

foreign trade

Canada Expands Trade
with Southeast Asia

Hospital Equipment Market



Department of Industry, Trade and Commerce, Canada

September 12/1970



**south-
east
asia**

BURMA

NORTH VIETNAM

LAOS

THAILAND

SOUTH VIETNAM

CAMBODIA

MALAYSIA

SINGAPORE

BRUNEI

SPAIN

SARAWAK

In This Issue

Although Canadian exports increased to Singapore and Malaysia in 1969, our share of the total imports by those two important Southeast Asian countries dropped. Nevertheless, total trade between Canada and the seven mainland Southeast Asian countries last year rose almost 32 per cent from the previous year to a total of \$88.5 million.

This type of information and much more can be found inside. We've gone into the market area in depth, carrying country reports on Brunei, Thailand, Burma as well as Malaysia and Singapore.

An increasing number of Canadian exporters are considering Southeast Asia now and the prospects of doing business with the countries named can be examined from these reports.

And for variety we've given you some information on the big exporting success of a small firm; a couple of areas where markets exist for hospital equipment; a look at airport expansion in Italy and an outline of the continued rapid expansion in Hong Kong.

And to help Canadian businessmen keep their world business programs advancing, we have an up to date list inside of all the Canadian trade offices abroad.

So much for what you can find inside: here's something you can't find that demonstrated Canadian industry's flexibility. A recent Sunday edition of the New York Daily News tells how a consumer in the U.S. required socks that would not cling tightly, but would

be high enough to cover an artificial leg. He searched, but found U.S. exporters were all producing only with clinging synthetic materials. The Canadian Consulate N.Y. was tried and now this consumer has the socks, compliments of Harvey Woods Ltd., Toronto. While also in synthetics now, the Canadian firm produced a special just for the N.Y. consumer.

Sad and mad department. G. F. Mintenko of the Canadian mission to the EEC, points out that for our August issue, he reported prices in the community up 4.9 per cent in 1969. A gremlin, he now telexes, converted that to 1.9 in the published article. Mistakes—we're sad; a gremlin—we're mad. Now it's our S.A.M. department.

OUR COVERS—Countries of Southwest Asia, the market area described within. It has potential for Canadian exporters. On the back is Beehoo Industries' Amphicat in action. It's selling around the world (page 29) and even John Lennon, long hair and all, drives one.

foreign trade

Vol. 134 No. 3

September 12/70



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

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

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

Subscription

\$5 a year in Canada, \$7 abroad.
Single copies 25 cents each.
Please forward all orders, with
cheque or money order made out
to the Receiver General of Canada,
to the Queen's Printer, Ottawa,
Canada

Articles

Southeast Asia

Canada's Trade Expanding 2

Malaysia: a Market for Canadian Investment and Equipment 5

Brunei: Gas Added to Oil 10

Thailand: Stability and Growth 11

Burma: State Tenders Worth Watching 15

Singapore: Clearing House for Southeast Asia 18

Industrial Projects in Asian Countries 20

How a Small Firm Made It Big in Exporting 29

Hospital Equipment Markets: Germany and Venezuela 32

Green Light for Italian Airports 35

No Let-up for Hong Kong 38

Northern Electric in Europe 45

Bombing Australian Fires 48

Departments

Foreign Trade Service Abroad 21

Wanted: Manufacturers 41

Trade Lines 42

Foreign Tariffs and Trade Regulations 43

Trade Commissioners on Tour 44

Foreign Exchange Rates 46

Southeast Asia...

...Canada's Trade Expanding

SEAN BRADY, Asia Division, Office of Area Relations

Anyone who has done business in Southeast Asia will probably recognize this view of Singapore, trading hub of the area. Trade between Canada and the Southeast Asian countries last year rose by 31.7 per cent, Singapore and Malaysia accounting for the main share. Investment rather than trade, however, may be more profitable.



Prime Minister Trudeau's visit to several mainland Southeast Asian countries in May, 1970, highlighted the increasing Canadian interest in commercial and cultural relations with many of the countries in this area. This issue of *Foreign Trade* provides an opportunity to examine current business conditions in a selected group of these countries and the prospects for Canadian trade.

Total trade between Canada and the seven mainland Southeast Asian countries last year rose by 31.7 per cent to \$88.5 million from the 1968 total of \$67.2 million. This sharp rise followed a two-year decline in total trade from the 1966 high of \$70 million.

Increased Canadian trade with Malaysia and Singapore accounted for the main share of this growth. Exports from Malaysia and Singapore to Canada increased by one third, rising from \$41.1 million in 1968 to \$54.8 million in 1969. Exports to Canada from Thailand, Burma, Cambodia and Laos have declined in actual and relative terms over the past two years, so that by 1969 Malaysia and Singapore supplied 98 per cent of Canada's imports from mainland Southeast Asia and received 61 per cent of Canada's exports to this area.

Malaysia and Singapore—Canada, in turn, expanded its export trade with Malaysia and Singapore in 1969, with the large bulk of the increase coming in the form of a \$7.1 million sale of aircraft to Malaysia. In addition, moderate increases were recorded in the sale of newsprint, wheat, asbestos and aluminum to the two countries, and of sulphur and automobiles to Singapore. Canadian exports to Malaysia of communications equipment and hoisting machinery declined while the same exports rose slightly in Canada's trade with Singapore. Despite quantitative increases in Canada's exports to Singapore and Malaysia in 1969, the Canadian share of the world import markets in these two countries fell from 1.7 per cent to 1.2 per cent.

Other Markets—Canada's exports to the other mainland Southeast Asian markets continued to increase in 1969. The Thailand balance is still favorable for Canada, because of increased Thai imports of wheat, asbestos, wood pulp, newsprint, automobiles, transformers, files and rasps and saws.

While Burma purchased increased amounts of wheat and asbestos in 1969, it also provided a new market for Canadian fountain pens in that year and for forestry equipment in 1968. Expanded exports to Cambodia and Laos in 1969 reflected a fairly sizeable purchase of newsprint, while South Vietnam was the recipient of Canadian cod and milk.

Despite the over-all expansion of Canada's export trade with the mainland Southeast Asian countries, Canada continued to have an unfavorable balance of trade in this area, owing to the high value of imports from Malaysia and Singapore.

Imports into Canada—Canadian imports from mainland Southeast Asia have increased by 45 per cent from the 1967 total of \$38.5 million to \$55.8 million in 1969. The temporary recovery of world market prices since 1968 in rubber and tin has given an impetus to the export trade in these products from Malaysia and Singapore. If rubber prices continue to decline from present levels, however, the export earnings of Malaysia and Singapore might be affected.

Canadian imports from Southeast Asia in 1969 followed a consistent commodity pattern established over the past several years. From Malaysia came tin (\$13.2 million), rubber (\$9.3 million), coconut oil (\$2.3 million), palm oil (\$2.3 million) and mahogany lumber (\$1.4 million). Singapore provided rubber (\$13.6 million), canned pineapple (\$3.1 million) and mahogany lumber (\$750,000). Thailand and Burma, respectively, exported exotic lumber (\$382,125) and hardwood veneer (\$54,552), although their over-

all exports to Canada have decreased noticeably since 1967.

Sales and Investment Prospects—It continues to be difficult to assess our commercial prospects in South Vietnam, Cambodia and Laos owing to the severe internal disturbances within these countries. Although South Vietnam in recent years has received total annual imports in the neighborhood of \$500 million (with major emphasis on machinery, textile fabrics, ferrous metals, electrical machinery, motorcycles and automobiles), most of it comes in under the U.S. Commercial Aid Program.

Prospects for increased Canadian exports to Cambodia in the areas of chemicals, asbestos, fertilizers, communications equipment and forestry products are now rather uncertain in light of the disruptive effects on the proposed Cambodian development program (1968-1972) of increased military activities in Cambodia.

In view of the rather limited prospects for major increases in Canadian exports to mainland Southeast Asia in the near future, attention might be given to the potential for Canadian investment in this area. Increasing tariff barriers by both Malaysia and Thailand and investment incentive programs in these two countries provide Canadian investors, manufacturers and consultants with the opportunity to explore the profitability of participation in certain Malaysian and Thai enterprises, particularly in the fields of lumbering and electrical power engineering. It should be noted that joint investment ventures in both Malaysia and Singapore place greater emphasis on Canadian knowhow and expertise rather than on Canadian financing.

The Canadian grant of \$2 million in the form of Canadian goods and services to the Cambodian Prek Thnot River power and irrigation project in Cambodia (originally scheduled for completion in 1972) could provide

opportunities for Canadian firms and consultants in this area. In addition, the Asian Development Bank approval in April 1970 of a first loan to Cambodia of \$1,670,000 to strengthen the electric power supply system in the Phnom Penk area might increase the potential for Canadian participation in this area. Despite these encouraging indications, however, the military situation in Cambodia has complicated at least the short-term prospects for profitable Canadian involvement in the relatively ambitious programs for internal development in Cambodia.

Trade Relations and Controls— Canada's trade relations with Malaysia, Singapore, Burma and Cambodia are based on the General Agreement on Tariffs and Trade. In addition, Canada grants most-favored-nation treatment to Laos and Vietnam, and exchanges preferential treatment with Malaysia and Singapore.

Singapore and Thailand operate with a minimum of import controls and formalities, and almost all goods may be imported into Malaysia under "open general licence". Laos requires licences for imports under foreign aid programs only, whereas Vietnam requires licences for all imports. All Burmese imports are made by the Government and government agencies, and, in Cambodia, foreign trade is transacted exclusively by the Société Nationale d'Exportation et d'Importation (SONEXIM) whose only foreign office is in France.

These regulations change frequently, however, and exporters are advised to keep abreast of current regulations by addressing inquiries to the Asia and Pacific Divisions of the Office of Area Relations, Department of Industry, Trade and Commerce, in Ottawa. In addition, up-to-date information on trade prospects and on the current economic and marketing situation in these Southeast Asian countries may be obtained from the Canadian Trade Commissioners in Hong Kong, Kuala Lumpur, Bangkok and Singapore.

The following articles point out business conditions in Malaysia, Singapore, Thailand, Burma and Brunei and outline the prospects for the sales of certain Canadian products.

CANADA'S TRADE WITH MAINLAND SOUTHEAST ASIA

Exports to	\$'000			
	1966	1967	1968	1969
Malaysia	11,093	13,445	10,726	15,524
Singapore	4,283	2,868	3,159	4,822
Thailand	6,743	6,947	7,162	8,539
Vietnam	2,588	1,939	2,168	2,135
Burma	1,195	262	740	1,469
Cambodia-Laos	98	63	76	204
Total exports	26,000	25,524	24,031	32,693

Imports from	\$'000			
	1966	1967	1968	1969
Malaysia	29,102	22,298	25,986	32,824
Singapore	12,351	11,173	15,117	21,967
Thailand	2,432	4,868	2,023	995
Vietnam	1	6	1	5
Burma	105	105	76	55
Cambodia-Laos	—	3	4	1
Total imports	43,991	38,453	43,207	55,847
Total trade	69,991	63,977	67,238	88,540

Principal Canadian Exports	No. of Markets	\$'000	
		1968	1969
Newsprint paper	6	3,044	4,243
Asbestos	6	1,981	3,654
Aluminum	4	1,994	2,151
Wheat, except seed, n.e.s.	2	1,232	1,503
Zinc blocks, pigs and slabs	3	975	1,183
Aircraft assembly parts	4	1,367	824
Aircraft complete	1	—	895
Passenger automobiles	4	414	735
Hoisting machinery	3	715	676
Potassium chloride muriate	2	565	602
Wheat flour	1	386	318
Sulphur	2	44	545

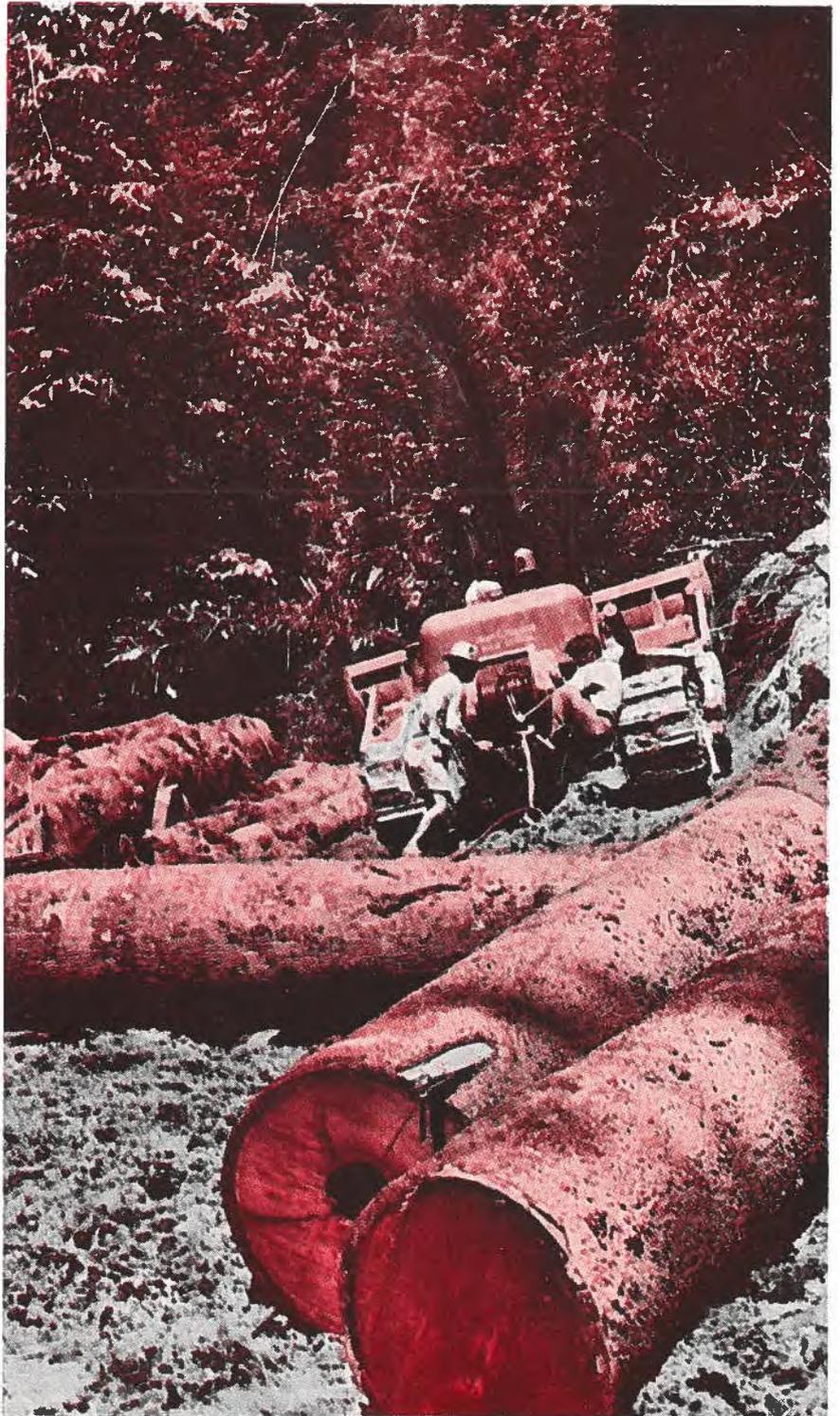
...Malaysia: a Market for Canadian Investment and Equipment...

