servomechanism systems, precision tools and gauges, telemetry equipment, computer peripheral equipment, satellite communications equipment, and specialty sports and leisure equipment.

In view of the booming German economy, it is not surprising that Canadian exports to West Germany roll on—having reached a record annual rate of

\$318 million during the first four months of 1970. This represents a gain of nearly 23 per cent over the same period last year, and keeps Germany in first place among Canada's markets in continental Europe, and in fourth place among her world markets. But there is plenty of room for further expansion of Canadian sales—even at current high levels, Canada is supplying only about 1.3 per cent of total German imports, and this trade represents only 2 per cent of total Canadian exports,

or 6.5 per cent of Canadian exports outside North America.

So far this year Canada's big gainers in the West German market have been metals and minerals, particularly copper and copper ores, nickel, iron ore, brass and bronze scrap; forest products including wood pulp, western red cedar and walnut veneer; and agricultural products, chiefly rapeseed and canned wax beans. Probably 80 per cent to 90 per cent of Canadian exports to Germany are these primary products. But many fully-manufactured Canadian goods are also making encouraging gains this year, including fur garments, card punch computers and parts, auto parts and accessories, cranes and derricks, electric lamps, bulbs and tubes, laboratory optical equipment, woodland log hauling equipment, electric motors, industrial control equipment, bearings and parts, aircraft assemblies and parts, and vending machines.

The key to exporting manufactured goods to Germany is "Specialty". For many standard manufactured goods, the Canadian product is about equivalent in quality to the German one and often the delivered price is higher, so that German agents or distributors are just not interested. But products which are unique or of advanced design and technology can almost always arouse buyer interest. The Canadian exporter must expect some initial hurdles and delays arising out of differences of language, measurement, standards, design etc. and often initial orders are small by North American standards. But many Canadian exporters have become established in the German market and can expect their sales to go up as this market expands into one of the world's largest.

Canadian exporters should bear in mind that time and effort devoted to the development of German markets and the rest of Europe are usually well spent. Admittedly it may be easier to confine export activities to the convenient United States, and a considerable degree of patience and effort is required to develop customers in Germany. However, in the long run such efforts may be amply rewarded. Perhaps if there should be slow-down in the North American market while the strong wave of buying continues in Germany, many Canadian firms will wish they had taken the time to devel-

op sales in the German market. Significant success here often comes only from several years of steady effort, rather than from an in-and-out approach when surplus goods happen to be available.

To look at the other side of the coin, German exports to Canada have grown substantially over the years although they have declined slightly in 1970. For the first time in six years Canada seems headed for a substantial favorable balance in its trade with Germany. At any rate Germany finds Canada a good market for such things as automobiles, machinery, chemicals and an exceedingly broad range of manufactured goods.

But commodity trade is only part of the picture. In recent years investment between Canada and Germany has come increasingly to the fore. Since the war, direct German investment abroad has been relatively small, especially when compared with foreign investment by the United States.

Probably German capital found ample opportunities for developing industries

at home and there seemed no reason to move abroad. Besides, German industrialists can remember when German investments abroad have been confiscated. However, in recent years, there has been a substantial change in this thinking. German industry is now highly developed and, given the unprecedented labor shortage in this country, many German firms must move abroad if they wish to expand further. Both industry and Government now feel that there may be a limit to how far foreign markets can be developed through exports, and that the time has come when German industry, following the United States example, should supply more of its world markets through products produced in branch plants abroad. It is a recognized fact that the era of the big international company is now at hand and large German firms are inclined to follow this trend. It is appreciated too that direct investment abroad offers further advantages through diversification and protection against political and economic risks.

Another reason why German capital is inclined to go abroad is that German

GERMAN END PRODUCT IMPORTS, 1969

	U.S. \$ million		U.S. \$ million
Electrical machinery and apparatus	1,099	Manufactures of glass	88
Motor vehicles and aircraft	1,086	Woollen knitwear	87
Miscellaneous machinery	531	Books and printed matter	86
Office machines	351	Miscellaneous textile products	83
Miscellaneous steel products	296	Manufactures of paper	74
Knitwear of silk or synthetics	225	Other clothing of wool	70
Precision and optical equipment	203	Power generating equipment and engines	69
Other clothing of silk or synthetics	197	Materials handling equipment	61
Manufactures of rubber	193	Toys and Christmas decorations	56
Pharmaceuticals	178	Manufactures of precious metals	54
Leather shoes	174	Paper and printing machinery	54
Pumps for liquid or air	167	Clocks and watches	54
Machine tools and rolling mill equipment	163	Miscellaneous leather goods	50
Machinery for textile and leather industry	150	Cotton knitwear	38
Miscellaneous chemical products	138	Earthenware	38
Plastic goods	137	Agricultural tools and equipment	35
Other clothing of cotton	131	Food and beverage machinery	34
Ships and boats	122	Miscellaneous vehicles	34
Manufactures of wood	113	Fur articles	26
Agricultural machinery	102	Ceramics and chinaware	24
Various products of base metals	92	Cosmetic products	21
Photochemicals and films	91	Manufactures of copper	20
		Bicycles	17



Workers in the Farbwerke Hoechst AG plant help in the manufacture of Oral-Virelon, a serum against poliomyelitis.

industry requires ever larger quantities of raw materials that are not available at home. In order to be assured of supply, German industry, like that of Japan, is showing an increasing tendency to participate financially in mining and forest industry development in Canada and other resource-rich countries. Thus German companies and individuals tend to look on Canada as a favorable area for investment of their capital, offering political stability, natural resources, availability of labor, and a foothold in the North American market.

Official German statistics show that the country's total direct investment abroad by the end of 1969 stood at \$5.2 billion. As might be expected, just over half of this was invested in neighboring Common Market countries.

However, during the past two decades the largest recipients of German direct investment outside Europe have been the United States and Canada, each with a cumulative total of just under \$443 million. During 1969 both Canada and the United States received an additional \$73 million capital investment from Germany. In fact the flow into Canada last year was slightly ahead of that into the U.S., making Canada the largest recipient of German direct foreign investment outside Europe.

Ontario has been the largest recipient of this investment, followed by Quebec, while a limited number of German firms have also moved into the Atlantic Provinces and Western Canada. The product areas include machinery, chemicals, pulp and paper, potash, pipes and tubes, wire and cable, ceramics,

mining and many others. In addition, many German investors have placed capital in Canadian real estate or portfolio investments. Every day the advertising pages of leading German newspapers indicate there are many real estate agents and investment advisers only too happy to offer the German investor advice.

In recent months the increase in interest rates in Germany and the growing tightness of money has caused some slow-down in German lending in Canada, especially in bonds and mortgage loans. Other factors which may be slowing down the capital movement temporarily are the question of Canadian taxes on business ventures, currently under review, and the question of foreign ownership of Canadian mines, particularly uranium, also under

review. However, over the longer term the flow of German investment in Canada will undoubtedly expand since in many ways it benefits both countries.

To illustrate Canadian interest in attracting capital investment from Germany, it should be noted that the Canadian agencies active in this field include not only the commercial divisions of the Canadian Embassy in Bonn and of the Canadian Consulates General in Duesseldorf and Hamburg, but also the representatives of the Bank of Montreal in Duesseldorf, of the Canadian Imperial Bank of Commerce and the Royal Bank of Canada in Frankfurt and of the Bank of Nova Scotia in Munich. In addition the Province of Quebec maintains an industrial development representative in Duesseldorf, and Ontario has a similar representative in Frankfurt. Furthermore, a growing number of Canadian investment dealers, trust companies and real estate agents have established offices in Germany.

There has also been in recent years some growth of direct investment in Germany by Canadian firms. Such well known companies as Alcan and Massey-Ferguson have long-established production facilities in Germany. Canadian Consolidated Bathurst Ltd. operates many plants in Germany for production of paper cartons. Garfield Weston Ltd. operates a chain of 145 supermarkets; Seagram's and Canada Packers have recently purchased a distillery and a

meat processing plant respectively. Canadian Aviation Electronics is now assembling electronic specialties in Germany. Asbestos Corporation is planning an asbestos fiber plant in Northern Germany. In the years ahead this movement of Canadian industry into Germany will probably continue as Canadian firms diversify their interests abroad and as the European Common Market becomes of increasing importance as a market for Canadian goods.

Certainly if Britain and other EFTA countries should join the Six, Canadian industry will have to place increasing importance on the European market. For many Canadian companies, the problems of distance, language, standards, measurement systems etc., make it difficult to service European customers adequately from across the Atlantic. Many therefore, will probably decide to take the plunge and establish manufacturing facilities within the Common Market.

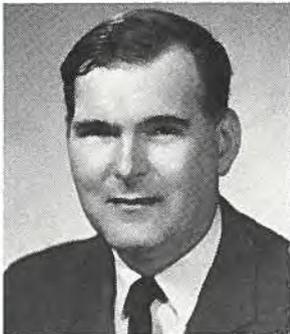
Another area for economic co-operation between Canada and the Federal Republic is in the field of licensing. Canada's Bonn office last year processed about 50 offers of German-designed products available for manufacture under licence in Canada. These offers are screened by the Industry, Trade and Commerce commodity experts in Ottawa, and published in the *New Products Bulletin* and *Foreign Trade*. The product list is varied, ranging from concrete mixers to cosmetics. Many

of these proposals are still under negotiation, but it is obvious that German inventiveness continues to come forward with new products and industrial techniques, and Canadian industry is alert to new ideas. This exchange is obviously beneficial to both sides. Similarly we service some 10 to 12 offers per year of new Canadian products available for manufacture in Germany under licence. New technology knows no national boundaries.

For the future, it is possible to predict growing co-operation between Canadian and German industry in the field of joint ventures and scientific exchange. Both countries are advanced industrially, but neither is an industrial giant. Given a limitation of resources, each must specialize in development of certain products. For some products, Canada and Germany are competitors on world markets, but for others, our industries are complementary. This situation gives scope for co-operative development of new products and processes, whether bilaterally or through membership in larger international groupings.