DOUGLAS LINDORES
Acting Commercial Secretary
Kuala Lumpur

Despite the serious internal problems caused by the outbreak of racial rioting in May 1969 after the national elections, Malaysia experienced a remarkable recovery, resulting in a rapid acceleration in the year's rate of economic growth. As it had experienced almost 11 years of stable independence and economic growth, the country's people and government were shaken and suffered a severe psychological blow, for Malaysians had prided themselves on the excellent working relationship and goodwill that had been built up between the three major races, Malay, Indian and Chinese.

Order was restored within a few days of the violent outbreak. For the past year, Malaysia has undergone a period of soul searching, as it explored new methods of restoring the spirit of racial co-operation long taken for granted. Parliament was suspended after the riots, an appointed National Operations Committee being substituted. There are signs, however, that a gradual return to democratic rule is underway, because the broadly representative National Goodwill Committee plays an increasing role in advising the governing National Operations Committee on policy matters. The situation is sufficiently normal to allow the postponed elections for the States of Sarawak and Sabah to have been held last July.

Notwithstanding these problems, Malaysia's gross national products at current market prices is estimated to have increased by approximately 8.5 per cent to M\$11,305 million in 1969. This was the highest growth rate achieved since 1965 and is to be compared with the growth rate of 6.4 per cent in 1968 and an annual growth rate averaging 6.8 per cent in the five years preceding 1969. After taking into account the increase in popula-



The Malaysian timber industry is of major significance to Canadian suppliers as it is the country's third most important foreign exchange earner. A complex being established by a Vancouver firm will provide an outlet for Canadian supplies.

tion, the per capita GNP was estimated at M\$1,060 in 1969, compared with M\$1,010 in 1968.

The predominant factor of the country's economic situation throughout the year was a major surplus on balance of trade caused by a 24 per cent increase in exports coupled with a 1 per cent increase in imports. This marked increase in export receipts was primarily attributable to higher export earnings for rubber and tin, arising from increases in both the volume and price of those commodities. A substantial expansion in the export volume of the other major export commodities, in particular sawlogs, sawn timber, palm oil and palm kernel, also contributed to the higher level of export.

This very favorable performance on the trade account enabled the country to maintain an over-all balance of payments surplus of M\$530 million in 1969. This was achieved despite a large deterioration in the services account, much of which was attributable to the phased withdrawal of British forces from Malaysia. This over-all surplus of M\$530 million compared with a deficit of M\$26 million in 1968.

Malaysia has enjoyed a very low rate of inflation throughout the past decade. Based on 1959 equal to 100, the West Malaysia retail price index in 1968 was 108.2, and declined to 107.1 in 1969.

The basic problem facing Malaysia's economic planners in the coming years will be the problem of growing unemployment. A large percentage of the population is currently supported by the traditional labor intensive agricultural crops of rubber, rice and palm oil, and by tin mining. A significant new factor in recent years has been the emerging timber industry. The agriculture policy of the Government is primarily focussed on overcoming four major problems: up-grading the technical level of agriculture; diversification from rubber; development of new incentives to encourage smaller farmers to expand and improve production techniques; and the clearing of new land to increase employment in the agricultural sector.

Agriculture, including forestry and fisheries, has traditionally been the largest segment in the Malaysian economy, accounting for approximately

30 per cent of the gross domestic product and providing employment for more than half of the economically active population. All of the important products, however, are subject to major price fluctuations.

Rubber, on which the Malaysian economy depends so greatly, has proved to be particularly volatile. In 1968 rubber reached an all time low of M43½ cents per pound. In August 1969 it was 86 cents a pound declining to 70 cents at the end of January 1970 and to approximately 56 cents at the end of April 1970. As long-term government planning is done on the basis of a floor price for rubber of M55 cents per pound, any decline below this price can have an effect on long term development programs.

The importance of rubber and the implication of fluctuating prices can be seen by a look at some figures. For instance, 838,000 tons were exported in 1960 when the price was M106.5 cents a pound, earning M\$2,001 million. In 1968, when the price was 52.4 cents, 1,152,637 tons were exported to earn M\$1,353 million. Last year 1,332,600 tons, at 68.1 cents a pound, brought in M\$2,032 million. Despite a 60 per cent increase in rubber exports since 1960, earnings in 1969 were up only 1.5 per cent over those of 1960.

The timber industry continues to be the third most important foreign exchange earner after rubber and tin. West Malaysia accounts for the bulk of the production in the export of sawn timber, while East Malaysian shipments are almost entirely logs. In 1968, 78 per cent of West Malaysia's log output was converted to sawn timber, compared with less than 1 per cent in Sabah and 22 per cent in Sarawak. The rapid proliferation of saw mills and plywood and veneer plants in West Malaysia indicates that in the very near future virtually 100 per cent of West Malaysia's log output will be processed within the country.

As rice has always constituted one of the largest import items in Malaysia, continuing efforts have been made to increase its production. In 1968 the country produced about two thirds of its domestic rice requirements, the remainder being imported primarily from Thailand. Steps taken to increase the crop include an overall increase of

acreage under cultivation, the intensification of cultivation by means of double cropping, the expansion of existing irrigation facilities, the introduction of high-yielding varieties with greater adaptability and resistance to disease, and earlier maturing varieties for double cropping. It is expected that West Malaysia will be self sufficient in rice before 1975, although the East Malaysian states will continue to import for some time.

The past three years have experienced rapid growth of the palm oil industry, largely in an attempt to diversify the agricultural economy. This product is now the country's fourth largest foreign exchange earner. Rapidly falling oil prices during 1968 and early 1969, coupled with the strong recovery of rubber in 1969, temporarily made oil palm an unattractive investment. The major recovery of palm oil prices in the latter part of 1969 may herald a resurgence in the trend to oil palm.

The Government has isolated unemployment as one of the major factors behind the disturbances of May 1969. It is increasingly turning to the manufacturing sector as a partial solution to this most difficult problem. In addition to strengthening the activities of such organizations as the Federal Industrial Development Authority, the Government has erected tariff walls to prevent the import of goods that could be produced in the country. Tariffs are being imposed before the products are actually being produced locally, to encourage rapid development of the industrial base.

This process is almost certain to continue and is closing market after market to foreign firms. One of the most effective ways, therefore, by which foreign producers will be able to participate in the Malaysian economy is through the establishment of joint venture manufacturing companies.

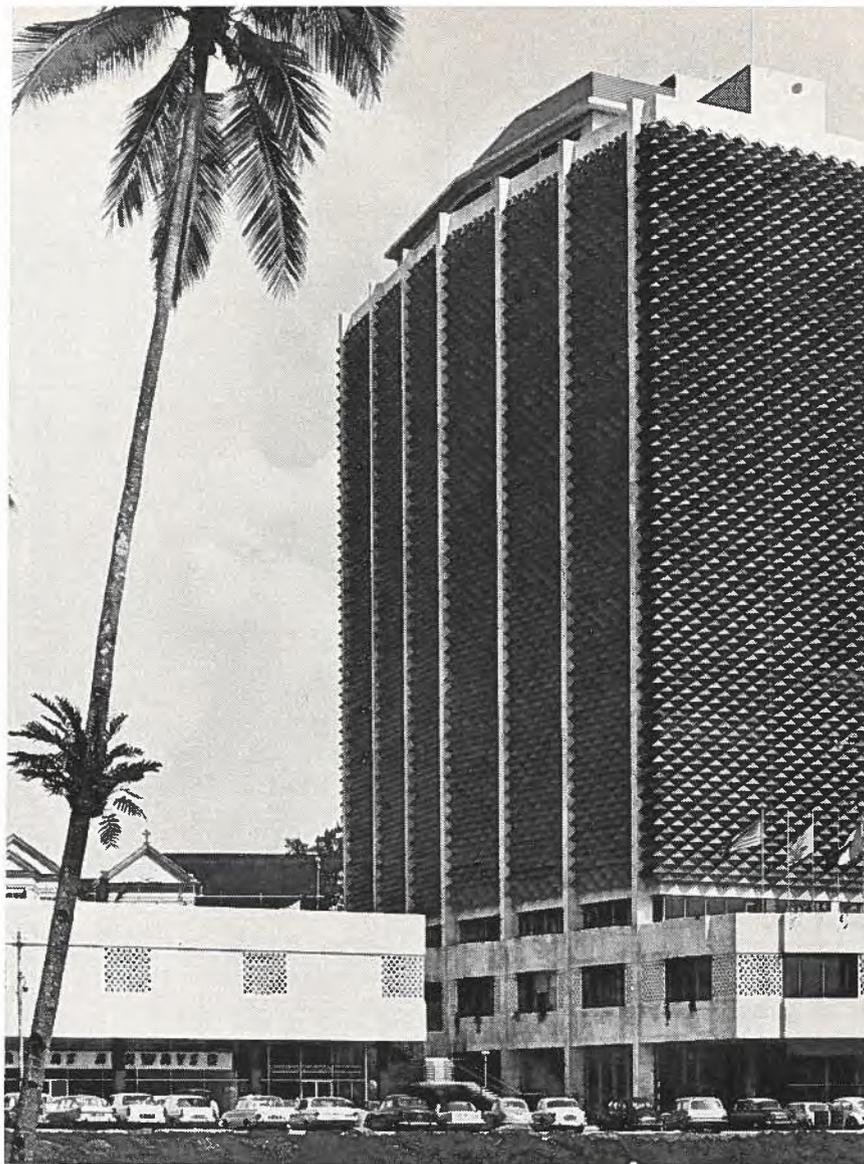
Malaysia is now mainly self-reliant for the majority of routine consumer products. In addition to industries producing cosmetics, toiletries, foodstuffs, beverages, rubber products, household wares and tobacco, the country now has two major refineries, several chemical fertilizer plants, a modest-sized steel plant, six automobile assembly plants and a wide variety of electrical goods assembly plants.

Despite a need to attract industry, the Government is very sensitive to the criticism that it has been creating, through the use of tariffs, a monopoly situation for Malaysian manufacturers. It is certain that in the near future, significant tariff and quota protection will continue to be provided to establishing industries. It is highly improbable, however, that manufacturers will be given monopolistic positions within the country. Firms will be provided with all the normal investment incentives, but no guarantee will be given that another company will not be allowed to establish in the same line of industry.

Malaysia has traditionally found its trading relations with Canada to be most profitable, for Canada has purchased three to four times as much goods from Malaysia as it has exported to this country, although 1969 (see accompanying tables) saw the ratio decrease to approximately 2:1, due to expanded Canadian sales.

Malaysia's exports to Canada have traditionally been rubber, tin, coconut oil, palm oil and canned pineapple. Until a few years ago, Canada's export pattern was very similar, with the main items being raw materials and semi-processed products such as wheat, aluminum and newsprint. The recent establishment of a local flour milling industry has seen the elimination of imports from Canada, although small quantities of Canadian hard wheat are still imported for the blending and upgrading of cheaper varieties from other countries. Although the three flour milling companies have high regard for Canadian wheat, the very high cost of shipping makes it generally non-competitive with wheat shipments from Australia. Australian wheat accounts for almost 90 per cent of the local market.

Aluminum ingots are still supplied to Malaysian secondary producers and asbestos finds a significant market in the expanding building industry for the manufacture of asbestos roofing and cement pipes. The most obvious change in the historical trading pattern between the two countries was that caused by the deliveries of Canadair's CL41G and de Havilland's Caribou aircraft in the years 1966 through 1969, and amounting to a total of almost \$20 million.



Focal point for Canadian businessmen in Malaysia is the A.I.A. Building, housing the Office of the High Commissioner for Canada and its Commercial Division.

One important Canadian trade item which is not reflected in the export statistics is the sale of Canadian consulting services. Due particularly to Canada's increasing involvement in consulting and management contracts in the forest industry, this will continue to be an increasing factor.

Although some Canadian producers have developed good markets for their products in Malaysia, Canadian penetration of the market is somewhat limited by a variety of factors: a population of 10 million with an average per capita income of less than \$400 makes a limited market for consumer goods; higher tariffs against foreign products that could be produced locally, and the virtual elimination of Commonwealth preferences; highly efficient competition from low labor

cost countries such as Japan, Taiwan, Hong Kong and Singapore; a still prominent preference for things British; and high shipping costs, particularly when compared with Australian goods.

Despite all these disadvantages there are areas where Canadian industry can work efficiently towards sales. These include:

Forestry equipment such as logging trucks, wheeled skidders and other types of logging and wood processing machinery;

Specialty aircraft for both military and civilian use;

Consulting services for the forest industry and for various transportation

development projects currently being planned;

Raw material such as zinc, copper and asbestos;

Design engineering services for thermal, hydro and atomic power generating stations;

A wide range of smaller items for which specific Canadian manufacturers have products with unique technological advantages or unusual price competitiveness.

As previously mentioned, Canadian businessmen who wish to maintain a long-term position in Malaysia may be better off by establishing a joint venture manufacturing plant. Many foreign companies (the Japanese and Australians have been particularly aggressive) have established joint venture manufacturing plants in Malaysia already. These plants have received the full support of the Malaysian Government and protection in the form of heavy tariffs or quotas, with the result that foreign products are not able to compete.

There are a number of other factors which support serious consideration of direct Canadian investment in Malaysia. First, the economy is essentially sound with its base of rubber, tin and timber. The long term political stability in Malaysia is at least as promising as any other country in Southeast Asia. The Government fully supports the free enterprise system, although it has entered the economy in certain areas to promote the participation of the Malays (as opposed to the Chinese and Indian segments of the population). There are also adequate supplies of both debt and equity capital. It is primarily the entrepreneurial ability and technical management for which local businessmen turn to foreign partners. For many projects the return on invested capital is high. One final benefit that occurs to the over-all Canadian economy is that the establishment of Canadian companies in Malaysia has already provided a long-term market for the sale of raw materials and machinery from Canadian suppliers.

There are several key projects on which Canadian interests are working in Malaysia. Probably the most signifi-

TABLE 1
CANADIAN EXPORTS TO MALAYSIA

Commodity	Cdn. \$			
	1966	1967	1968	1969
Wheat except seed n.e.s.	643,853	965,897	1,013,379	1,024,218
Newsprint paper	901,259	955,648	1,448,769	2,373,556
Marine engines and parts	262,810	—	963	3,465
Asbestos milled fibers, groups 4 and 5	799,120	1,305,964	749,430	1,094,795
Asbestos shorts, group 6-9 grades	223,250	102,177	226,170	205,580
Wheat flour n.e.s.	94,807	2,250	—	—
Aluminum pigs, ingots, short slabs, etc.	939,387	709,297	667,744	1,220,811
Passenger automobiles and chassis	13,097	98,475	22,845	108,020
Tobacco, Bright Virginia full-cured	275,426	88,872	197,755	100,966
Files and rasps	96,119	133,016	52,208	80,304
Chain saws and parts	—	—	20,395	48,683
Copper pipe and tubing	25,818	6,867	—	3,208
Cranes, winches, hoists and parts n.e.s.	83,369	246,777	335,968	220,210
Aircraft, complete with engines	2,902,795	5,370,495	2,741,792	7,129,989
Aircraft assemblies equipment and parts n.e.s.	305,228	948,048	1,167,142	698,393
Others	3,526,488	2,511,118	2,081,481	1,212,080
Total	11,092,826	13,444,901	10,726,041	15,524,278

Source: DBS

TABLE 2
CANADIAN IMPORTS FROM MALAYSIA

Commodity	Cdn.\$			
	1966	1967	1968	1969
Tin blocks, pigs and bars	12,006,173	10,508,394	10,368,130	13,194,104
Crude natural rubber except latex	7,021,561	4,370,631	5,045,546	9,339,482
Coconut oil	3,840,783	2,091,972	4,066,424	2,328,518
Palm oil	2,741,943	1,997,305	1,578,004	2,349,070
Pineapple, canned	7,727	—	—	—
Bauxite ore	1,596,456	907,500	264,461	602,064
Lumber, mahogany	142,682	364,935	1,281,312	1,378,853
Pepper, ground or unground	368,468	307,982	291,319	256,797
Rubber sheeting n.e.s.	353,545	303,058	165,034	260,089
Tuna, fresh or frozen	333,406	533,326	423,711	—
Print cloth and sheeting, cotton unbleached	5,283	39,813	11,121	—
Wood fabricated materials n.e.s.	39,582	159,921	136,564	184,642
Raw sugar	—	—	—	1,048,507
Other	643,951	712,686	1,319,986	1,881,741
Total	29,101,560	22,297,523	25,937,796	32,823,867

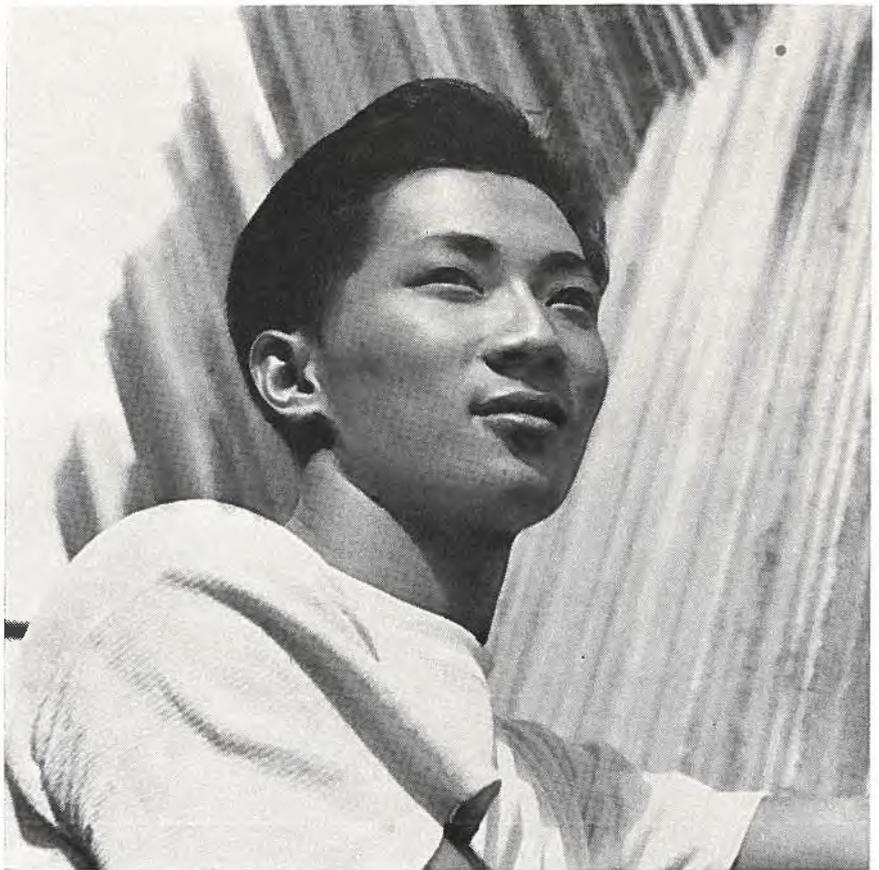
Source: DBS

cant development in 1969 was the signing of an agreement between the Malaysian Government organization, MARA, and Cantrans Services (1965) Ltd. of Vancouver, to establish a model forest complex in the heart of West Malaysia. This project, the MARA Jengka Timber Complex, is being carried out in conjunction with the World Bank and Malaysia's Federal Land Development Authority as part of an over-all program to develop a modern forest industry of international standards in West Malaysia. Work on the ground has proceeded rapidly since the first Canadians arrived to get the project underway on December 1, 1969. Large quantities of logs have already been produced, and work is well advanced in the planning of the processing facilities, which will include a sawmill, plywood and veneer plant, and perhaps a moulding or chipboard plant.

From the Canadian point of view, the project is important as an outlet for the sale of Canadian goods and services to Malaysia. It is also of particular value as a means of introducing to Malaysian producers the Canadian concept of logging and wood processing and Canadian equipment. In addition to consulting and management fees, approximately \$2 million worth of Canadian logging and processing equipment is expected to be supplied to the project through the international tender purchasing system. Of equal importance, however, is that Canadian forestry equipment is now becoming known in this country, and it is certain that Canadian suppliers will play an increasing role in the Malaysian forest industry.

Several other Canadian companies continue to maintain an active interest in the Malaysian forest industry. A Vancouver consulting firm is now competing against several other foreign companies for a contract to study the feasibility of a pulp and paper industry in Malaysia. A major Canadian wood processing firm has been discussing with the Malaysian Government authorities and Malaysian businessmen the opportunities for the development of an integrated forest industry complex.

Canada is also starting to make its mark in the field of electrical power engineering. The Malaysian firm of



Malay, Indian and Chinese make up the three major ethnic groups in the country. This man is typical of the Chinese element, about 43 per cent of the population.

Ganendra, Ahmad and Associates, in conjunction with its Canadian associates Shawinigan Engineering of Montreal, have recently been awarded a contract to carry out the detailed engineering for Phase Three of the Tuanku Ja'afar Power Station at Port Dickson. Under the terms of the agreement between the Malaysian and the Canadian companies, Shawinigan will supply technical experts to the Malaysian firm and assist in the development of power engineering expertise.

These two firms are also co-operating on the Temenggor Hydro-Electric Project to be carried out in conjunction with the Canadian International Development Agency. During his recent visit to Malaysia, Prime Minister Trudeau announced that the Canadian Government would be willing to make available up to \$52 million to finance the off-shore costs for the design and construction of the Temenggor project. Discussions between Malaysian and Canadian officials are continuing and it is hoped that the go-ahead for the project will be given in the next six to nine months.

The Vancouver firm of Chemetics Ltd., which is affiliated with Canadian Industries Ltd., has recently reached an agreement with Mega Chemicals of Malaysia to construct and operate a joint venture plant for the production of sodium chlorate. Although sodium chlorate is used in Malaysia mainly as a herbicide, it also has a major application in the pulp and paper industry. Engineering is currently proceeding on the plant, although the long lead time required before equipment can be obtained indicates that the plant will not be in production before the middle of 1971.

Alcan Malaysian Aluminium Co. Sdn. Bhd., a subsidiary of Aluminum Company of Canada Ltd. established in 1963, made two significant advances during 1969. The first public issue of its stock in the Malaysian market was tremendously successful, being oversubscribed 19 times. Funds from the public issue are being used to finance a major expansion of plant facilities, including an extrusion mill for the production of aluminum, copper and brass pipe.

A consortium of companies working in conjunction with Fenco of Toronto is now working under CIDA auspices to draw up the master planning study of the Pahang Tenggara area. The Government of Malaysia plans to develop 2.5 million acres in southeastern Pahang State for agricultural settlement, forest industry development, and mining and other economic activities where possible. It is not expected that

commercial companies will be able to submit development plans until the preliminary conclusions of the study team have been submitted to the Malaysian Government. This is a situation that is expected to take the greater part of a year. This study will be of particular interest to Canadian forestry and mining companies interested in investment opportunities in Malaysia.

In conclusion, it must be reaffirmed that Malaysia continues to offer attractive opportunities for both the sale of Canadian equipment and for Canadian investment. Canadian businessmen travelling to Southeast Asia should include Kuala Lumpur on their business itinerary. The Commercial Secretary's Office at the Canadian High Commission will be pleased to offer any assistance possible.

...Brunei: Gas Added to Oil...

DOUGLAS LINDORES, Acting Commercial Secretary, Kuala Lumpur

Two major developments, one economic and one political, are causing sweeping changes in the tiny oil-rich Sultanate of Brunei. The successful conclusion in 1969 of a £650 million (sterling) sale of liquified natural gas to Japan ensures a period of continued boom for the oil- and gas-based economy. On the political side, the withdrawal of British forces from the Far East before the end of 1971, is having major ramifications for the conduct of the nation's foreign affairs.

Oil was first discovered in Brunei in 1921, although large scale exploitation did not start until after World War II. For many years the oil fields of Brunei Shell Petroleum at Seria were the major source of the nation's income. As on-shore deposits were gradually depleted, a major off-shore drilling program was undertaken to find the new deposits required to sustain the historical export level of oil. The successful tapping of a number of off-shore wells resulted in a record production in 1969 of approximately 125,000 barrels a day—exceeding previous on-shore production.

During this drilling program, large quantities of natural gas were discovered. The successful negotiation of a 20-year contract for the delivery of 4 million tons of liquified natural gas per year to Japan has resulted in the start of construction for the largest LNG plant in the world.

This plant, being built for Brunei Shell Petroleum, will cost approxi-

mately U.S.\$90 million and is expected to be completed towards the end of 1972, with commercial production scheduled for sometime in 1974. The plant is located at Lumut, approximately six miles north of the British Shell Petroleum installation at Seria. Up to 20,000 men are expected to be employed during the construction phases, although this number will shrink to a few hundred once the plant comes on stream.

Due to the acute shortage of labor in Brunei, large numbers of laborers have been recruited in Thailand for work on the project. Site clearing has started and Gammon S.E. Asia Ltd. has already commenced construction on workers' quarters and administrative buildings. A number of Canadian companies have been successful in supplying components to the designers and main consultants, Procon of Chicago.

Despite the new emphasis on gas, considerable effort is still being expended on off-shore oil drilling. Brunei Shell Petroleum continues to maintain an active drilling program, and has been joined over the last two years by two American companies investigating opportunities for further exploration of both on- and off-shore areas. It is understood that one company, which had carried out an extensive seismic testing program on-shore, has abandoned its attempts. The second firm is optimistic that off-shore deposits exist within its exploration area, and is expected to start drilling soon.

The production rate in 1970 is not expected to vary significantly from the 125 to 130 thousand barrels in 1969.

Brunei shares the island of Borneo with the Indonesian State of Kalimantan and the East Malaysian States of Sarawak and Sabah. Unlike the latter two, Brunei did not join the Malaysian Federation when it was formed in 1963. Since that time Brunei has been responsible for its internal government and has administered its domestic affairs with the help of considerable numbers of expatriate personnel.

Another large project is the construction of an ultra-modern international airport capable of handling the largest commercial jets now in service. Although the terminal building has not yet been started, work on the new 12,000 foot runway is progressing, and it is expected that the airport will become fully operational by 1972. Primary consultants are Scott, Wilson Kirkpatrick of London, and construction is being carried out by the Costain Group. Several Canadian companies have already bid on airport components and at least one has made a sizeable sale. When the airport is finished, hotel accommodation might be an item for Canadian inquiry.

Work on Brunei's new port at Muara continues. It is expected to become fully operational by mid-1971. The primary consultants are the British firm of Sir Bruce White, and the Japanese firm Daito Kogyo is respon-

sible for works construction, with Gammon S.E. Asia in co-operation with Yau Wing handling the large-scale dredging operations that are an essential part of the program. Work is also continuing on the installation of new sewage facilities for Brunei Town, and the construction of a fresh-water pipeline to augment the town's water supply.

Several of the new projects that were expected to follow the current development program have not yet material-

ized. Both the new Brunei General Hospital and the provision of television services appear to have been shelved indefinitely. Similarly, the highway connecting Kota Kinabalu, Sabah, to Kuching, Sarawak, which it was hoped would cross Brunei, has not received government approval and may be indefinitely delayed.