West Germany, world-famous as a manufacturing nation, is a major market for Canadian raw materials. But it should be remembered that West Germany also offers an \$8 billion per year import market for highly manufactured goods. Canadian exporters may uncover some sales hints in the accompanying table.

New Office in Fredericton



A regional office of the Department of Industry, Trade and Commerce has been opened in Fredericton to serve New Brunswick and Prince Edward Island. It is located in the Eastern Canada Building, 212 Queen Street.

Manager of the new office is F. G. Grimmer, a New Brunswick native who has been in the Halifax regional office since 1962. Mr. Grimmer, 41, is a graduate of Acadia University. He was with the Nova Scotia Government and in private in-

dustry in the Maritimes before joining the Federal Government.

The new office will co-operate closely with the provincial governments, businessmen, associations and agencies concerned with industrial and export promotion in New Brunswick and P.E.I. It will bring the various services of the Department closer to industry and commerce in the two provinces. Telephone number of the new office is (506) 454-9707 and the Telex number is 014-4640.

Macropack Generates Sales

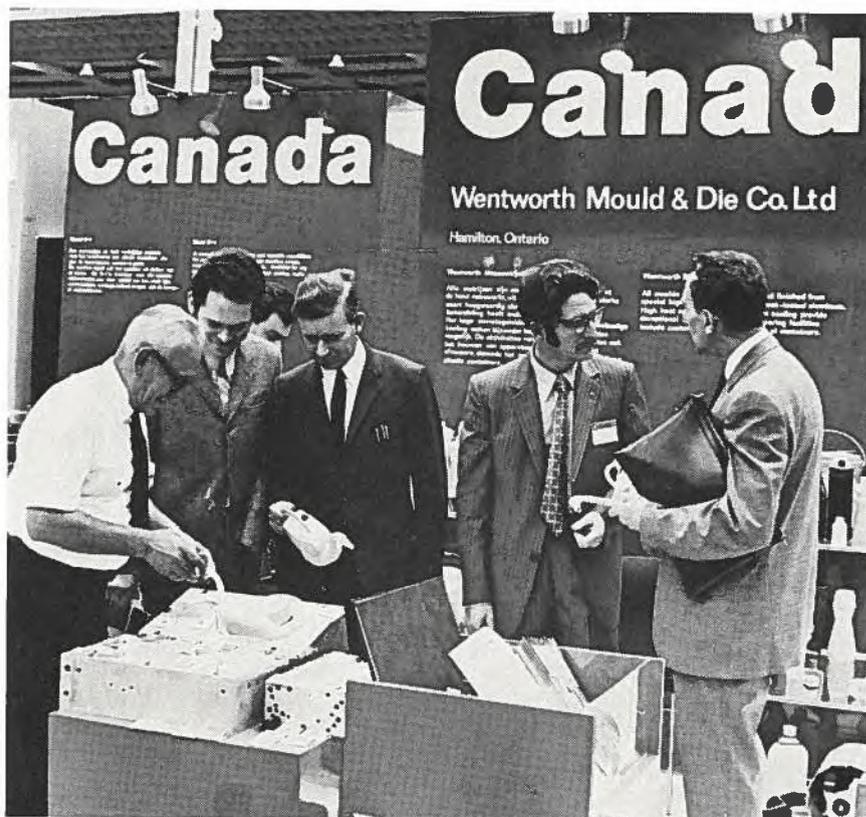
Sales amounting to \$150,000 were realized on-site by the Canadian firms showing at the International Packaging Exhibition in Utrecht, Netherlands.

The exhibition (also known as Worldpack-Macropak 1970) was held in conjunction with the World Packaging Congress in Utrecht. More than 1,000 firms from 16 countries were represented. Canada's display, sponsored by the Department of Industry, Trade and Commerce, involved seven companies with machines designed to appeal to European importers.

Here are the companies and some of the products they took with them: J. A. Gosselin Company Limited, Drummondville, Quebec, with its Polycraft Mark IV milk bag loader; Griswold Corporation (1961) Limited (now CIP Packaging Machinery Division), Montreal, Quebec, with its new F-500 Rap-Round corrugated case systems; H. J. Langen & Sons Limited of Weston, Ontario, with its BP-1 carton packer; Phin Universal, Division of Canadian Stackpole Limited, Scarborough, Ontario, with its Six-Twelve FN6 labeler; Regent Containers Ltd. of Scarborough, Ontario, with its M-450 filler; Standard Paper Box Ltd., Montreal, Quebec, with its Stand-a-matic "L" egg carton erector; Wentworth Mould & Die Company Limited, Hamilton, Ontario.

Over 1,000 firms displayed at the Worldpack-Macropak 1970 show at Utrecht. The seven Canadian companies presented packaging equipment of the kind that is in demand in the large European market.

A group of visitors and company representatives at the Canada stand in Macropak. F. H. Chalkley, president, Wentworth Mould and Die Company, left, and Max Suit, sales and service engineer, second from the right, discuss the advantages of Wentworth products. The H. J. Langen display is on the left.

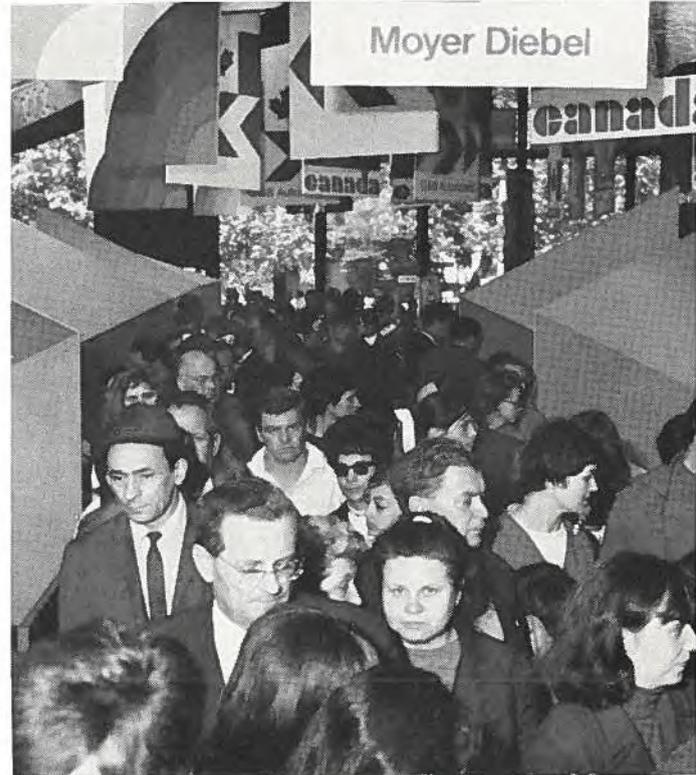


Sales Success at Budapest

The 15 Canadian companies' \$630,000 worth of sales at the Budapest International Fair was an auspicious prelude to business expected as a result of participation. This display, sponsored by the Department of Industry, Trade and Commerce, marked Canada's first appearance at the Budapest show. Besides the on-site sales, the value of contracts over the next year could reach \$35 million. One company is currently negotiating a contract that could boost that tally by as much as \$25 million.

Most of the inquiries received were from Hungarian customers, although the Budapest fair is an international event. Canada's pavilion was situated at a strategic point and over one million visitors saw the Canadian exhibits. Exhibitors received serious inquiries from 15 countries, from Spain to the U.S.S.R., Albania to Belgium. Among the Canadian products shown were grinding wheel manufacturing machinery, food and drink vending machines, line traps, soldering equipment, airport runway snow removal equipment, fastening devices and rubber vulcanizing equipment.

The commercial success of Canada's participation was due partly to the recent strengthening of trade relations between Hungary and Canada. Members of a trade delegation that had visited Canada were helpful to Canadian exhibitors in Budapest.



Everyone from top officials to the citizenry in general followed the course through the various Canadian displays. The number of visitors was well over the one million mark.

On Canada Day exhibitors, their guests and officials sampled Canadian foods. The pavilion, situated in leafy, natural surroundings, had a reception area for relaxed business discussions.

Prime Minister Fock of Hungary who visited the Canadian pavilion twice, is greeted by Canadian Ambassador Wainman-Wood. Maldwyn Thomas, Commercial Counsellor at the trade office in Moscow, U.S.S.R., looks on.



Selling a Concept World-Wide

Exporting is fun, says Electrovert's export manager after trip expected to bring in \$1 million in sales.

W. H. LAMBTON, *Foreign Trade*

Electrovert is not a big company if measured by its number of employees. It does not try to impress visitors with plush front offices, acres of deep pile carpets or walls of plate glass. Yet, without this image-creating atmosphere, it has become a world leader in its field. The 300 employees in the three firms under the Electrovert banner have, in the short space of 13 years, made the name known and respected