Brunei's population of about 125,000 makes it a small and remote market for Canadian consumer goods and, apart from the major projects dis-

cussed, there is little business of interest to Canadian firms. At present there are no indications of a major follow-on to the large-scale development program now under way, but the continuing prosperity of the country indicates that major projects will be initiated. Competition with Japanese and British firms will be keen, however, and Canadian companies should maintain a watching brief on the development of the State in order to be in a position for a quick move when opportunities do arise.

...Thailand: Stability and Growth...

C. E. RUFELDS, Commercial Secretary, Bangkok

The Thai economy was subjected to particularly close scrutiny last year because it was felt 1969 heralded the beginning of a period of adjustment—to considerably reduced U.S. financial outlays in the Kingdom, to increasing political and economic woes and unrest in neighboring countries, and to the need to implement changes in government structures and policies to maintain the pace of economic development. Full particulars on the country's performance are still being awaited, but as each additional piece of information becomes available there is a growing consensus among observers that the country did reasonably well. Some soft spots remain and others appeared for the first time, but these have at least been recognized, if not yet acted upon. The year closed with no reason to doubt that Thailand would be able to maintain the enviable record of stability and growth that characterized the Kingdom's development over the past decade.

Preliminary statistics indicate a rise in GNP of about 8 per cent during 1969, something below the 8.5 per cent increase projected in the second five-year economic development plan, but above the 6.5 per cent reached in 1968 and the 4.9 per cent in 1967; certainly nothing to be ashamed of, especially when compared to the performance of Thailand's neighbors in Southeast Asia. Inflation continued to be successfully held in check, with

prices rising slightly less than 3 per cent, thereby preserving the Thai baht's reputation as one of the world's most stable currencies.

The improvement was brought about by the end of two years of drought or near drought conditions which led to record 1969 crops of rice, corn and rubber. Rice production, estimated at 13.4 million tons, was up 1 million tons, an 8 per cent improvement over 1968; corn, a relative newcomer to the Thai agricultural scene, was up about 13 per cent to 1.7 million tons, while rubber output from southern Thailand yielded 282 thousand tons for a 9 per cent improvement over the previous year. With more than 80 per cent of the people deriving their incomes directly or indirectly from agriculture, it is not difficult to appreciate how these gains would set the pace for general economic expansion as improvements in the farming sector have such a marked effect on overall economic performance.

Nevertheless, improved production failed to have as full an impact on the economy as was hoped for. Exports of rice, which normally account for about one-third of all export earnings, were appreciably lower and, because of the "buyers' conditions" which prevailed, realized only U.S.\$145 million compared to the \$181 million earned in 1968. Jute and kenaf sales were also down, but higher prices for

tin and rubber, and improved sales and prices for corn, offset the foregoing losses and produced a net 8.8 per cent increase in exports.

Thailand relies heavily on export earnings and although receipts and inflows from tourism and other invisibles continued to increase in 1969, the weak markets for agricultural crops meant that besides lower earnings, large stocks had to be carried forward into the 70's. With little likelihood of any marked improvement in world marketing conditions over the next few years, the Government is becoming increasingly worried by the large rice carryover, resultant storage costs and reduced farm incomes—but it is unlikely they would feel quite so uneasy were it not for particularly disturbing developments in the country's current account and balance of payments position which came to a head during 1969.

Although exports have been expanding, the need to import capital goods for economic and infrastructure development and consumer goods for a rapidly growing population and standard of living has traditionally resulted in trade deficits which in the past were more than offset by the service account, inflow of private capital and loans and grants to the Government—resulting in a build-up of foreign exchange reserves to U.S.\$898 million at the end of 1968. This usual pattern

was reversed in 1969 and, for the first time in a decade, Thailand had a balance of payments deficit. Although the growth rate of exports (8.8 per cent) in 1969 slightly exceeded that of imports (7.8 per cent rise), the trade imbalance was a record U.S.\$533 million based on exports of \$760 million and imports of \$1,249 million. This large difference was only partially offset by invisible earnings and capital inflows of U.S.\$485 million, leaving a net balance of payments deficit of \$48 million and drawing down foreign exchange reserves to approximately U.S.\$850 million at the end of the year. This is still a very healthy reserve position, amounting to something like eight months imports, but prospects of continuing reductions in U.S. military spending and aid cutbacks, coupled with unstable market conditions for the country's primary products previously mentioned, has convinced the Thais that large imbalances of payments are likely to persist unless corrective action is taken.

Canadian export efforts contributed their share to the Thai imbalance of payments problem. During 1969, Canadian export sales reached \$8.5 million, up \$1.4 million, for a 19 per cent gain over the previous year, thus bettering Canada's share of the Thai import market. Although our volume of trade expanded, the number and diversity of Canadian items exported fell slightly—indicating a consolidation and improvement in the marketing channels and sales of those goods most suited to local needs or being offered at internationally competitive prices—two musts in this fierce marketing environment.

The product or product groups shown in Table 1 account for almost 95 per cent of our exports to Thailand, but a closer look indicates considerable room for improvement—especially for manufactured goods. The sales of Canadian services, which do not reflect in export statistics, also increased as Canadian engineering, consulting and design firms obtained highway, power and other civil and mechanical consulting contracts. By contrast, Thai exports to Canada were only \$995 thousand, down approximately \$1 million, or over 50 per cent, despite the fact Canada granted the Kingdom MFN tariff treatment in April last year. The loss was entirely due to a

fall off of approximately \$1.1 million in tin purchases, which resulted from tight world supply, price and marketing factors for this metal which diverted Thai tin to those buyers offering the best return.

To meet the deteriorating balance of payments situation, the Thai authorities seem to have determined to: (a) put more emphasis on the promotion of exports and export-oriented industries; (b) increase domestic production and productivity in general and agricultural production in particular; and (c) cut down expenditures on long-term infrastructure projects.

The programs now emerging seem to indicate that they also intend to keep foreign exchange resources at a high level, thus providing a safe margin against short-term movements in the balance of payments and maintaining the attraction for foreign investors and, more generally, the country's reputation as a rapidly growing private enterprise economy with a virtually free exchange system.

Every effort is now being made to narrow the trade gap by increasing the volume and value of Thai exports, expanding overseas markets and increasing invisible receipts, particularly from tourism. At the same time, serious consideration is being given to ways and means of reducing imports, and it is expected that some form of import control, licensing or quota system will evolve—particularly against "luxury" and non-essential imports. As Table 2 indicates the two largest import categories continued to be "machinery" and "manufactured goods", which were responsible for about 34 and 36 per cent of the import value respectively. If the "food" group is also considered, Thai expenditure on consumer goods accounts for about one-fourth of the total import value and therefore it is not surprising such goods are likely to come under restriction.

In the past, Thai investment laws and incentives administered by the Board of Investment were directed to promoting industry in general. Now, however, the need for greater self reliance has prompted a change in this policy. Import displacement and export-oriented industrial investment is to receive top priority, especially Agro-industries such as livestock

TABLE 1
1969 CANADIAN EXPORTS
TO THAILAND

	\$'000
Asbestos fibers (all grades)	1,687
Aircraft engines, parts and assemblies	1,000
Aluminum pigs, ingots and fabricated materials, n.e.s.	873
Zinc blocks, pigs, slabs	745
Newsprint, beater stock and waste paper	554
Files and rasps	393
Newsprint paper	371
Wheat flour	316
Hoisting machinery and parts, n.e.s.	274
Sheet and strip steel, n.e.s.	270
Motor vehicles, engines and parts	264
Sulphur	224
Woodpulp	195
Transformers and parts	144
Papermakers felts	108
Lumber and flooring	105
Typewriters and office machines	90
Plastic film sheet and basic shapes	85
Non-electrical lighting fixtures / parts	73
Copper pipe tube and fabricated materials, n.e.s.	72
Other sanitary and wrapping papers	68
Biological, pharmaceutical products	65
Radioactive elements and isotopes	54
Edible gelatin	41
Alcoholic beverages	36
Others	432
Total value	8,539

Source: Dominion Bureau of Statistics

TABLE 2
1969 IMPORTS, BY GROUPS

	\$ million	% of total
Food	65.0	5.2
Crude materials	37.5	3.0
Petroleum	52.4	4.2
Chemicals	159.8	12.8
Manufactured goods	427.1	34.2
Machinery	450.9	36.1
Other	56.2	4.5
Total	1,248.9	100

Source: Economic Research Division, Bangkok Bank Limited

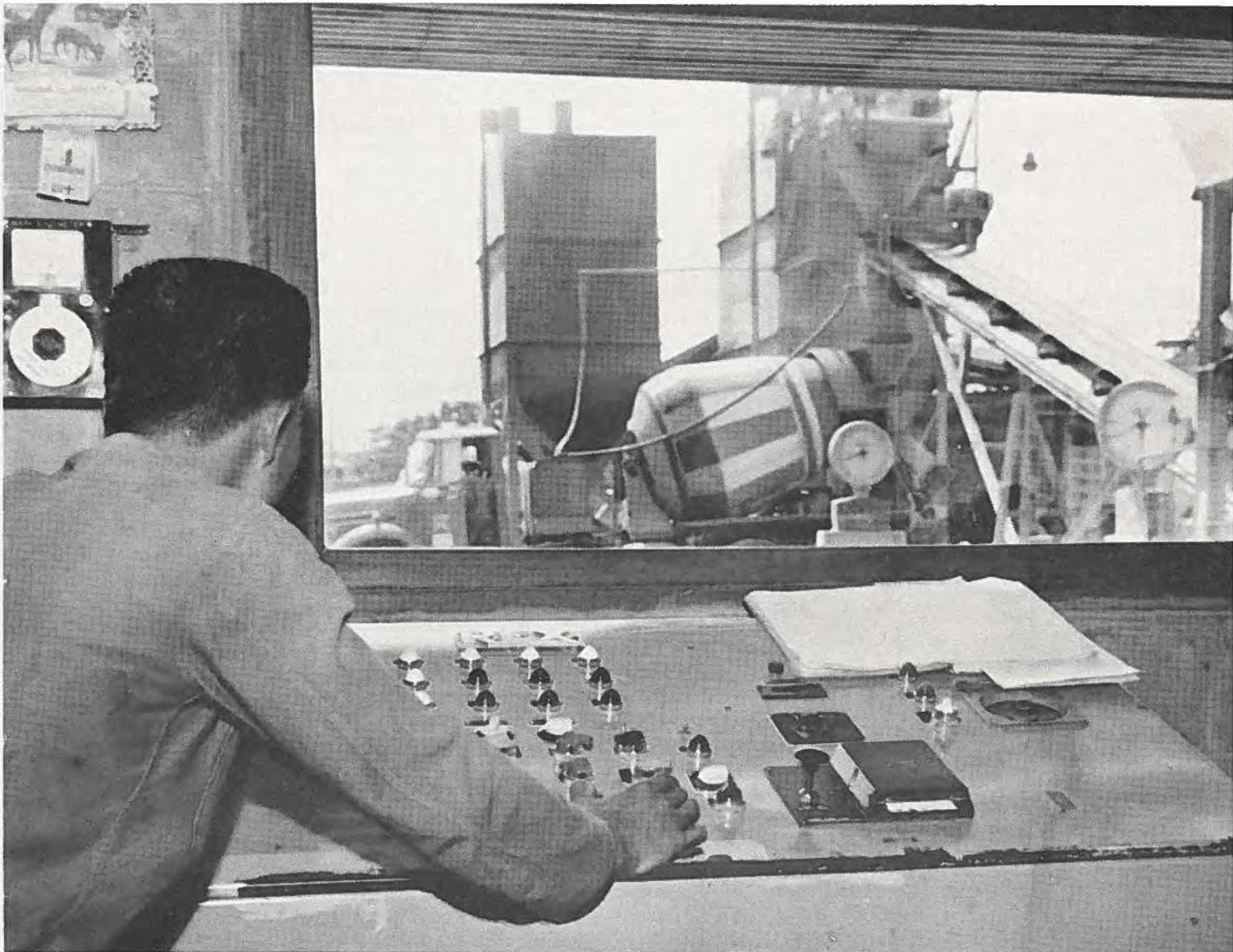
ranching, canning, animal feed and other enterprises, which could effectively use present crops or those new varieties expected to be introduced through government-sponsored crop diversification programs. Although foreign investment remains very welcome, there is a growing awareness of the national necessity for the Thais themselves to have a large share in the emerging industrial sector—joint ventures of at least 51 per cent Thai participation are preferred although not yet a necessity. As Table 3 (page 14) indicates, Canada has been much slower than its competitors in realizing the advantages of investing in Thailand. Canadian businessmen, particularly those now exporting to this country, should not overlook the possibility of some form of investment, licensing arrangement, or wholly-

owned subsidiary operation. Thailand offers a comprehensive range of investment incentives such as duty-free imports of plant equipment, tax holidays, land ownership and—of great importance—tariff preferences for home-based industries. Upward adjustments in customs duties is increasingly used by the Thai authorities to attract and hold domestic processing and manufacturing plants, and, unless they act now, Canadian export firms could one day find their products excluded from this market because of an insurmountable tariff wall.

The third five-year economic development plan is now being formulated and it is expected that the plan will recognize and endeavor to correct some of the shortcomings in the economy and government economic poli-

cies mentioned previously in this report. There is expected to be a decided swing from infrastructure projects, which were almost exclusively emphasized in the previous two plans, to social development projects, including measures to balance regional incomes, provide better education and more educational facilities, improve agricultural productivity and incomes, and expand resource development, especially the forestry and mining sectors. Many infrastructure projects will, of necessity, remain. This applies to sewage, water and traffic improvements for Bangkok, improved international airport facilities and power schemes for upcountry, but it is thought that with no serious bottlenecks in transportation, communications or irrigation, the Government will temporarily avoid further major investment

Thailand is not entirely agriculture, as this picture of the control room of a ready-mix concrete operation shows.



in infrastructure and emphasize schemes to make better use of existing facilities.

Several new pieces of legislation designed to update and streamline existing laws and practices are under serious consideration or are being drafted by the Government for submission to Parliament. Some measures, such as immigration law changes that include requirements for entry and resident visas and the introduction of work permits, are of general but marginal interest to the Canadian business traveller with the possible exception of their relevance to potential Canadian investment in manufacturing or other local ventures. Other studies, however, are in areas very much of interest to Canada; for example, the redrafting of existing outdated mineral holding and exploitation legislation could result in a flurry of mineral prospecting and development—a sector where Canadian knowhow, expertise, equipment and investment could play an active role.

Contemplated changes in forestry concession regulations are expected to create "provincial" forestry companies, thereby permitting logging, sawmill and allied forestry operations

TABLE 3

CLASSIFICATION OF FOREIGN INVESTMENT* BY NATIONALITIES

Accumulated total,** U.S.\$ million

Nationality	Capital	Per cent of total foreign capital
Japan	32.1	31.8
United States	16.2	16.1
Taiwan	14.6	14.5
Britain	5.2	5.1
Malaysia	4.2	4.2
Netherlands	2.4	2.4
West Germany	2.3	2.3
Hong Kong	1.5	1.5
Denmark	1.4	1.4
Singapore	1.3	1.3
Switzerland	1.1	1.1
India	0.9	0.9
Others	17.5	17.4
Total	100.7	100.0

*Registered capital of promoted enterprises.

**Between the period of April 13, 1959 and December 31, 1969.

Source: Board of Investment, Bangkok.



C. E. Rufelds, Commercial Counsellor in Bangkok, displays some B.C. apples to Thai retailers who were delighted with the fruit, particularly the McIntosh, Red Delicious and Spartan varieties. Thailand imports about 5 per cent of its food.

on a scale and efficiency impossible before and thereby opening the door to Canadian forestry consulting and management firms, as well as appreciably expanding the market potential for Canadian mechanized forestry logging and processing methods, equipment and machinery.

Oil drilling concessions in the Gulf of Siam have already been granted, but the six leaseholders have opted to wait for a new petroleum law which, it is hoped, will be enacted shortly. Its passage is expected to touch off a sizeable oil boom, and Canadian oilfield and drilling equipment supply companies could find themselves with a fantastic new untapped market for their goods and services.

The Bangkok trade commissioner post has been open just over a year, but during that time our experience has shown that there is only one effective way for Canadian firms to capitalize on the sales opportunities in Thailand—through a local agent or representative. The Government of Thailand is by far the largest purchaser in the country and most Ministries invariably put their requirements to tender. Unfortunately, only two weeks notice is normally given between the call and close of tenders, and selling is further complicated by "facility payments" and other procedures somewhat different than Canadian business practices. Without a local representative well-versed in Thai government purchasing practices, this large segment of business is unavailable or unobtainable.

However, the Canadian principal should not consider his agent as strictly an order-taker. The agent sells hard—but before requirements come to bid. Our observations of tenders indicate a consistent and surprisingly close relationship between the specifications called for in the tender and those of the equipment offered by the successful bidder. However, more will be said about Thai marketing methods in an article scheduled for a future issue of *Foreign Trade*.

Canadian businessmen should not be overly concerned about any soft spots in the economy that have been noted above, or the wide variety of changes in government structure, policies, proposed new laws or, for that matter, the serious international political situation in neighboring countries. On the contrary, any import restrictions on luxury and non-essential items are expected to have little effect on Canadian trade since our sales to this country have traditionally been raw and semi-finished materials, machinery and other equipment of a capital nature. Plans to improve social conditions present opportunities for Canadian consulting services and hospital and educational equipment; measures to increase Thai exports and invisible earnings mean growing possibilities for joint participation in local manufacturing ventures and the sale of Canadian hotel and related equipment to the bustling tourist industry. Prospects are excellent for continued economic prosperity and improved Canadian trade.

...Burma: State Tenders Worth Watching...

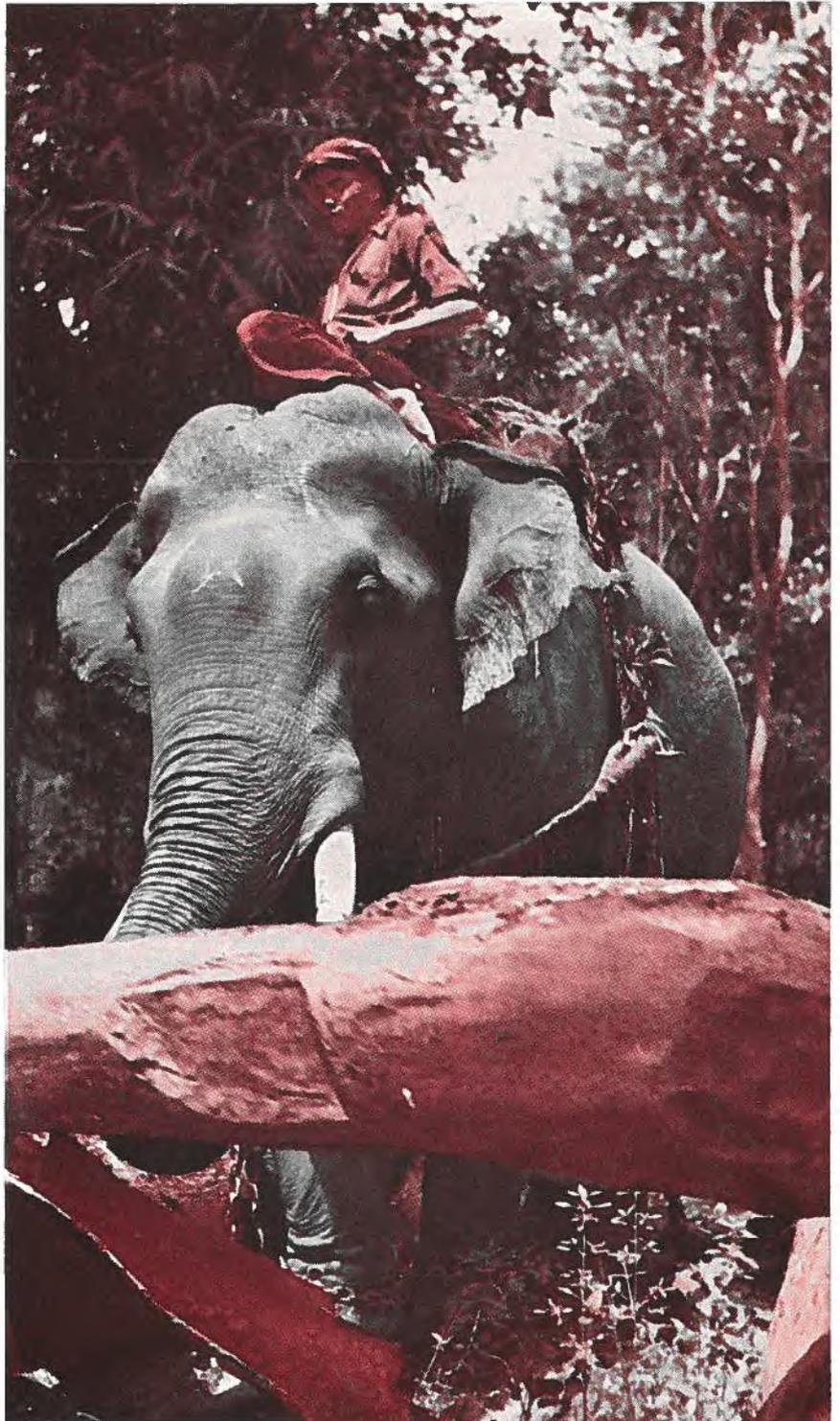
DOUGLAS LINDORES, Acting Commercial Secretary, Kuala Lumpur

With an area slightly larger than the Province of Alberta, Burma is the largest state in S.E. Asia. Its population of 25,250,000 is administered from the capital city of Rangoon, which has a population of 1.4 million and is the nation's principal port. The country's external trade has dropped drastically over the past few years as the result of a series of economic misfortunes, and there are few signs of significant recovery.

Burmese foreign policy since independence in 1948 has been based on the two principles of non-alignment and non-involvement. Its existence in the world community has been made more difficult by its troubled relations with the People's Republic of China, with which it shares a long common border.

After independence the Government embarked on a policy of central economic planning involving the nationalization of industry, transport and land. In 1963 when General Ne Win returned to power, he announced his intention to "reconstruct the social and economic life of the people through the Burmese way to Socialism". The expulsion of foreign businessmen and merchants (including the repatriation of 150,000 Indians) and the almost complete nationalization of the entire economy, caused widespread economic dislocation and confusion. In 1966, a very minor portion of the distribution trade was returned to private management. But despite its economic problems, Burma has generally maintained a favorable balance of payments, as it follows a strict policy of balancing international receipts against expenditures each year.

Burma's economy is essentially rural with agriculture accounting for almost 70 per cent of the total labor force. Rice is the staple item of diet and, with teak, accounts for the great bulk of Burmese foreign exchange earnings.



Elephants, so long a tradition in Burmese forests, are giving way to machines.

Prior to World War II, Burma was the world's largest rice producer, with an output of three million tons in 1942, but by 1966 exports had fallen to less than one million tons. This decline continued, and in 1969 it was estimated that less than 600,000 tons of rice was sold abroad. Chief customers continue to be Indonesia, Ceylon, India, Britain and Japan, with certain European countries being occasional buyers.

It is now estimated that approximately 25 per cent of Burma's forests consist of marketable species of teak, which has traditionally been a major export item. Oil, which had formerly been a major earner of foreign exchange, is now confined almost entirely to internal consumption. The People's Oil Industry, formed in 1963 through the nationalization of the Burmah Oil Company, is responsible for all oil production in the country.

For some years, businessmen not specifically invited by the Burmese Government, or by one of the state trading corporations like the Myanma Export-Import Corporation, found great difficulty in securing access to Burma for more than a 24-hour period. A similar policy was applied to tourists and, despite Burma's considerable tourist potential, the country has not yet experienced the many benefits of tourist development spreading so rapidly throughout Southeast Asia. There are indications now that the Burmese are easing their travel regulations in an effort to increase tourist trade. In 1969 a three-day package tour was instituted which includes visits to Rangoon, Pagan and Mandalay. The tour originates and terminates in Bangkok. The success of the program is still difficult to determine, however, and many critics point out that the country will not really move forward in this field until the Government eases travel regulations.

WHAT CANADA SOLD TO BURMA IN 1969

	Cdn.\$
Wheat flour	646,472
Fountain pens	383,387
Asbestos	263,943
Writing and reproduction paper	94,045
Others	81,621
Total	1,469,468

The glimmer of hope in the tourist trade is unfortunately not reflected in the international market for rice on which the Burmese depend so heavily. Current estimates are that slightly less than 600,000 tons of rice were sold abroad during 1969.

Burmese rice difficulties stem from four major factors:

1. The country has traditionally operated in a seller's market, and its entire marketing system has developed along the line of government-to-government transactions.
2. The Burmese system has shown insufficient flexibility to meet the general competitive conditions determined by the Bangkok rice market and rice exports.
3. The Burmese marketing organization, by doing business on a government-to-government or large lot basis, has failed to establish a world-wide system of traders.
4. Due to the lack of foreign exchange to purchase new and maintain old

machinery, the Burmese mills are not efficient and the standard export product known as "35 per cent broken" is not in great demand in rice-eating areas where increasing prosperity has developed more quality conscious consumers.

The teak industry is being limited by the lack of foreign exchange with which to purchase modern harvesting machinery and the lack of government control over many of the prime teak areas. It is expected that teak exports will increase in 1969, but not enough to significantly improve the over-all foreign exchange position.

Canadian-Burmese trade figures vary greatly from year to year, but our exports to Burma have generally been less than \$1 million per year. The traditional items have been wheat, flour, medical and pharmaceutical products, logging equipment, industrial machinery and aircraft spare parts. In 1969, commercial contracts were written for asbestos, paper, and fountain pens. In addition, \$650,000 worth of wheat flour was shipped to the country under the auspices of the



A happy-looking farmer with a bundle of paddy rice, the staple food of Burma. Burmese mills have not been modernized and new machinery will soon be needed.

Canadian International Development Agency. Our main import in 1969 was hardwood veneer, worth \$54,552.

The necessity of dealing with central purchasing authorities and Burma's limited foreign exchange resources makes it difficult for Canadian businessmen to promote opportunities in Burma. The Burmese Government insists that virtually all purchases be made by international tender. Canadian companies represented by the Myanma Export-Import Corporation will normally find that this corporation will forward to them copies of tenders of interest. As Canada has no resident representative in Burma, tenders issued by the state corporations are forwarded to the Trade Commissioner's Office in Kuala Lumpur by the British Embassy in Rangoon. The Kuala Lumpur office then forwards the tenders directly to individual companies or to the Department of Industry, Trade and Commerce in Ottawa. This process obviously takes time and often leaves the Canadian businessman with little time to prepare his quotation for submission to the Burmese. Interested companies must, therefore, react very quickly if their bids are to be considered.

To do business in Burma, patience is a major requirement. It is virtually

impossible for the Trade Commissioner on his one or two trips a year to Rangoon to take follow-up action on your behalf after the submission of a tender. In addition, the Burmese are reluctant to provide information on tenders and do not normally make public the names of the recipients of the individual tender awards, nor do they provide information prior to the awarding of any particular contract. Further, businessmen should also be advised that there will be some delay in the refunding of the tender deposits. While these delays may often run to several months, the Burmese always live up to their obligations and return tender deposits as required.

Visas are best arranged through the Burmese Embassy in Ottawa. Six to eight weeks should be allowed. Visas cannot be obtained any more easily or quickly in Kuala Lumpur, Bangkok or Singapore, so travellers are warned to make arrangements before leaving Canada.

Good hotel accommodation in Rangoon is available at the Strand Hotel, which is downtown and close to government offices. More relaxed accommodation is available at the Inya Lake Hotel, but it is about half an hour's drive to the city center. Two to four days is normally adequate to

perform most required business in Rangoon, since travel outside the city is seldom essential or permitted. Adequate supplies of samples, brochures, and technical information in English should be provided to various members of the government corporations as required.

Canadian sales to Burma will likely continue to consist primarily of wheat flour, asbestos and paper products. Nevertheless, there are other interesting opportunities for alert Canadian manufacturers arising from the tenders called by the Burmese authorities. One attractive field is the supply of logging equipment to the State Timber Board—the traditional elephant-power is giving way to mechanical means.

Due to the peculiarities of the Burmese budgetary system, tenders often arise quickly with little forewarning, and sales agreements must be concluded within a very limited period. It is, therefore, essential to act quickly on any tender notices received from the Burmese Government. Canadian companies wishing to do business in Burma should write to the Commercial Office in Kuala Lumpur, providing brochures on the type of products which they produce. A Trade Commissioner from this office normally visits Burma once a year.