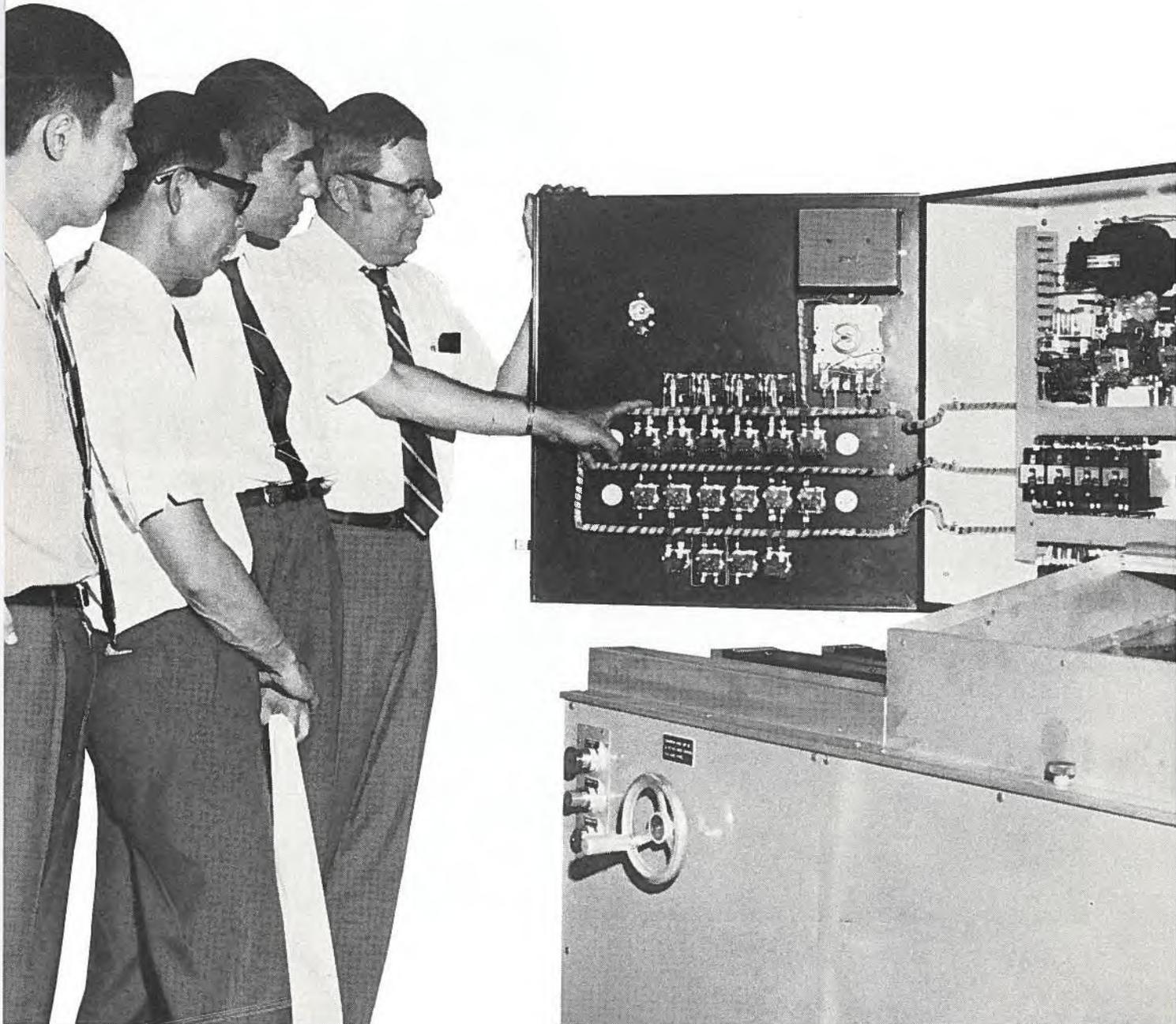
from Austria to Venezuela and from Pakistan to the Philippines. Its customers include the leading names in the electronics, automotive, aerospace, computer and communications industries.

Nicholas J. Fodor, a Hungarian, started Electrovert as a small importing business in Montreal in 1951. Six years later a new process for soldering was developed in Europe and Mr. Fodor thought it would sell well on this side

of the world. In fact, it fitted in so well with the requirements of the aerospace and electronics industries that he began to develop and produce his own equipment. His efforts were so productive that Electrovert now has its own manufacturing plant in Laprairie, Quebec, an office and plant in Mt. Vernon, New York, and offices and agents in 25 other countries.

In the past six years the Laprairie plant has expanded nine times and produc-

Inspecting equipment before it is shipped to Japan are (left to right) K. Shiro and Q. Kyusojin, both IBM engineers from the IBM plant in Fujisawa, G. Khouzam and J. Clay, engineer and representative respectively for Electrovert.



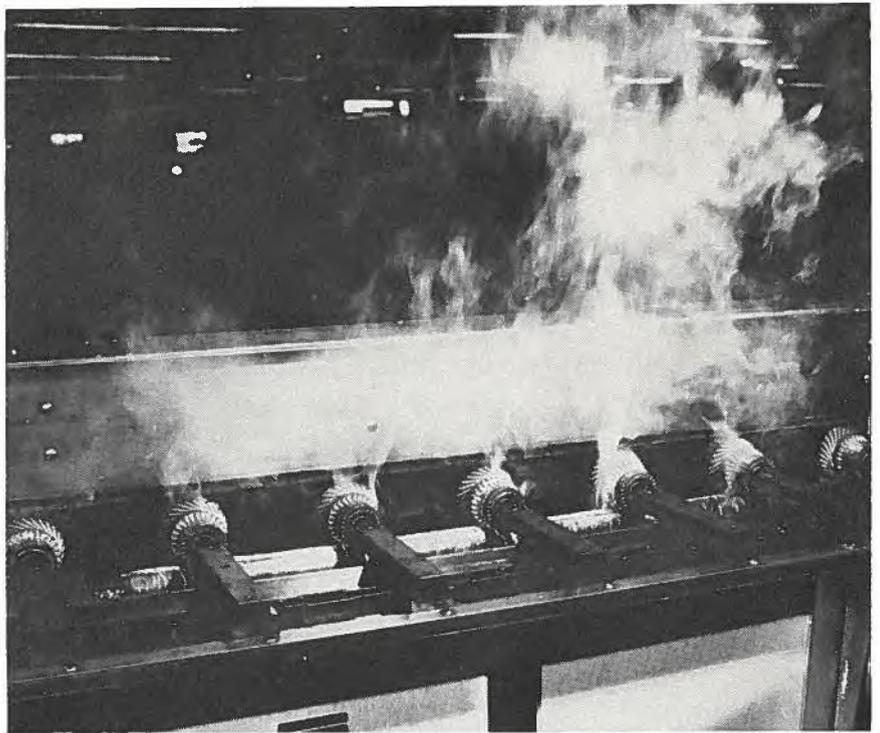
tion capacity has increased 12 times. The company now lays claim to 70 per cent of the U.S. market in its field, and counts Japan, the most electronics-conscious nation in the world, as one of its largest customers. With all this, what need for the pile carpet?

And what does Electrovert make? As well as being pioneers in wave-soldering and tinning equipment, the company produces cable-carrying systems, including framing and supporting systems. In fact it was responsible for one of the world's longest and largest cable trough underground installations—the Montreal subway system. It also produces wire and cable marking, harnessing and electrical accessory products.

Obviously, success like this doesn't just happen. Products have to be sold, they have to be delivered, there has to be more than just adequate service arrangements. And to be sold, products must be promoted, either through trade fairs or personal contact. Colin Johnson, Electrovert's export manager, recently returned from an extended three month tour that covered about ten Pacific Rim countries. In many of these countries not only the product had to be sold but even the concepts of automatic wave-soldering and printed circuits. (A job that used to take hours with a soldering iron and cored solder can now, through the automatic equipment, be done in a matter of seconds.) Despite this double-barrelled selling, Mr. Johnson expects his trip will bring in approximately \$1 million worth of business over the next 18 months.

If in some countries the concept is new, there must be serious difficulties in finding people with the capabilities to service the equipment, which costs anywhere between \$4,000 and \$50,000 per system. Electrovert overcomes this problem by bringing suitable individuals to Canada for an intensive eight-to-ten-week training course.

Trade fairs are another form of promotion that Electrovert strongly supports. Last year the company participated in about 20 around the world and believe it is about the only way to do business in most Soviet-bloc countries. An interesting sidelight on this is the company's experience with the 1967 Brno Trade Fair in Czecho-



Part of the equipment designed by Electrovert is a series of armature-soldering machines which are used extensively in the automotive industry.

slovakia in which it participated with the help of the Department of Trade and Commerce. Prior to the fair, Electrovert advertised in trade papers within the bloc. The result was about 200 inquiries from the U.S.S.R. alone, which probably convinced the firm to take part in the Avtomatizatsiya show in Moscow in 1969.

Having made the sale and provided the personnel to service the equipment, the other part of the trinity of success is delivery. The firm that cannot meet delivery dates and schedules, after all, cannot expect many repeat orders. Most of Electrovert's shipments to overseas customers are by surface, but when this form of transport is uncertain to meet deadlines, consignments are sent by air and some form of cost-sharing arrangement is made with the receiving agent.

During the course of his export sales trips, Mr. Johnson has visited many parts of the world, and has found cause for both praise and censure. "Canadians are not yet export-minded", he says. "If they don't get out there and sell, how do they expect their firms to grow?" In some countries Canadians and Canadian products are scarcely

known and he blames a lot of this ignorance on the fact that Canadian businessmen are still not playing the export game. "After all," he says, "exporting is fun."

Mr. Johnson is full of praise for the Trade Commissioner Service of the Department of Industry, Trade and Commerce. He makes a point of calling on the posts whenever possible and tries to give them information on his company's products and requirements before he arrives so that meetings and contacts can be set up for him. He is not an advocate of the policy that keeps many posts with a bare minimum of staff, but says that despite the extra workload this gives them, they have helped him and his company endlessly.

Mr. Johnson's advice to those companies just starting to export is to study the market and use the services offered by the Department of Industry, Trade and Commerce and the export associations: in other words, prepare the ground as much as possible before setting out. This sort of homework obviously pays off—\$1 million of potential sales from his last trip is pretty convincing.