International Loans

A World Bank loan to Malaysia of \$13 million will help to finance the clearing of 32,000 acres in the Jengka Triangle, the country's largest regional development program. The cleared area will be planted with oil palms and rubber trees and will be settled by 3,000 families. Construction of a palm oil mill is also included in this part of the project. A second loan of \$8.5 million will be used to finance the forestry project related to the program. The project includes the purchase of a mechanized logging unit (annual capacity 175,000 tons), a sawmill (42,000 tons), and a plywood mill (60 million square feet). The palm oil, rubber and a substantial part of the forestry products will be exported for an expected increase in foreign exchange earnings of \$9 million annually.

A World Bank loan of \$12.5 million will help finance additional deep-water and lighterage berths for the port of Bangkok, the largest and busiest of Thailand's 22 ports. The Port Authority of Thailand will add four deep-water berths for ocean-going ships to the 10 at the Klong Toi wharves. In addition two shallower berths for lighters and two sheds for cargo in transit will be built. The authority will also retain consultants to advise on modern dredging techniques and improved cargo handling methods. The new berths and other works are expected to be completed by December 1973.

A \$50 million World Bank loan to the Industrial and Mining Development Bank of Iran (IMDBI) will help to meet the major portion of its estimated foreign exchange commitments over the next two years. This loan brings the total of World Bank financing for this development finance company to approximately \$155 million. The bank has been active in the promotion of industrial projects, the creation of new industries, the attraction of direct foreign investment and the introduction of new technology. With continued expansion of private industrial investment in Iran IMDBI's loan and equity operations, which have averaged approximately \$46 million during the past three years, are expected to increase in the future.

...Singapore: Clearing House for Southeast Asia



With a population of just over two million in an area of 225 square miles, new and modern housing as shown in this picture is a necessity in Singapore. Increasing numbers of foreign investors are being attracted to the Republic.

DUANE D. VAN BESELAERE, Acting Commercial Secretary, Singapore

As your aircraft banks and begins the final descent into Singapore Airport, you can easily see Singapore in its entirety. The island and its adjacent islets have a total area of 225 square miles, which is slightly more than one-tenth the size of Prince Edward Island. The population is just over two million. Regardless of its size, Singapore has become so important in the trade pattern of Southeast Asia that no Canadian exporter or investor planning to operate in this area can afford to ignore it.

Located at the tip of the West Malaysian peninsula, Singapore lies in the path of the most important sea lanes

and air routes in the Far East. Within a radius of 1,600 miles are such major Asian market centers as Kuala Lumpur, Djakarta, Bangkok, Saigon, Rangoon, Manila and Hong Kong. For nearly a century Singapore has been serving as a collection and distribution center for this region. More recently, the Republic has become a very attractive investment center. Its stable and progressive Government, its skilled and reasonably priced labor and its location have attracted large numbers of foreign investors. These two factors (trading and industrialization) have helped Singapore raise its per capita gross national product to a level second only to Japan in Asia.

The economy of Singapore experienced very rapid growth during 1969. The gross domestic product advanced by almost 14 per cent last year, bringing the compound rate of increase for the decade to 9.4 per cent a year. Of all the components of the GDP, manufacturing accounted for about 25 per cent of the growth, and entrepot trade for about 33 per cent. Gross investment, which increased by more than \$64 million last year, amounted to about 19 per cent of the GDP. More than 50 per cent of last year's increase was for machinery and equipment. This ploughing back of a considerable portion of domestic output, especially into the manufacturing industry, should

enable Singapore to sustain a healthy rate of growth.

Singapore has a marked lack of any natural resources other than an industrious population. Industrialization is, therefore, of utmost importance. The Government has adopted a very progressive approach to encourage manufacturing and has been successful in attracting a large number of foreign investors. The resulting manufacturing establishments are usually labor intensive and export oriented. Examples of this are the manufacturing facilities established by U.S. firms for electronic sub-assembly operations.

To build an industrial base, Singapore has to import large amounts of machinery and equipment. Once industry is established, raw materials have to be imported to keep the industry operating. Canadian companies with exportable products should be striving to make sales. Singapore's imports in 1969 exceeded \$2,200 million. Canada's share—\$4,822,440 in 1969—is an extremely small part of the total. This is an increase, however, of over \$1.6

million from 1968, which shows how readily acceptable our products are.

As well as attempting to supply products for Singapore's industries, Canadian exporters should keep in mind the possibility of supplying other centers in this region from Singapore. Historically, Singapore has been the clearing house of Southeast Asia. Because of long-established contacts, a central location serviced by all types of shipping and free-port facilities, a large proportion of products moving into and out of the region pass through Singapore's middlemen. As resources are scarce in Singapore and many types of machinery and manufactured goods are not made here, a considerable portion of these exports are in fact re-exports. It is important to note that, though figures on trade with Indonesia are not published, this country would be a significant market for re-exports.

Studies by Britain and the U.S. estimate that 12 per cent and 10 per cent respectively of those countries' exports to Singapore are re-exported with little or no manufacturing value added.

There are many significant developments taking place in this region that will increase the significance of the re-export market. These developments are highlighted by oil exploration and timber development. Canada, with its experience and expertise, is in an excellent position to supply machinery, equipment and provisions for operations throughout this region. Canadian suppliers should, therefore, ensure that they are represented in Singapore if they hope to obtain a share of the sales being made in the region.

As a result of Singapore's industrialization and entrepot trade, there is a sizeable market for materials, machinery and equipment from Canada. Singapore is still a free port, except for a few products manufactured locally. This means that suppliers from around the world are competing for a share of the market on the basis of price, quality and delivery. Aggressive Canadian companies should be able to achieve good sales here as a result of expertise built up in Canada's forestry and oil industries and through our international reputation for quality.

PRINCIPAL CANADIAN EXPORTS TO SINGAPORE, 1969

	Dollars
Newsprint paper, wood pulp	935,037
Potassium chloride (potash)	521,279
Wheat	478,803
Automobiles, automotive parts and accessories	512,483
Sulphur	322,402
Radio transmitting and receiving units	274,489
Zinc	222,935
Other food products, e.g. frozen, smoked and canned fish; fresh and frozen poultry; canned meat; fresh apples; canned goods; spices, etc.	297,272
Hoisting machinery and parts	181,649
Powdered milk	148,923
Pulp and paper industry machinery and parts	148,304
Asbestos	128,699

The interior of one of the modern frame structures at the Port of Singapore. The Port Authority has more than 1.3 million square feet of transit sheds, 395,000 square feet of storage warehouses and 855,000 square feet of concrete surfaced open storage area.



Industrial Projects in Asian Countries

Canadian firms and consultants interested in investment opportunities or branch plant prospects overseas will be interested in a conference to be held under UN auspices (United Nations Industrial Development Organization) in Manila from September 23 to 30, 1970. The conference is to help developing countries attract the foreign resources they need for industrial growth.

The Manila meeting—the third of such meetings; previous ones were held in Tunis and Morocco—will seek to promote specific industrial projects in Asian countries. The conference will not be the conventional type but will consist entirely of pre-arranged individual and confidential meetings

between participants interested in discussing investment opportunities on the basis of information supplied in advance to all potential investors.

Some 13 Asian Governments in the ECAFE region have been invited to submit projects for promotion. To date some 150 specific industrial projects requiring foreign investments ranging from \$200,000 to \$30 million have been presented. These include chemical industries, capital goods, industrial components, food processing, textiles and consumer products.

Canadian investors and would-be participants interested in any of these projects may attend the Manila meeting and are advised to indicate their

intentions (even at this late date) to either the UNIDO New York Liaison Office, Room 1829, New York Building, New York 10017, New York, U.S. or the Canadian International Development Agency, 1103 Fuller Building, 75 Albert Street, Ottawa 4, Ontario.

It should be noted that a similar meeting of African developing countries is intended to be held in Nairobi, Kenya, from November 30 to December 4, 1970. A list of potential investment projects for the African countries is not yet available but interested parties could secure further information from either of the above mentioned two contacts.

Projects by Country

Ceylon—"Seacrete" boats; scooter assembly manufacture; fuel briquettes.

India—Integrated fish catching and processing; continuous ferrous and non-ferrous casting; integrated manufacture of tractors, power tillers and deep-well pumps; prefabricated building elements. *Chemical*: silicon products; polyester film; polyurethane foam; methyl methacrylate; polypropylene; caprolactam; polyols and polyethers; toluene di iso-cyanate; different varieties of pesticides and weedicides; fertilizers—ammonia based with naphtha or coal; polished plate glass/float glass; vinyl chloride mono-mer; PVC stabilizers; bi-oriented polystyrene and polypropylene film; drugs and pharmaceuticals. *Capital Goods*: printing machinery; high pressure gas cylinders; rubber processing machinery; glass lined equipment; specialized machine tools; glass working machinery; plastic working machinery; electric lamp making machinery. *Industrial Components*: automobile ancillaries; electronic components; dry cells; storage batteries; midget electrodes.

Indonesia—Caprolactam; formic acid and sodium sulphate; soda ash and caustic soda; pulp and paper mill; rayon staple fiber; spinning and weaving mill (Makassar); spinning and weaving mill (Padang); spinning mill (Garut); spinning mill

(Semarang) rehabilitation; textile plant (Polembang); flour mill; bag factory (Rosella); logging, saw mill and plywood factory; tannery and shoe making plant; glucose and dextrose; shirt making; steel construction.

Iran—Ceramic tableware; infant foods; polyester fiber.

Hong Kong—Typewriters; watch movements; electrical appliances and accessories; cameras; toys of a sophisticated nature; colour television; electronic computers of small office type; office equipment, such as calculators etc. (mechanical electrical or electronic); printing industry.

Korea—Tire manufacture.

Malaysia—Electronic components; knock-down furniture; laminated flooring; integrated timber complex; bauxite; automotive components; grass meal; meat canning and processing; electrical products; food packaging and processing; mining equipment; welding and cutting equipment; two-wheel vehicles accessories; centrifugal water pumps; air cooled petrol engines; furniture, hardware and fittings; agricultural chemicals; building materials.

Nepal—Cotton textiles; plywood; printing and writing paper.

Pakistan—Rice milling machinery; photographic materials; shipbuilding and repairs; pharmaceuticals from alkaloids; leather finishing; acetate yarn; tires; coated jute felt; jute blankets; dairy and dairy products; cement; integrated textile mill; PVC; sulphuric acid/cement clinker; coat skin tanning.

Philippines—Integrated pulp dissolving and rayon manufacturing; aluminum smelter; copper smelter; nickel; diesel engines 200 h.p. and more; abaca pulp mill; abaca-integrated pulp and specialty paper; abaca fibre; polystyrene manufacture; nylon; antibiotics; sodium tripolyphosphate; knock-down furniture; automobile manufacture; metallurgical coke; ocean-going ships; chromite ore; refractories; copper ore; inter-island ships; lumbang oil; footwear; pumps.

Singapore—Wooden flooring; furniture.

Taiwan—Offset printing machinery; machine tool complex; semi-conductor devices; textile machinery; deck machinery; tractors and fork-lift trucks; styrene; dodecylbenzene; DMT from mixed xylenes and metisand; naphtha cracker project.

Western Samoa—Lealatele saw mill; coconut timber particle board.

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Telex: 377 (DOMCAN P)

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Portuguese Guinea

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Hato Rey, Puerto Rico 00917

D. I. Campbell
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R. A. Fairweather
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U.S. Virgin Islands

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Canada

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Telex: 7189 (43-7189 JH)

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Provinces of Natal, Orange Free State,
Transvaal. Other countries: Angola,
Botswana, Comoro Archipelago, Lesotho,
Malagasy, Mauritius, Mozambique, Reunion,
Swaziland

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Territory:

Cape Province. Other countries:
St. Helena, South West Africa

SPAIN

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Territory:

Provinces outside the peninsula—Balearic
Islands, Canary Islands, Spanish Sahara.
Other countries: Algeria, Equatorial Guinea,
Morocco

SWEDEN

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Territory:

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Guyana, Leeward and Windward Islands,
Martinique, Surinam

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J. D. Welsh
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UNITED ARAB REPUBLIC

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Territory:

Sudan

UNITED NATIONS

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UNITED STATES

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Commercial Counsellor

W. F. Hillhouse
Commercial Counsellor (Agriculture)

B. F. Armishaw
Commercial Counsellor

H. C. Armstrong
Commercial Counsellor

G. H. Musgrove
Commercial Secretary
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Territory:

U.S. Government and agencies; international organizations with headquarters in Washington

NEW YORK CITY

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Territory:

States of Connecticut, New Jersey (twelve northern counties) Southern New York
Other countries: Bermuda

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K. R. Higham
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Territory:

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

BUFFALO

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K. G. DeWolf
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Territory:

States of Illinois, Indiana, Iowa,
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Western Pennsylvania

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J. A. Langley
Consul and
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R. C. Lee
Consul and
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Telex: 00732637 (DOMCAN DAL)

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Oklahoma, Kansas

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Territory:

States of Michigan and Indiana

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Territory:

States of Arizona, California, (ten southern counties), Clark County in Nevada

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Telex: 29-0229

Territory: States of Minnesota,
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NEW ORLEANS

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Telex: 0058237 (DOMCAN NLN)

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States of Alabama, Florida, Georgia,
Louisiana, Mississippi, North Carolina,
South Carolina, Tennessee

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Consul and
Assistant Trade Commissioner

D. W. R. McTaggart
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Cable: CANADIAN

Phone: LOCUST 35838 (Area Code 215)

Telex: 00845266 (DOMCAN PHA)

Territory:

States of Delaware, Maryland, New Jersey
(nine southern counties), Eastern
Pennsylvania, Virginia, District of Columbia

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E. P. Rigby
Consul and
Assistant Trade Commissioner

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Territory:

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How a Small Firm Made It Big in Exporting

DICK WAUGH
Foreign Trade

Ron Beehoo is president of a Streetsville, Ontario, company that manufactures all-terrain vehicles. It's not a big company—employment is less than 40 including officers and support staff—but it behaves like a big company when it is dealing in big markets internationally.