Canadian Exporters Must Know New U.S. Lumber Standards

PROPOSED NEW CANADIAN STANDARD LUMBER SIZES

Nominal and Minimum-dressed Sizes of Boards, Dimension and Timbers

(The thicknesses apply to all widths and all widths to all thicknesses)

Thicknesses			Face Widths		
Nominal	Minimum-dressed Dry Inches	Green Inches	Nominal	Minimum-dressed Dry Inches	Green Inches
Boards*					
1	11/16	3/4	2	1-1/2	1-9/16
1-1/4	1	1-1/32	3	2-1/2	2-9/16
1-1/2	1-1/4	1-9/32	4	3-1/2	3-9/16
			5	4-1/2	4-5/8
			6	5-1/2	5-5/8
			7	6-1/2	6-5/8
			8	7-1/4	7-1/2
			9	8-1/4	8-1/2
			10	9-1/4	9-1/2
			11	10-1/4	10-1/2
			12	11-1/4	11-1/2
			14	13-1/4	13-1/2
			16	15-1/4	15-1/2
Dimension					
2	1-1/2	1-9/16	2	1-1/2	1-9/16
2-1/2	2	2-1/16	3	2-1/2	2-9/16
3	2-1/2	2-9/16	4	3-1/2	3-9/16
3-1/2	3	3-1/16	5	4-1/2	4-5/8
			6	5-1/2	5-5/8
			8	7-1/4	7-1/2
			10	9-1/4	9-1/2
			12	11-1/4	11-1/2
			14	13-1/4	13-1/2
			16	15-1/4	15-1/2
Dimension					
4	3-1/2	3-9/16	2	1-1/2	1-9/16
4-1/2	4	4-1/16	3	2-1/2	2-9/16
			4	3-1/2	3-9/16
			5	4-1/2	4-5/8
			6	5-1/2	5-5/8
			8	7-1/4	7-1/2
			10	9-1/4	9-1/2
			12	11-1/4	11-1/2
			14	—	13-1/2
			16	—	15-1/2
Timbers					
5' & thicker	—	1/2 off	5' & wider	—	1/2 off

*Boards less than the minimum thickness for 1 inch nominal but 5/8 inch or greater thickness dry (11/16 inch green) may be regarded as Canadian Standard Lumber, but such boards shall be marked to show the size and condition of seasoning at the time of dressing. They shall also be distinguished from 1-inch boards on invoices and certificates.

J. A. DOYLE

Consul and Trade Commissioner,
Chicago

It may not be a new ball game for softwood lumber producers and users, but some of the rules have changed and the umpires may be calling them a little closer beginning September 1.

After many delays and much work by the American Lumber Standards Committee, the revised Softwood Lumber Standard becomes effective for the industry September 1, 1970, replacing the current Standard SPR 16-53.

Development and maintenance of nationally recognized size, grade and inspection standards for softwood lumber is the aim of the new Standard. Key provisions include establishment of an end-use size relationship between dry and green lumber, procedures for development of a single national grading rule for dimension lumber, more uniformity in grade and species descriptions, and a restructuring of the American Lumber Standards Committee.

Perhaps the most important change over the old Standard is the relating of size to moisture content. Under the new Standard, separate size schedules have been published for dry and green lumber, with green sizes slightly larger to compensate for shrinkage and provide assurance that both green and dry products will be the same size in service. Dry lumber is defined as having a 19 per cent maximum moisture content and green lumber as having a moisture content above 19 per cent.

Voluntary Products Standard 20-70 covers the principal trade classification and sizes of softwood lumber for yard, structural and shop use. It provides a common basis of understanding for

the classification, measurement, grading and grade marking of rough and dress sizes of various lumber items, including finish, boards, dimension and timbers.

The new Standard provides for the establishment of a national grading rule for dimension lumber which is to be developed by the national grading rule committee. Membership on this committee is by appointment from industry and allied organizations, and includes provision for Canadian membership. A national grading rule has been developed and is presently being incorporated into the various rules by the lumber rules writing agencies in the United States.

In Canada the softwood lumber industry also recognizes its responsibility for maintaining, in the public interest, nationally recognized sizes, grade and inspection standards. The responsibility for the development of a Canadian Softwood Lumber Standard lies with the CSA Committee on Standards for Softwood Lumber. (Author Doyle is chairman of this committee—Ed.) The committee has a membership balanced between manufacturers and users, consisting of members of the various lumber manufacturers' associations in Canada, together with such large users of lumber as the National House Builders Association of Canada, Central Mortgage & Housing Corporation, National Retail Lumbermen's Council of Canada, and various government departments such as the Department of Industry, Trade and Commerce, the Department of Public Works, and the Department of Fisheries and Forestry.

The present CSA Standard for Softwood Lumber, published in 1965, is undergoing revision. Two drafts have been prepared by the committee and have been widely distributed. The second draft revision was discussed in detail and approved in principle at a meeting held recently in Toronto. This document, which patterns closely the new American Lumber Standard, will soon be voted upon and hopefully the new Standard will be on the way to Canadian acceptance by September 1, the date on which the new American Lumber Standard becomes effective in the United States. The accompanying table shows the proposed new Canadian standard lumber sizes.

Canadian lumber exporters realize the importance of the new American Lumber Standard and its Canadian counterpart. After September 1, for all intents and purposes, it will be necessary for Canadian lumber being exported to the United States to conform to the size provisions and other requirements of the new American Lumber Standard.

There has been much controversy in the United States during the past seven years over the new Standard and those opposed to it have been as vociferous as those supporting. There have been substantial changes. For example, the new Standard is based on a thickness of 1½ inch dry and 1 9/16 inch green. From an inspection point of view, it is likely that the provisions of this Standard will be policed much more strictly than before. Manufacturers, for example, will have to insure that their product is manufactured more carefully taking into consideration the provision of the 19 per cent moisture content requirement.

There are many beneficial results, however, from the manufacturers' point of view, including the development of one grading rule for dimension lumber of all softwood species hopefully in both Canada and the United States. Grading studies have shown that the proposed new grading rule provides a considerable upgrading of the lumber. Under the new grades a higher percentage of standard lumber will be graded as construction and a

higher percentage of construction will fall in the select structural classification. Another advantage is that the weight of dry lumber will be reduced by approximately 250 pounds per thousand board feet which will mean a saving of \$4 per thousand for West Coast shippers based on \$1.60 per hundred pounds freight rate. The weight of green lumber will be reduced by approximately 360 pounds per thousand board feet with a saving of about \$6 per thousand board feet based on the same freight rate. It follows that it will now be possible to load 7,500 more board feet of dry lumber in a car than previously and about 4,000 more board feet of green lumber.

Industry response to the new Standard has been largely favorable although some reservations have been expressed with regard to the new sizes. A statistical survey by the United States Census Bureau indicated that the revision was acceptable to 87 per cent of the producers, distributors and users of softwood lumber. In Canada the reaction of the CSA Committee on Softwood Lumber Standards to the two drafts has been favorable and indications are that the new Canadian Standard will be well on its way to acceptance by September 1. These are important developments for all Canadian lumber manufacturers. For the first time, the industry is on the threshold of developing essentially one Standard and one grading rule for softwood dimension lumber for both Canada and the United States.

Bali: Tourism to be Developed

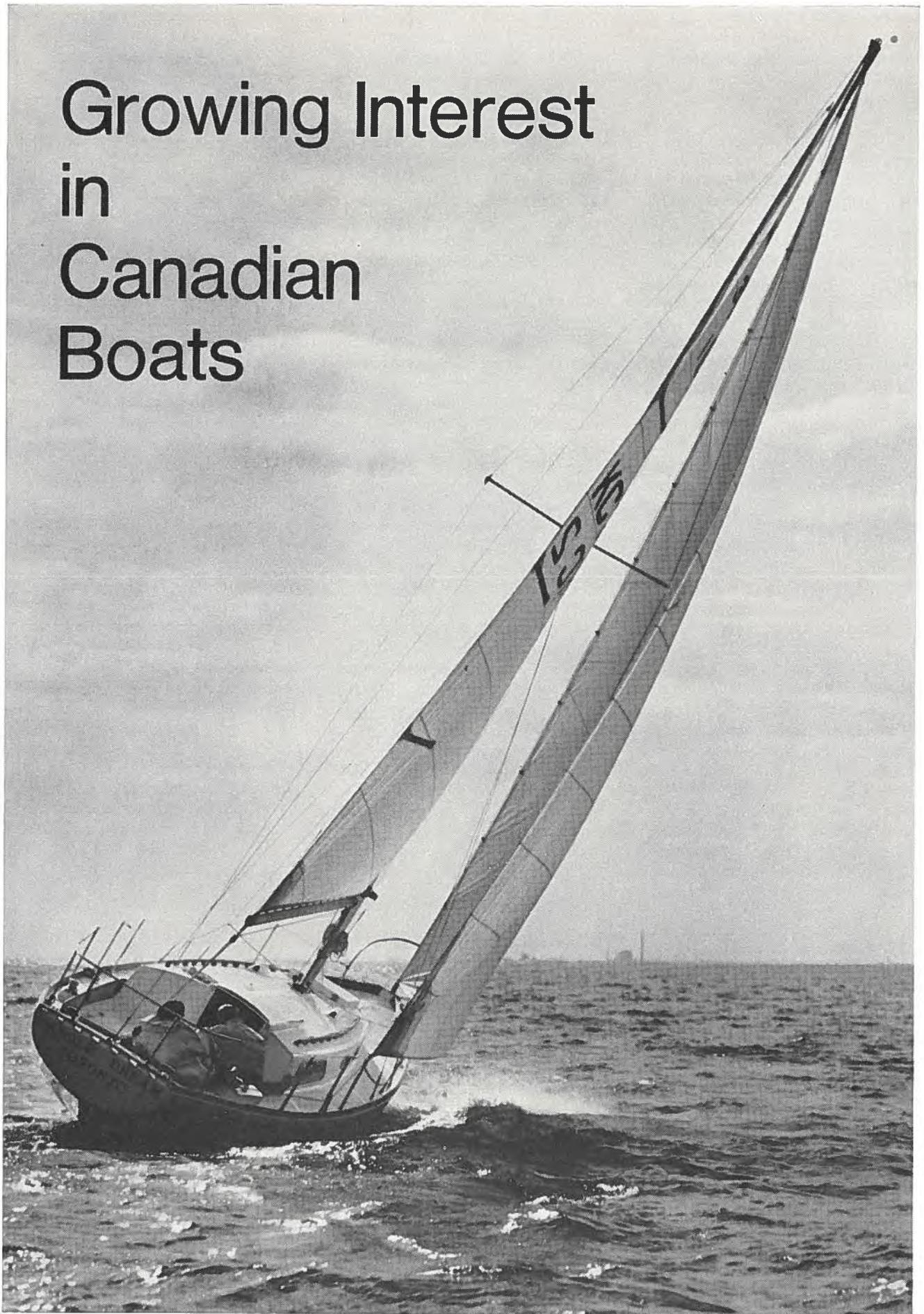
As a result of its fact-finding mission to Bali in 1968, the Singapore Government has reached an agreement with the Dillingham Corporation (U.S.A.) to finance a hotel development in Bali. The Government invited participation from Singapore private interests and it is understood Dillingham is discussing the project with other interested U.S. companies.