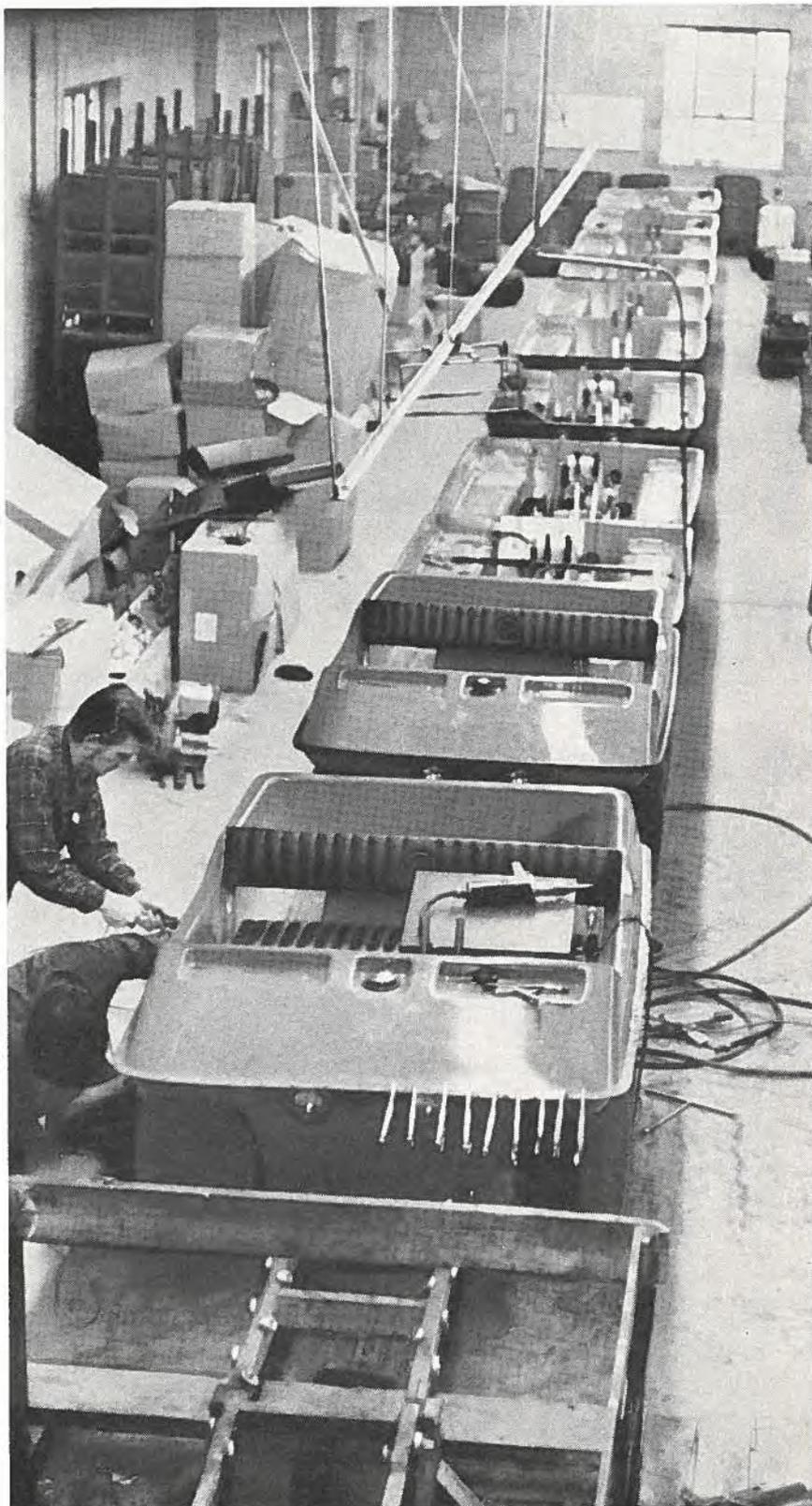
Beehoo Industries Ltd. is producing about 30 Amphicats each week and roughly 24 of each 30 are sold outside of Canada. That's 80 per cent of total production exported compared with international sales of five per cent as recently as 1967.

Beehoo has production facilities in Streetsville, but has established a licensed manufacturer in the U.S., set up licensed assembly operations in Australia and South Africa with Japan almost ready to go, appointed dealers in Britain, France, Portugal Bolivia and elsewhere. Now Beehoo ATV's are found in some 40 countries around the world.

It's an example of what a company did when its domestic sales tumbled, but its officers refused to let operations become idle and watch apparently helpless as good staff was laid off.

The first indications of interest abroad trickled in from around the world

More than half of those ATV's that can be seen in the assembly line picture here will be exported to buyers around the world. It's Beehoo Industries Ltd. assembly line in Streetsville, Ontario, a company now selling 80 per cent of its production outside of Canada. The export record of this firm has been one of outstanding success. Of the 30 Amphicats they produce each week, 24 leave Canada for markets around the world.





Everett Kirkham, right, sales co-ordinator at Beehoo Industries, impresses Earl Warren of the Canadian Department of Industry, Trade and Commerce Toronto Regional office by showing him the firm's latest export figures.

without solicitation, but it whetted the appetite of Beehoo Industries and the chase was on.

"We started by selecting a few possible market areas and supplied the Canadian Government trade commissioners with brochures and literature," Everett Kirkham, sales co-ordinator of the company, recalls.

Like Ron Beehoo, he's an enthusiastic young company official ready to explain with enthusiasm the exporting patterns of this successful operation.

He'll explain it while taking calls, giving instructions to office staff and delivering a clutch assembly from the machine shop to the firm's assembly plant. Time is not wasted here and you get the distinct impression that you wouldn't watch long before someone would have you working on the line.

"In an operation of this size your duties are pretty broad," remarks the sales co-ordinator. "Tomorrow I'm driving some of our machines in an ATV rally."

"Our production has tripled since 1967", Mr. Kirkham said, "but a great deal of our exporting now is in kit form to the licensed assembly operations." This has several advantages, he claims, including the very distinct one of obtaining a much lower duty rate by shipping the machine in this form.

"We've done a lot of work investigating tariff charges in the countries we go into," he pointed out. "You've got to find a person who knows his way around in government operations abroad," says Mr. Kirkham.

"Get a big distributor—one who has some contacts—and he'll know how to obtain the most favorable duty rates.

"But," he warns, "don't look for overnight success—we've worked for over a year to have our ATV classified in some countries before arrangements were acceptable to all parties involved."

As an example he cited Australia, where the Amphicat was entering with a duty rate of 80 per cent. "It's going in duty-free now," Mr. Kirkham explained "because we thoroughly investigated the requirements and categories." Commonwealth preference, incidentally, helped as well.

"We're turning out 30 machines a week right now," he said, "but we're geared for 100 so we've still got a lot of selling to do."

When pursuing exporting look for new purposes for your product, he advises. What might seem totally logical in Canada may not be practical at all abroad.

"Up in Quebec our machine is being used in mining operations, but there are 600 farmers in Brazil anxious to get it cleared for importing as a piece of agricultural equipment. In some countries it's used in forest patrol," says Mr. Kirkham.

Beehoo Industries is determined that its domestic dealers provide total service to customers and the firm has made this an important requirement for its international outlets.

"Our export dealers and distributors come to Canada for an advanced training course," according to Mr. Kirkham "and spend ten days on the assembly line."

If you're not providing on the spot service abroad you're not going to stay in the exporting business very long, Beehoo officials believe.

Speaking of international promotion, Mr. Kirkham pointed out that his firm advertises in a number of trade magazines abroad and provides sales literature to the trade commissioners.

"Our brochures are available in French and English, but we may go into Spanish as well," he pointed out. Beehoo has also been part of Canadian government sponsored exhibits in trade fairs in Tehran and Lima and results are formulating now from the latter.

"But again," cautions the official, "it takes a long time."

Further evidence of the firm's vigorous promotion abroad can be seen from a tour that George Beehoo, Ron's father and production manager of the company, took in European markets this past spring drumming up business in Spain, Holland and France.

"All of the contact done from here can't beat a half hour visit with an importer on his own grounds," advises Mr. Kirkham.

"We've already exported more machines this year than in all of 1969," and added: "We did 83 per cent of the total exporting of ATV's from North America last year."

And that's a pretty good record for an operation started from a small machine shop just nine years ago.



Ron Beehoo, president of his own ATV manufacturing company, shows Mr. Warren just what makes the Beehoo Amphicat strong and subsequently popular in foreign markets. Now 80 per cent of this company's total production goes abroad and the vehicle can be found in over 40 countries.

New Regional Manager in Toronto



Leland H. Ausman is the new regional manager of the Department of Industry, Trade and Commerce in Toronto. Mr. Ausman, a native of Toronto, graduated from the University of Toronto

with a Bachelor of Commerce degree. He joined the Trade Commissioner Service in 1934 and for the next 18 years served as one of Canada's commercial representatives in a variety of posts in Europe, Africa and the United States.

In 1952 he returned to Ottawa to become Assistant Director of the Trade Commissioner Service and two years later was appointed Director of the Information Branch of the then Department of Trade and Commerce. In 1958 he was transferred to Brussels as Commercial Counsellor and Assistant Commissioner General, Canadian Participation, Brussels World Fair. In 1965 he became Minister (Commercial) in London and in 1969 he was Canada's Consul General in Chicago.

Hospital Equipment Markets

—Germany—

Vast program will put pressures on domestic sources of equipment and open market opportunities for suppliers from Canada.

A. E. GRANT, Consul, Duesseldorf

During the past few months most of the German provinces have announced plans to increase hospital building and modernize existing hospital and medical facilities. The result is that between 60-70 per cent of all German hospitals and clinics are expected to be completely renewed by 1980.

Since there are approximately 3,600 hospitals in the Federal Republic, these plans represent broad opportunities for German and foreign manufacturers. Domestic manufacturers are now studying the plans closely and many are supplementing their own production facilities to meet the increased demand.

However, it is unlikely they will be able to satisfy all the demand and excellent opportunities are expected for foreign manufacturers. Important to winning orders will be availability and rapid delivery time, but foreign manufactured equipment will have to meet one of the following additional criteria to penetrate the market: it must either be unique and not yet available on the German market, or better than similar domestically manufactured equipment, or less costly. It is, however, only on rare occasions that overseas equipment has a price advantage.

German hospitals fall into three main categories: state provincial and municipally sponsored hospitals (including university hospitals); church supported hospitals and clinics, and private institutions. Each receives varying degrees of government financial support. While all give preference to domestic equipment manufacturers, hospital purchasing authorities usually are given a free hand in obtaining equipment

from whatever source they deem appropriate, particularly if the equipment meets the criteria described.

Canadian manufacturers interested in penetrating the vast potential of the German market, should first locate a reputable distributor. There are a large number all over Germany with contacts in each of the purchasing offices of the major hospitals in Germany. Before a distributor will take on equipment he usually insists on having a sample of the equipment for a period of three to six months for demonstration purposes. In most cases the equipment is left for testing with major hospitals for six to eight weeks. According to one leading distributor of imported equipment, approximately 70 per cent of all equipment demonstrated in this fashion brings results and a steady volume of orders.

Most distributors have technical experts on staff who study the machine to assist their sales representatives in approaching hospital purchasing authorities. They also have connections with a number of doctors who test equipment suitable for use in private medical practices.

Because of the nature of hospital equipment, it is essential that Canadian manufacturers concentrate on selecting one reputable distributor to whom they can assign sole distributing rights. Two or more companies handling the same equipment often find themselves engaged in a price war, the results of which can be damaging.

Another method of penetrating the German market is by exhibiting at one

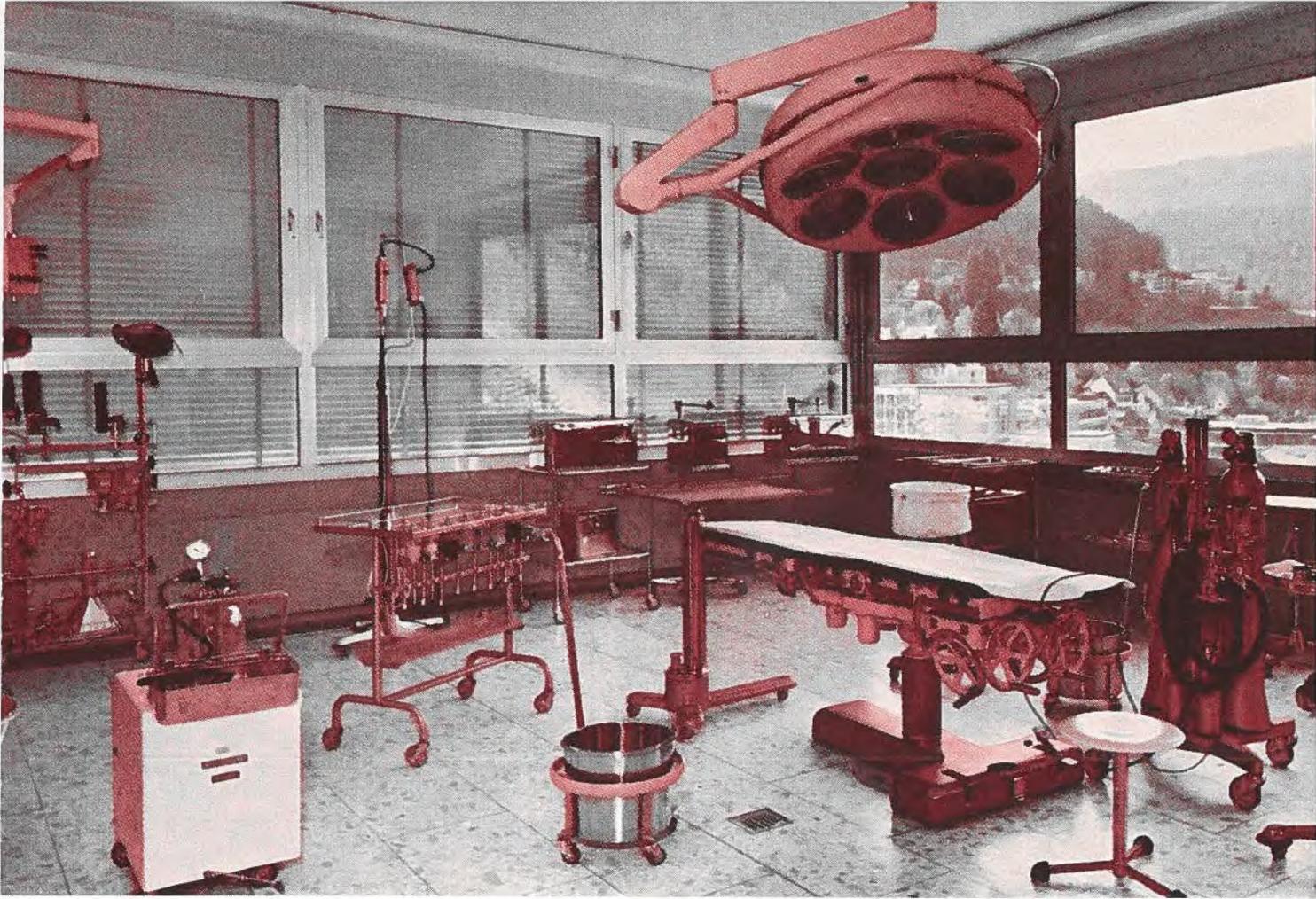
of the many specialized medical and hospital trade fairs, which usually take place in conjunction with seminars and conferences in Germany. Although it is better to exhibit through a distributor, firms exhibiting on their own have a reasonable chance of success. The largest fair in this field is Interhospital in Duesseldorf which takes place once every two years and draws 90,000 visitors from all parts of Germany and the continent. Besides Interhospital there are a multitude of specialized exhibitions held annually.