Since the new administration, under President Soeharto, adopted a favorable attitude to foreign investment in early 1967, both private developers and some Asian governments have focussed on Bali as a major potential tourist attraction. In addition to the Singapore mission, Pan

American Airlines and the Japanese Government have sent technical fact-finding teams to Bali in the last two years. The Singapore Government has a particular interest in the development of Bali as a means of attracting more tourists to the region and thereby increasing its own flow of visitors.

In view of the wide-spread investment interest in Bali tourism, the Indonesian Government has undertaken to bring the development of Bali by private investors under the control of an over-all plan for the whole island. A French consultant was recently engaged to prepare a master plan.

Growing Interest in Canadian Boats



Manufacturers planning new export programs in New England States as follow-up to reception received at recent boat show in Boston.

HERBERT B. STEARNS
Commercial Officer, Boston

Thousands of lake and seaside resorts and an already favorable consumer attitude toward the quality of Canadian craft and knowhow provides an ideal climate in New England for Canada's boat manufacturers. The geographic location of the territory makes it a particularly attractive market for Eastern Canada manufacturers.

Acceptance of Canada's boats there was evident when 12 manufacturers took part in the Canadian participation at the recent New England Boat Show. This annual event is sponsored by the Boston Herald Traveler newspaper and takes place at Suffolk Downs in East Boston. Although 212 exhibits were at the New England Show, the many types of craft in the Canadian stand gave adequate representation of the tremendous diversity of product to be found in Canada's boating industry.

The wide variety of small watercraft Canada exhibited included canoes and rowboats in aluminum and fiberglass, small surfing craft, sailboats, pedal-boats and runabouts. In addition a highly attractive plastic moulded and promotionally priced eight-foot craft was of particular interest to large mass merchandising outlets and wholesale distributors of small boats. In the medium price range the Canadians displayed runabouts, sailboats and small houseboats. Visitors to the Canadian exhibit included consumers and the buying trade who expressed the opinion that the popular-priced houseboat with its good design, fine interior furnishings and attractive price could be considered one of the highlights of the entire show.

Such diversity of product gave the Canadian participants broad exposure to the various channels of boat distribution existing in the industry in the New England area.

Now, other Canadian firms are indicating interest in this territory and new export programs are being planned.

There are several methods of marine equipment distribution in this area that should be studied closely by firms looking toward New England.

Canadian boats winning broad acceptance in New England range from large sailing sloops, like the Douglas 31 at left, to canoes, as shown by Chestnut Canoe Company Ltd., right. These were among the boats from Canada displayed so successfully at the New England Boat Show in Boston, which introduced many new Canadian lines to this vast and growing market area.

Manufacturers can:

Engage the services of a manufacturers' representative or commission agent who, for a fixed percentage of the wholesale dollar sales volume, will establish a suitable sales force of boat dealers and wholesale distributor firms throughout the New England territory;

Work entirely through the sales organization of a single large wholesale distributor whose sales force offers coverage to boat dealers throughout all of New England;

Work through smaller wholesale distributors who offer more regional sales coverage. Such regional distributors generally give sales coverage that is highly concentrated in a one-state area within the New England territory;

Bypass completely, the wholesale distributor and/or manufacturers' representative, thereby establishing a direct-to-the-dealer sales program.

Boat builders in Canada anxious to examine the New England market or obtain marketing information should contact the Commercial Division of the Canadian Consulate General, 500 Boylston Street, Boston, Mass. 02116.



The Ocean Freight Market

Industrial Traffic Services Division

In the second quarter of 1970, the chartering freight market generally maintained stability at high rate levels reached in the first quarter of the year. Dry cargo average charter rates in most Canadian trades were slightly higher than those of the previous quarter.

The record volume of coal imports and resulting demand by Japanese charterers in the coal trade from Hampton Roads supported high rate levels. Rates fixed on long term consecutive voyage basis averaged approximately \$7.00 per ton, while rates for single voyages averaged approximately \$12.50 per ton. By comparison, the average rate for single voyages in the second quarter of last year was \$6.18 per ton.

In trans-Atlantic grain trades rates were firm until near the end of the quarter when a decrease in chartering activity caused rates to drop to a lower level. The grain trade from St. Lawrence to India was fairly active with rates averaging

177s. 6d. A few fixtures for tanker grain loads at 130s. and 133s. were reported. In the Pacific sector of the market, rates remained generally firm with renewed activity in grain chartering as ships became available on the West Coast inbound from Japan in ballast where there was a surplus of ships available for outbound cargo.

On the basis of fixtures reported for Northern Range discharge, chartering activity in the Caribbean, Persian Gulf and Mediterranean sectors of the tanker market reflected moderate decreases in May with rate levels in June falling off slightly to April levels. The tanker rate for black oil from the Caribbean to United States North Atlantic ports dropped from Worldscale 180.0 at the beginning of the quarter to a low of Worldscale 102.5, then rose gradually to a peak level of Worldscale 220.0 at the end of the quarter.

Charter Rates—Second Quarter 1970

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £=\$2.58 and U.S. \$=\$1.07. For comparison the rates a year ago are shown in column C with the Canadian dollar

equivalent in column D calculated at £=\$2.57 and U.S. \$=\$1.08. The rate schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

Time Charters

The classes of motor ships indicated have been selected as representative for the purpose of illustrating time charter rates. Average rates per deadweight ton per month for the second quarter of the year were as follows:

	Second Quarter 1970		Second Quarter 1969	
	A £ or U.S.\$	B Cdn.\$	C £ or U.S.\$	D Cdn.\$
General Trading (approximately 4 to 12 months)				
11,000-15,000 dwt. 13-16 knots.....	4.97	5.33	3.90	4.21
15,000-20,000 dwt. 13-16 knots.....	5.14	5.52	4.13	4.46
20,000-30,000 dwt. 13-16 knots.....	5.19	5.57	2.87	3.10
30,000-40,000 dwt. 13-16 knots.....	4.60	4.94	2.51	2.71

Voyage Charters

Average rates for the second quarter of the year were as follows:

Heavy Grain (per long ton)

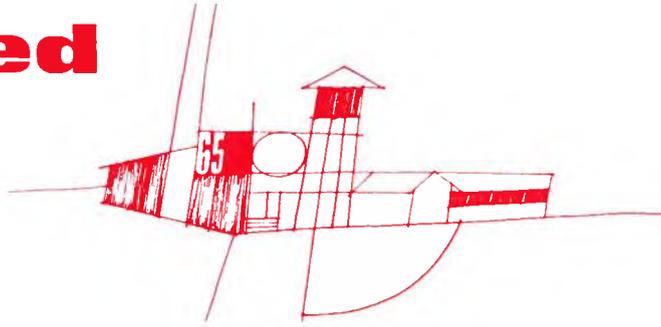
St. Lawrence to Britain.....	74s.6d.	9.68	36s.6d.	4.74
St. Lawrence to Belgium/Holland.....	6.95	7.46	2.80	3.01
St. Lawrence to Syria.....	13.98	15.00	.....	.....
St. Lawrence to United Arab Republic.....	11.11	11.92	.....	.....
St. Lawrence to West Germany.....	8.23	8.83	2.90	3.12
St. Lawrence to Northern France.....	8.42	9.03	4.75*	5.13
St. Lawrence to India.....	177s.6d.	23.07	67s.6d.	8.77
St. Lawrence to Algeria.....	11.00	11.80	.....	.....
St. Lawrence to Poland.....	8.24*	8.84	.....	.....

*One fixture only reported.

	Second Quarter 1970		Second Quarter 1969	
	A £ or U.S.\$	B Cdn.\$	C £ or U.S.\$	D Cdn.\$
St. Lawrence to Lebanon.....	14.25	15.29	.....	.....
St. Lawrence to Spain.....	9.53	10.23	3.35*	3.61
St. Lawrence to Venezuela.....	9.50*	10.19	6.25	6.73
St. Lawrence to Norway.....	8.92	9.57	4.00*	4.31
Great Lakes to Britain.....	14.06	15.09	65s.3d.	8.48
Completing St. Lawrence.....	9.52	10.21	35s.4d.	4.59
Great Lakes to Belgium/Holland.....	10.92	11.72	6.31	6.79
Completing St. Lawrence.....	7.95	8.53	3.43	3.69
British Columbia/North Pacific to Japan.....	12.20	13.09	7.88	8.48
British Columbia/North Pacific to Philippines.....	14.75	15.83	8.48	9.12
British Columbia/North Pacific to South Korea.....	13.36	14.34	7.07	7.61
British Columbia/North Pacific to Taiwan.....	13.75*	14.75	.....	.....
British Columbia/North Pacific to Panama.....	9.00	9.66	.....	.....
British Columbia/North Pacific to India.....	150s.6d.	19.56	.....	.....
Coal (per long ton)				
Hampton Roads to Japan.....	7.02	7.53	6.18	6.65
British Columbia to Japan.....	7.73	8.29	3.70	3.98
Oilseeds (per long ton)				
British Columbia to Japan.....	11.48	12.33	6.61	7.14
Scrap Iron and Steel (per long ton)				
U.S. North Atlantic to Spain.....	13.50	14.49	.....	.....
U.S. North Atlantic to Japan.....	18.75	20.12	11.25*	12.11
U.S. Atlantic to South Korea.....	21.13	22.67	.....	.....
U.S. Atlantic to Belgium/Holland.....	12.21	13.11	.....	.....
Great Lakes to Spain.....	17.28	18.54	.....	.....
Sulphur (per long ton)				
British Columbia to India.....	15.24*	16.35	14.50*	15.61
British Columbia to Australia.....	12.00*	12.88	.....	.....
British Columbia to South Korea.....	8.50*	9.12	.....	.....
British Columbia to Adriatic.....	15.50*	16.63	.....	.....
British Columbia to Continent.....	10.10*	10.84	.....	.....
Fertilizers (per long ton)				
British Columbia/North Pacific to India.....	27.00*	27.90	.....	.....
Iron Ore (per long ton)				
St. Lawrence to Britain.....	4.50*	4.83	.....	.....
St. Lawrence to U.S. Atlantic or Gulf.....	2.50*	2.69	.....	.....
St. Lawrence to Belgium/Holland.....	4.33*	4.65	.....	.....
St. Lawrence to West Germany.....	4.60*	4.94	.....	.....
St. Lawrence to Japan.....	9.00*	9.67	.....	.....
Petroleum Coke (per long ton)				
California to Belgium/Holland.....	10.23	10.98	.....	.....
California to Japan.....	8.80	9.44	.....	.....
U.S. North Atlantic to Romania.....	19.29	20.72	9.00*	9.69
Oil Black (per long ton)				
Venezuela to Portland, Maine.....	3.52	3.78	1.51	1.63
Persian Gulf to Portland, Maine.....	9.82	10.55	5.17	5.56
Mediterranean to Portland, Maine.....	4.06	4.36	2.52	2.71
Venezuela to East of Canada.....	2.59	2.78	2.03	2.18

*One fixture only reported.

Wanted



Manufacturers

Artificial Leather

West German company offers for use under licence in Canada its process for the manufacture of a porous, breathing artificial leather material composed of polyurethane and polyvinyl chloride alone or in conjunction with a textile base. This material may be used in the manufacture of shoes, wearing apparel and upholstery, as well as for such applications as tents and tarpaulins. Resistance to cold and abrasion are good. The material is claimed to be simple and inexpensive to manufacture and finish. Literature available. **Item 2263.**

Municipal Vehicles and Industrial Equipment

Canadian agent offers on behalf of a Belgian company the Canadian manufacturing and marketing rights for its sanitation vehicles and its industrial process machinery and equipment such as cookers, sterilizers, mixers, autoclaves, conveyors, separators, etc. The Belgian company will provide the Canadian licensee with technical assistance, plans, drawings, and possibly certain component parts. Literature available. **Item 2264**

Floor Covering Material

Swiss firm is offering a licensing arrangement for the Canadian manufacturing and marketing rights to its polyester resin and quartz aggregate for use as a floor covering material in industrial plants, etc. This material, which can be laid $\frac{1}{4}$ " thick or less, has a high resistance to abrasion, chemicals (e.g. acids) and oils. It provides a non-skid, non-dusting surface with plastic and low-shrinkage properties that permit laying of large areas. It sets in 2 hours and attains full strength within 24 hours thus being suitable for repairing or resurfacing existing floors. It can also be used as a prefabricated lining for concrete sewer pipes. The licensor will provide technical knowhow and construction drawings for a surface finishing machine. Literature available. **Item 2265**

Phased-Pulse Multistable Logic Circuitry

Russian state licensing agency offers under licence the Canadian production and mar-

keting rights, with the possibility of export rights, for its multistable logic apparatus based on the phased-pulse principle. The components of this apparatus can assume any of 10 stable positions. This multistable logic can be used where decimal indication is necessary. It is claimed that this apparatus is simpler to use than binary devices to recalculate information from binary code into decimal code. An article, outlining in greater detail this circuitry, appeared in the August 18, 1969 issue of "Electronics" magazine. Literature available. **Item 2266**

Machine Tool Accessories

American company offers for manufacture under licence in Canada its lathe accessories such as live centers, collets, collet chasers, tool holders, etc. Live centers have interchangeable points which are guaranteed to $\pm/-.00001$ accuracy, a hardened and ground case and shank, a short overhang which eliminates chatter, and a seal which excludes cutting oil, dirt and other foreign matter. Canadian licensee will be provided with technical information, promotional material and assistance in marketing these products in the United States. Literature available. **Item 2267**

Gear Reduction Units

French firm is seeking a licensing or joint venture arrangement with a Canadian firm to produce and market in Canada and the U.S. its line of gear reduction units for use in any plant operating rotary equipment. It is claimed that the degree of standardization achieved has made it possible not only to rationalize manufacturing but, because of the interchangeability of many of the gears, to realize large-scale mass production. The licensor will provide technical knowhow. Literature available. **Item 2268**

Mitre Saws

American company is offering the exclusive Canadian manufacturing and marketing rights for its two models of portable, electric mitre saws. These saws are claimed to do the work of heavier saws, yet can be carried

from room to room or from site to site. The machines weigh 31 pounds and are equipped with a 10 inch blade and a $\frac{3}{4}$ hp motor which operates at 7,400 rpm. Since all controls are located in the handle, one hand is left completely free. Units can handle $3'' \times 5''$'s and $2'' \times 6''$'s for 90° cutting and $3'' \times 3\frac{1}{2}''$'s and $2'' \times 4''$'s for 45° cutting. Literature available. **Item 2269**

Pressure-Sensitive Label Stock

American firm offers for licence the Canadian production and marketing rights for its three types of pressure-sensitive label stock which are coated with water soluble adhesive. Labels made from this pressure-sensitive label stock are claimed to be able to be removed or remove themselves from objects by merely immersing them in hot water. This stock may be used for removable bumper stickers, weather resistant labels, product labeling, premium give-aways, etc. All ingredients are approved by the U.S. Food and Drug Administration. Literature available. **Item 2270**

Type-TH Transistor Distance Protection for High-Voltage Networks

Romanian state-operated licensing agency offers a manufacturing licence, including knowhow, drawings and technical assistance, as well as the marketing rights for Canada and the United States covering a transistorized impedance (distance) relay. It is claimed that this is a superior design with characteristics not available in competitive impedance relays of solid-state design. The usual claims for advantages in solid-state devices are made: no moving contacts, not sensitive to vibration or dust, compact, easy to maintain, highly sensitive and fast acting. In addition, it is claimed that a combination of analogue and digital operations produces superior control characteristics. Literature available. **Item 2271**

Electrical Apparatus for Welding Plastics

Swiss firm is seeking a licensing or joint venture arrangement with a Canadian firm to manufacture and market its electrical apparatus (pliers) for welding plastic belt-

ing, tubes, joints, etc. up to 15 mm thick. This equipment permits butt-welding of all profiles. The chief advantages claimed include clean welding; no hardening of the plastic and thus no molecular deformation; and no sliding, warming or stretching of the belt on the pulley. A knife is mounted on the pliers permitting a square cut to be made. The parts to be welded never touch the heating blade. Literature available. **Item 2272**

Rubber Covering for Paper Mill Rolls

American manufacturer offers the exclusive Canadian manufacturing and marketing rights for its patented paper mill roll covering of rubber which is claimed to last longer even under adverse conditions. It is said to be extremely tough; to resist abrasion and withstand sharp blows; to have microscopic surface pits to prevent vacuum, thus facilitating release; and to provide 100 per cent surface contact. The Canadian licensee will be granted the use of the company's trademark and will be provided with the formulation and mixing specifications covering this product. Other technical assistance will also be available. Literature available. **Item 2273**

Mouldboard Plow

American firm offers manufacturing and distribution rights for Canada and the United States for its mouldboard plow featuring hydraulic reset bottoms and coulters. Principal advantages are that the guided reset allows clearance of most obstructions, and standardized unit design provides for universal application to various sizes of plows. Licensee should be a manufacturer of related equipment with a distribution capability or arrangement. Licensor offers knowhow, design, manufacturing and sales assistance. Literature available. **Item 2274**

Automobile Reclining Seats

Swiss firm is offering licensing arrangements to Canadian companies for the manufacturing and marketing rights to its seat reclining mechanisms and other automobile seat parts. The Swiss firm is stated to be the exclusive supplier of seat reclining mechanisms to the major automobile producers in Europe, including General Motors (Opel) of Germany, Ford of Germany, Daimler-Benz, Lancia and Pininfarina. Other customers claimed are Citroen, Porsche, BMW, Fiat, VW, Volvo, etc. Canadian companies already manufacturing parts for the automobile industry will be given preference as licensees. The licensor will provide patents, technical knowhow, drawings, etc. Literature available. **Item 2275**

Wooden Toys

Finnish firm offers for manufacture under licence its line of educational wooden toys. Marketing rights are offered for both Canada and the United States. An interested Canadian company should have access to

sources of hardwood (birch) and facilities and technical experience in wood turning. The ingenious and educational wood toys offered for manufacture consist of a wide variety of toys catering to both children and adults. They require varying degrees of skill and are designed to encourage imaginative and constructive play. Literature available. **Item 2276**

Floor Scraper

French company offers under licence the Canadian manufacturing and marketing rights covering its industrial floor scraper. This machine is designed to permit any type of workshop floor to be peeled by removing layers of foreign matter such as grease, tar, paint or chemicals. The unit employs a dry process which consists of four vibrating knives of adjustable height. Literature available. **Item 2277**

Portable Baler

American company offers for manufacture in Canada its new lightweight portable waste cardboard baling machine. The machine reduces fire hazards, reduces the space required for discarded empty cartons, and permits a neater storage area. It is claimed that the cost of the baler is quickly recovered because premium prices are paid by reclaimers for cartons baled using this equipment. Literature available. **Item 2278**

Plastic Hose Reel

American company offers to Canadian firms a licence to manufacture and market a new plastic hose reel, primarily for use with common garden hoses. This reel, which is produced by a stamping operation, snaps together and can be hung on a faucet or sillcock without tools. The arrangement would be on a royalty basis. Literature available. **Item 2279**

Dashboard Clamping Device

American inventor is seeking a licensing arrangement with a Canadian firm to produce and market on a worldwide basis his clamping device to be attached to an automobile dashboard. This device is designed to hold a thermos bottle so that the bottle can be tilted to allow safe pouring. The device may be adapted to hold a tray, map holder, etc., and tightened to prevent these items from tilting. The licensor will provide technical knowhow to Canadian licensee. Literature available. **Item 2280**

Self-Heating Vacuum Bottle

American inventor is seeking a licensing arrangement with a Canadian firm to produce and market on a worldwide basis his self-heating vacuum bottle which is designed to operate on both 110 volts A.C. and 12 volts D.C. This vacuum bottle may be used in either the home or in a car as it is equipped with a dual purpose cord set. The licensee will have the option of various design styles. The licensor will provide

technical knowhow to Canadian licensee. Literature available. **Item 2281**

More Information

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

The following products and processes are offered for manufacture in Canada by Licensintorg, the Soviet state licensing organization. Interested Canadian manufacturers wishing to consider the production of any of these items should contact: Trade Representation of the U.S.S.R. in Canada, 4370 Pie IX Boulevard, Montreal 406, Quebec.

An appliance for pressing power-transformer windings

Arc-resistance field pipe welding outfit

Automatic arc and electroslag welding of titanium and low-alloy titanium-base alloy from 2 to 300 mm thick with the use of special fluxes

Automatic chamber filter press

Automatic device for controlling machines by light beam

An automatic machine for the manufacturing of shell semi-moulds

Automatic shell-type filter press

Automatic single-chamber electron-beam welding unit

Blast furnace lining

The ceramic-rod arc welding and hard facing technique

Charged particle accelerator

Chemical composition, manufacture and use of electrodes alloyed with rare earth elements and zirconium with low hydrogen content for welding low carbon steel

Chemical composition, production technique and use of type 1111-42 flux-cored electrode for welding of pre-heated cast iron

Chemical current sources for domestic electrical devices

Complex processing of nephelines into alumina, sodium carbonate products and Portland cement

Concrete saw for cutting joints in freshly placed concrete pavements	Flux for soldering and low-temperature soldering and welding of cast iron	Method of manufacturing polyamide parts of friction joints
Construction crane for tower structures	Francis turbine wheel type roll 5 for 70 to 115 M pressure	A method of production bimetallic component parts by hard-facing with a fused alloy
Contact process of producing sulphuric acid	Galvanoplastic method of manufacturing waveguide units	Method of producing stamped bodies of spark plugs
Continuous vibration mixer	Gas carburettor	Method of production of caprolactam from Benzene by oxidation of cyclohexane with atmospheric oxygen
Cutter-loader YKPIK	Gas-cooled electric machine rotor	Method of production of cellular perlite-plastic concrete items
Detergent MJI-6 for cleaning sea tankers	High-voltage switchgear device	Method of production of higher fatty alcohols by direct oxidizing N-paraffines
Device for attachment of branch pipes to operating—and medium—pressure gas lines	Hydraulic-turbine runner, model PO 115	Method of production of highly-dispersed ferromagnetic powder of iron carbonyl
Device for sealing rotor of regenerative air heater	Insulation of windings of electric machines and equipment	Method of production of synthetic fat acids by oxidizing petroleum paraffines with atmospheric oxygen
Diffusion vacuum-welding technique and equipment for welding various metals, alloys and materials	KIVCET the process and reactor for smelting complex ores and concentrates	Method of production of water-resistant gypsum pozzuolana cement and constructions of it
Electric separator for concentration of minerals	Laminated material for resistors and high-precision potentiometer	A method for submerged dual-arc welding with an oscillating forward electrode
Electric wire spark erosion machine "Electrom-15"	Linear pneumatic resistance device	Miniature moving-coil instruments
Electrochemical device for converting information signals	Liquid mixture and manufacturing method for foundry cores and moulds	Mining set for mechanized coal mining
Electrodes for welding and building-up of gray and high-strength cast iron	Low-temperature recirculating furnaces, type HAI (50-550°C)	Mobile column crane
Electrolizer	Machine for wire binding of bundles and packets of rolled stock	Molding installations for fabrication reinforced concrete constructions
Electron-beam melting installation	Manufacture of cast microwire in solid fiberglass insulation	Moving-iron frequency meter
An electrothermic process for zinc distillation from zinc crust	Mechanism for cleaning casings and armours of coke ovens	Multiple drilling machine for drilling blast holes in shaft sinking
Evaporative cooling for metallurgical furnaces	Method of cable insulation drying and automatic insulation testers	Multispeed induction motor
Expanded plastic (plastic foam)	Method for continuous production of ultra-pure hydrofluoric acid and small-size plant for producing the same	New machine for shaping the edge of leathern outsides
Expanding Portland cement without shrinkage astringent	Method and device for the manufacture of primary cells	Pickup of halide leak detector
Extrusion die for manufacturing double-wall pipes of "pipe-in-pipe" type	Method of digging sloping-wall ditches by a multi-bucket excavator	Plastic commutator for electric machine
Extrusion die for manufacturing reinforced plastic hoses and pipes	Method and equipment for cooling worm reduction gears	Pneumatic cement conveyer
Feed preparation machine	Method and equipment for unsymmetrical grid control of gas-filled rectifier-type converters	Portable methane analyzer CMII-I ("Miner's Sputnik")
Flux-cored electrode for open-arc welding and welding deposition	Method of improving mechanical strength and thermal resistance of glass items	Powder wire
Flux-cored electrode with internal backup	A method for the manufacture of storage—battery separators	Primary alkaline cell
1111-2X2B8-0 and 1111-2X4B3o-O flux-cored electrodes with internal backup	A method of manufacturing a hydrophobic additive	Process for enamelling wire without employing solvent
Flux-cored surfacing electrodes		Process of production of hydrogen peroxide by anthraquinone method with employment of novel catalyst
Type IIII—3X2B8 flux-cored wire for welding deposition		

Production of toothed components by radial punching method	Spline-rolling machine	Type IIAII low-temperature recirculatory heating installations
Protection device against short circuit currents and overvoltages in semiconductor rectifying plant employed in electric rolling stock	Standard set of industrial pneumatic control elements	Universal cokeless cupola furnace
Radiation counter	Super-high sensitive, highly stable and highly selective broad-band radio receiver system CB4	Universal truck tyre assembly bench C11AY-65N
Reaction-turbine drilling method PT6 and sinking rigs for its accomplishment	Thermocatalytic methane-relay	Vibrating mill for fabrication of reinforced concrete structural elements
Remote-controlled moulding press line	Top-pressure operated blast furnaces	Vibroplatform
Rubber-metal and uniform-frequency vibro-isolating supports	Turbodrill with sloping pressure curve	Welding fluxes
	Type OB-578M flux melting furnace	Well-top casing resistance-welding machine
		Wire-tying machine

Foreign Tariffs and Trade Regulations

Argentina

New import duty rates for capital goods under Chapters 84 (boilers, machinery and mechanical appliances), 85 (electrical machinery and equipment), and 90 (optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus) are given in Decree No. 22 of June 12, 1970, published in the *Boletín Oficial* of June 15.

The existing high tariff protection level is retained for most locally manufactured capital goods. The duty on other equipment has been lowered to 20 per cent of the c.i.f. value.

The Argentine Government has also issued other legislation granting duty-free entry for imports of capital goods, provided they cannot be produced by local industry and do not harm the domestic market for locally-produced equipment. To obtain this privilege, a special licence must be applied for from the corresponding government entities.

Britain

The British Government has announced that the rate of Import Deposit on imported goods will be further reduced from the present rate of 30 per cent to 20 per cent, effective September 1, 1970, and that the Import Deposit requirement will be terminated on December 4, 1970.

The British Import Deposit Scheme was originally introduced on November 22, 1968, at the rate of 50 per cent of the value for duty purposes.

However, in November 1969 it was lowered to 40 per cent and a further reduction to 30 per cent was made on May 1, 1970.

The Scheme required the British importer of goods subject to the levy to post the deposit with British Customs for a period of six months without payment of interest.

United States

The United States Transaction Control Regulations have been amended, effective July 1, 1970, to permit U.S. subsidiaries and branches of U.S. firms abroad to export items subject to COCOM control to Eastern European countries, provided the exporting COCOM member country has licensed the shipment. COCOM is an informal committee of NATO countries and Japan created to facilitate consultation among its members regarding the export of strategic commodities to communist countries. Formerly it was necessary for the subsidiary or branch of the United States firm to obtain a licence from the exporting country and for the parent organization to secure a licence from the U.S. Department of the Treasury.

The amendment makes no change in the controls applicable to exports from non-COCOM countries, nor to trade with Asian communist countries, Cuba, and Southern Rhodesia. Also not affected are the controls exercised by the U.S. Department of Commerce on the export to Eastern Europe of goods and data of United States origin, or which contain components of United States origin, or which are the product of United States data.

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

Mexico

T. F. Harris, Commercial Counsellor in Mexico City:

Montreal: Sept. 14-18

Toronto: Sept. 21-25

Hamilton, Burlington, Dundas:

Sept. 28-29

Winnipeg: Sept. 30-Oct. 1

Regina: Oct. 2

Calgary: Oct. 5-6

Edmonton: Oct. 8-9

Vancouver: Oct. 13-16

Trinidad

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

Vancouver: Sept. 1-6

J. A. Ahow, Commercial Officer, Port-of-Spain:

Saint John: Sept. 9

Nova Scotia: Sept. 10-11

Montreal: Sept. 14-21

Toronto: Sept. 30-Oct. 9

Winnipeg, Regina, Saskatoon,

Edmonton, Calgary: Oct. 19-23

Vancouver: Oct. 26-29

Temporary Duty in Ottawa

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

D. G. Adam

Assistant Commercial Secretary
Permanent Mission of Canada to the
United Nations
New York, N.Y.
August 24-27

J. A. Ahow

Commercial Officer
Port-of-Spain, Trinidad
August 31-September 4

D. S. Armour

Consul
Hamburg, Germany
August 17-21

F. B. Clark

posted as Consul General
Manila, Philippines
August 17-21

R. A. Fairweather

Consul and Assistant Trade Commissioner
San Juan, Puerto Rico
August 17-19

E. L. Gray

Assistant Commercial Secretary
London, England
September 8-10

T. F. Harris

Commercial Counsellor
Mexico City
August 31-September 11

W. Jones

Trade Commissioner
Johannesburg, South Africa
mid August

F. L. N. Villeneuve

Assistant Commercial Secretary
Melbourne, Australia
August 24-September 11

In Territory

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

Bahamas

J. R. Lefebvre, Assistant Commercial Secretary in Kingston, Jamaica, will visit Nassau and Freeport for ten days at the beginning of September.

Bulgaria, Hungary, Rumania

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

Cyprus

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

People's Republic of China

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

Puerto Rico

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

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.

Manila Meeting Offers Investment Opportunities

Canadian firms that are interested in overseas commercial opportunities as well as in breaking new ground in industrial joint ventures in developing countries should consider attending a meeting to be held in Manila, Philippines, from September 23 to 30, 1970. Some 150 individual industrial projects will be offered by representatives of at least 13 Asian countries who will attend the Manila meeting, the third of this kind held under the auspices of the United Nations Industrial Development Organization.

The earlier meetings in Tunis and Morocco have been described as a market place or marriage bureau, bringing together representatives of the developing countries and potential partners from the indus-

trialized countries. These meetings are not conducted in the usual conference style: private interviews between potential investors and country representatives are scheduled throughout the day.

To date, some 13 Asian countries of the ECAFE region have submitted over 150 specific projects requiring foreign investment of from \$200,000 to \$30 million. These projects include chemical industries, capital goods, industrial components, food processing, textiles and consumer products. Canadian investors and producers might be especially interested in the numerous opportunities being offered in flour milling, pulp and paper mills, laminated flooring, particle board and knock-down furniture. Preliminary infor-

mation indicates that the following Asian countries have offered projects and will attend the Manila meeting: Ceylon, Hong Kong, India, Indonesia, Iran, Korea, Malaysia, Nepal, Pakistan, Philippines, Singapore, Taiwan, West Samoa.

Interested Canadian firms or investors should contact the Business and Industry Division of the Canadian International Development Agency (Fuller Building, 75 Albert Street, Ottawa 4), which is the operating contact with the United Nations Industrial Development Organization (New York Liaison Office, Room 1829, United Nations Building, New York 10017). A preliminary list of the specific projects can be obtained from either CIDA or UNIDO at the addresses shown.

Sales Could Reach \$12 Million

Almost 200 buying connections were established by the 13 Canadian firms that participated in the recent International Instruments, Electronics and Automation Exhibition at London. Sponsored at the show by the Department of Industry, Trade and Commerce, the Canadians confirmed two agency agreements and started negotiations for 11 others. Canadian sales potential as a result of this show has been estimated at \$12.5 million.

The 110,226 visitors examined new products and held discussions with manufacturers' representatives concerning ser-

vice and installation. The Canadian products and procedures ranged from the minute and the intricate (printed circuits and timing instruments) to the imposing (information display systems and space electronics).

Canadian companies participating were: Bowmar Canada Ltd., Ottawa; Canadian Research Institute, Don Mills; Canadian

Westinghouse Co. Ltd., Hamilton; Croven Ltd., Whitby; Eldon Industries of Canada Ltd., Don Mills; Esna Ltd., Agincourt; Fortin-Latchford Ltd., and Graphico Precision Works Ltd., both of Scarborough; George Kelk Ltd., Don Mills; Microsystems International Ltd., and Nash and Harrison Ltd., both of Ottawa; Precision Electronic Components Ltd., Toronto and Syner-Data Canada Ltd., Weston.

An interested and distinguished visitor to the Canadian stand was the Minister of Technology in the Wilson government, the Rt. Hon. Anthony Wedgwood Benn seen here following W. M. Stubb's explanation of Graphica Precision Works Limited's new line of printed circuits. With them are, from the left, William Logan, Chairman of the International IEA Exhibition Committee and C. J. Van Tighem, Minister (Commercial), Office of the High Commissioner for Canada.



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 .97.

To convert column two, divide by .97.

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at July 29	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at July 29	Canadian dollar in foreign currency units
Algeria Dinar	.1862	5.37	Denmark Krone	.1370	7.28
Argentina Peso (free)	.2569	3.89	Dominican Republic Peso	1.0275	.97
Australia Dollar	1.146	.8726	Ecuador Sucre (official) (free)	.0570	17.45
Austria Schilling	.0398	25.12	El Salvador Colon	.4110	2.42
Bahamas Dollar	1.0275	.97	Fiji Dollar	1.186	.84
Belgium and Luxembourg Franc	.02070	48.12	Finland Markka	.2446	4.08
Bermuda Dollar	1.027	.97	France, Monaco, etc. ² Franc	.1862	5.37
Bolivia Peso	.0863	11.58	Franco-African Republics ³ Franc	.0037	270.27
Brazil Cruzeiro (official free)	.2217	4.51	French Pacific ⁴ Franc	.0102	97.09
Britain Pound	2.457	.40	Germany D Mark	.2831	3.53
British Honduras Dollar	.5364	1.86	Ghana New Cedi	1.007	.99
Burma Kyat	.2158	4.62	Greece Drachma	.0342	29.07
Ceylon Rupee	.1726	5.77	Guatemala Quetzal	1.0275	.97
Chile Escudo (bank rate) (free)	.0869 .0716	11.45 13.96	Guyana Dollar	.5367	1.86
China, Republic of New Taiwan Dollar (official)	.027	37.04	Haiti Gourde	.2055	4.86
Colombia Peso (fixed)	.055	17.86	Honduras Lempira	.5138	1.74
Congo (Kinshasa) Zaire	2.144	.46	Hong Kong Dollar	.1695	5.89
Costa Rica Colon	.1551	6.44	Hungary Forint (official)	.0921	10.85
Cuba ¹ Peso	.....	.....	Iceland Krona (official)	.0116	85.47
Czechoslovakia Koruna	.1427	6.98	India Rupee	.1364	7.30
			Indonesia ⁵ Rupiah	.....	.....

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at July 29	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at July 29	Canadian dollar in foreign currency units
Iran Rial	.0142	70.42	Peru Sol (free)	.0237	42.19
Iraq Dinar	2.877	.35	Philippines ⁶ Peso (free)	.165	6.06
Ireland Pound	2.457	.40	Poland Zloty (fixed basic rate)	.2700	3.71
Israel Pound	.2936	3.40	Portugal & Colonies ⁷ Escudo	.0357	27.86
Italy Lira	.0016	625.00	Saudi Arabia Riyal	.2062	4.84
Jamaica Dollar	1.228	.81	Sierra Leone Leone	1.508	.66
Japan Yen	.0029	299.30	Singapore Dollar	.3507	2.85
Kenya Shilling	.1526	6.55	South Africa Rand	1.435	.59
Lebanon Pound (free)	.3185	3.14	Spain & Dependencies Peseta	.0147	67.57
Malaysia Dollar	.3357	2.97	Sweden Krona	.1985	5.03
Mexico Peso	.0822	12.12	Switzerland Franc	.2392	4.18
Morocco Dirham	.2064	4.83	Syria Pound (free)	.2819	3.55
Netherlands Florin	.2854	3.50	Thailand Baht (free)	.0498	20.00
Netherlands Antilles Florin	.5448	1.83	Trinidad & Tobago ⁸ Dollar	.5138	1.94
New Zealand Dollar	1.150	.87	Tunisia Dinar	1.957	.51
Nicaragua Cordoba	.1468	6.79	Turkey Lira	.1142	8.73
Nigeria Pound	3.017	.33	United Arab Republic Pound (official)	2.36	.42
Norway Krone	.1439	6.93	United States Dollar	1.027	.97
Pakistan Rupee	.2158	4.62	Uruguay Peso (free)	.0041	243.90
Panama Balboa	1.0275	.97	Venezuela Bolivar (official free)	.2288	4.36
Paraguay Guarani (free)	.0082	120.48	Yugoslavia Dinar (official)	.0822	12.12

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, Camerouns, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.

4. New Caledonia, New Hebrides, French Polynesia.

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

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

7. Approximately same rate for Portuguese territories in Africa.

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

Brazil Discovers Canadian Cattle

By capturing records and trophies Canadian Holstein Friesians are gaining acceptance from Brazilian farmers of purebred stock. Farmers are also starting to buy frozen semen from Canada.

Apparently subdued by their long flight from Toronto to Sao Paulo, Brazil, Canadian Holsteins, part of \$185,000 shipment, await release from their containers. Each container holds about three cows, and the trip took ten hours. The picture on opposite page shows how they were packed. Wealthy Brazilian farmers are increasingly looking to Canada farm stock.





JOSEPH E. BRANT, Commercial Officer, Sao Paulo

After a 10-hour flight from Toronto, a DC-8 Air Canada plane landed early in the morning of April 13, 1970 at Sao Paulo's International Viracopos Airport. It carried the most expensive single shipment of cattle ever to arrive in Brazil—59 head of Canadian Holstein Friesians worth approximately \$185,000 plus three containers of frozen semen from the Ontario Association of Animal Breeders, worth about \$25,000. Of the cattle, 43 head worth about \$160,000, and frozen semen worth about \$10,000, went to one buyer only.

The fact that this buyer is purchasing Canadian Holstein Friesians to "improve the quality of his herd" can be considered a significant victory for Canada. There were some sporadic imports of Canadian Holsteins in the

early fifties with, generally, not very encouraging results. Poor or haphazard selection were the main reasons for little acceptance of Canadian Holsteins in the past. During 1967, 1968 and 1969 about 250 head of this breed, worth about \$560,000, were imported from Canada. Nearly all of them went to the Sao Paulo area.

But this is changing. Canadian Holsteins have recently started to pile up trophies and beat records at the most prominent cattle shows. Outstanding is a Holstein cow, Reflection Duchess, that won Brazil's national milk production championship for two-year-olds. As a three-year-old, during her second lactation, she gave 51.6 kilos of milk during 24 hours—an all-time Brazilian record for all breeds of that age.

The purchase and upkeep of purebred cattle in Brazil is still a luxury, and enjoyed by only a few wealthy people. Most breeders of purebred cattle in Brazil consider themselves lucky if they break even with costs at the end of the year. The bulk of the country's dairy farmers content themselves with Brazil's common, non-pedigreed stock, which are rugged animals requiring the minimum of care and expense.

But Canadian Holsteins are steadily gaining ground in Brazil by winning coveted trophies in important cattle shows. Their presence certainly has been instrumental for the upsurge of sales of Canadian frozen semen from zero to \$69,000 in the first quarter of 1970, with additional orders of more than \$100,000 placed in April.

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