In most instances it is essential that Canadian manufacturers visit the market to obtain first-hand knowledge of the problems and possibilities facing their particular equipment. German distributors are usually happy to meet Canadian manufacturers and arrange a series of appointments with German doctors and hospital officials. They will also have one of their representatives accompany the Canadian manufacturer on his visits to learn about the equipment's technical aspects.

Canadian manufacturers must also be willing to share with their distributors the cost of advertising, exhibiting, printing etc. Usually this is on a 50-50 basis.

It must be emphasized that nothing can be sold in this field from brochures alone. Samples of the equipment must be on hand for demonstrating purposes.

For those willing to spend some time and money developing this German market, the next few years could be exceedingly rewarding.



Between 60 and 70 per cent of Germany's 3,600 hospitals are to be modernized, including the medical facilities, offering opportunities for Canadian suppliers of unique or better-than-German-manufactured products, which are tested on site.

—Venezuela—

A massive expansion program of hospital and medical facilities opens up possibilities for Canadian equipment and knowhow.

CARLOS BENKO, Commercial Officer, Caracas

The new administration of President Rafael Caldera, which took over in March 1969, is carrying out an extensive review of major projects and programs in various fields. One of the most important is a thorough overhaul of hospital and medical facilities that will provide, during the next five years, 29 new hospitals, the largest with 800 beds, five health centers of 60 beds each and 18 ambulatory centers. Most of the medical and surgical equipment needed will have to be imported.

Hospital facilities at present are anything but adequate for Venezuela's 10.5 million people. The largest concentration of population is in the metropolitan area of Caracas (2.2 million), and the city has more clinics and hospital beds in proportion to the number of inhabitants than the rest of the country. Even so, statistics for 1967 for the relatively well-off Caracas area show a deficit of about 2,800 beds.

Medical facilities are not much better. The 1967 figures, again for the same

area, showed that out of 4,124,305 requests for medical consultation, about 360,000 remained unanswered, prompting an official estimate of a deficit of 112 consulting offices for the Caracas area. Since then the problem has become more acute.

It is estimated that by 1990 the population of metropolitan Caracas will be 5,200,000. Taking the official requirement of four hospital beds for every 1,000 persons, 20,800 beds will be needed. There are now 8,800 beds,

which means that by 1990 another 12,000 will be needed for Caracas alone.

That the Government has recognized the problem is evident by the massive construction program that will take place during the next five years, a program that should provide many opportunities for Canadian knowhow and for manufacturers of hospital and medical equipment. The actual building is the responsibility of the Ministry of Public Works, and locally manufactured materials are available for this.

But because there is no local manufacturer of the necessary equipment to furnish the hospitals, everything, from central air conditioning to X-ray apparatus and surgical supplies, will have to be imported. The Ministry of Health and the Venezuelan Institute of Social Security will be responsible for the purchasing of this equipment.

Competition is keen in Venezuela and financing therefore usually is an in-

tegral and necessary part of a proposal. This is particularly true in major sales of equipment or turnkey projects.

The first step for a Canadian company to establish itself in this market is to appoint a hard-working, well connected lobbyist/agent to represent its interests. Agents are necessary to supply up-to-date information on current and proposed projects, and to provide needed continuous contact with Government officials, associations, architects, and other groups responsible for planning, specifying and purchasing this type of equipment. The personal contact and service provided by a good agent is one of the key factors in a successful sale in this market.

To bring Canada to the attention of the Venezuelans as a source of sophisticated medical equipment, the Commercial Department of the Canadian Embassy in Caracas is preparing a series of small exhibitions (the first one in September) of Canadian surgical-medical equipment that has potential in this market. In addition to showing

Government and hospital officials what Canada has to offer, the exhibits will assist Canadian manufacturers in locating aggressive and responsible agents.

Canadian firms in this field interested in participating in one of these exhibitions and willing to cover the expenses involved in the transportation of their sample goods should write to: Commercial Counsellor, Canadian Embassy, Apartado del Este 62302, Avenida La Estancia No. 10, Ciudad Commercial Tamanaco, Caracas.

In instances where the equipment is too large and difficult to transport, a film, photographs and/or catalogues would be welcome.

As indicated, Venezuela has embarked upon a major expansion of its medical facilities. It has also expressed an interest in standardizing on the types of equipment. It is therefore essential that interested Canadian firms take steps immediately to ensure that they are well established in the market early in this program.



The program to modernize and increase German hospital facilities should provide great opportunities for Canadians.

Green Light for Italian Airports

The Italian Ministry of Transport recently announced a "Regulatory Plan for Airports and Civil Aviation" that will update the country's airport infrastructure to the tune of \$250 million.

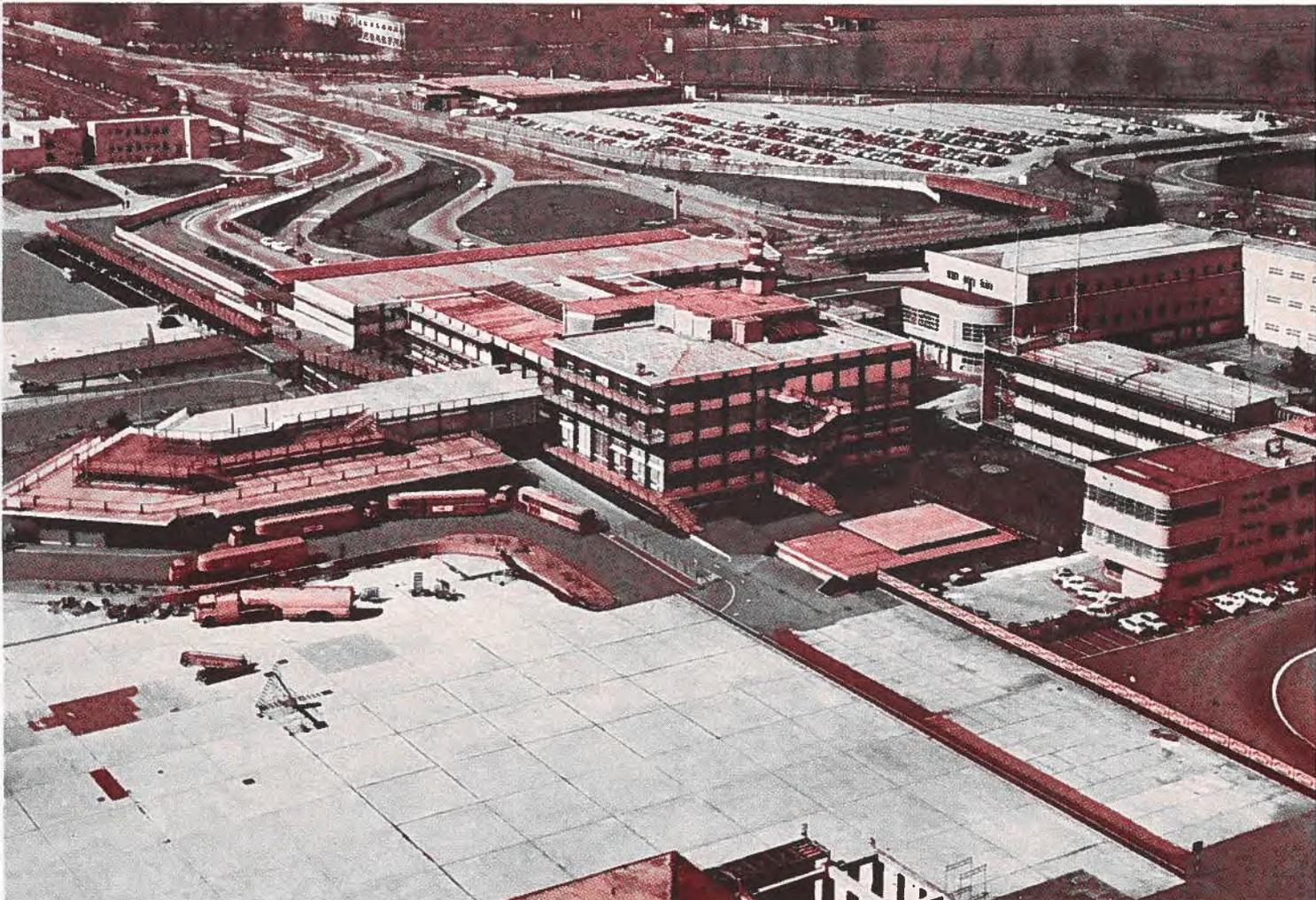
D. T. WISMER, Consul and Assistant Trade Commissioner, Milan

To Canadian businessmen, Italy is noted as a good place to buy machine tools, as a new giant in the domestic appliance industry, a leading source of leather goods and "with-it" fashions, home of some of the world's sleekest and fastest automobiles and a great place for a business trip. Conversely, most Canadian exporters—except those in the raw and semi-processed materials sector—who have taken a crack at selling in Italy will be quick to speak of the difficulties of market penetration.

In this country consumer idiosyncrasies abound, and distribution is hectic and fragmented. Industrial recovery after the war occurred at such a fantastic rate that Italy is now much more industrially diversified than Canada and, for all intents and purposes, is self-sufficient in secondary manufacturing except in a few highly technological areas. This article, however, attempts to make the case that a previously unexploited market exists in Italy that Canadian industry appears to be particularly capable of supplying.

One of the few areas in which Italy is sadly lagging behind other major western nations (and her own experts admit it) is airport infrastructure. The reasons for this are varied and involved, but all, in one way or another, hinge upon bureaucratic inefficiencies. In theory, the Civil Aviation Administration, part of the Ministry of Transport, is responsible for planning, regulating and, in a majority of cases, funding Italy's airports. But, in the words of Felice Santini, general director of Civil Aviation:

Italy appears to have recognized the need to update its airport facilities, which lag behind other European countries. Despite the difficulties in this market, Canadians should seriously consider what they have to offer in this field.



"The Airport Division of the Civil Aviation Administration has remained practically what it was at the time when civil aviation was taken away from the Ministry of Defence and transferred to the Ministry of Transport. The law did not provide sufficient personnel so that the Administration could take over from the Ministry of Defence either the civil airports or the civil areas of activity at the military airports open to civil traffic.

The Civil Aviation Administration should have established peripheral offices and work supervision groups at the various airports; this was not possible because the various proposals that were made and the various solutions suggested regarding the

necessary personnel are still under study. The result, therefore, is that the Civil Aviation Administration, in order to perform its functions, must turn to outside experts when possible, or to the Ministry of Defence or the Ministry of Public Works."

As for funding Italian airport projects, Remo Gaspari, Minister of Transport and Civil Aviation stated recently:

"The necessary funds have been repeatedly requested for both the strengthening of the infrastructures and for the creation of a civil aviation body, as envisioned by law. Only very recently, following the Administration's insistence, has the Government Central

Planning Committee taken the airport situation under study, and the relative measures, along with their financing, are being examined."

It is no wonder, then, what with the Civil Aviation Administration being in a lame duck position, that Italy's airport infrastructure has been slow to develop. Typical of the problems being encountered is the breakdown or absence of backup equipment for radar. Rome's major airport, Fiumicino, was recently left without radar (secondary radar has since been installed). Fiumicino has two intersecting runways and should be able to handle 50 planes per hour. It cannot do this because of inefficient flight assistance and traffic control systems. Jumbo jets

Alitalia's new terminal to be built at Rome's Fiumicino Airport has been designed by Canadians, but with at least 45 major projects to be undertaken to update Italy's civil aviation, there will be many opportunities for Canada.



are slated to begin regular flights into both Fiumicino and Milan's Malpensa Airport this year, but there is some question as to whether present terminal facilities will prove adequate for efficient handling of the passenger and baggage load carried by these huge planes.

Italy's comparatively slow airport development has left domestic supply gaps of airport equipment and services. Some Canadian companies have already been able to take advantage of this situation. Alitalia's own new terminal in Rome, to be built in the next few years, is Canadian designed. Canadian automatic luggage handling systems are in operation in terminals in Rome and Milan. Another Canadian firm is active in bidding for requirements of flight announcement systems. Opportunities for sales of the broad range of airport-related equipment and services abound and should become even greater with implementation of the \$250 million "Regulatory Plan for Airports and Civil Aviation". Canada's airport-related industries should seriously consider what they have to offer to Italy. In many cases direct sales are a possibility, in others, some form of joint venture would be advisable with suitable Italian companies.

From whatever angle the Italian market is approached, however, local representation in Italy is a must—to keep abreast of changing developments

and to ensure continuous contact and follow-up with the individuals responsible for making purchasing decisions in each given project. With the present vacuum in the Civil Aviation Administration, decision-making bodies for airport projects can include not only the Civil Aviation Administration but also the Ministry of Public Works, the Fund for the South (similar to Canada's Department of Regional Development), private companies enfranchised by the Government to operate specific airports (for example, Milan's two airports are both administered by a private company controlled by the city and Province of Milan) and regional Governments. Sorting out who is responsible for what is not a simple task—even for an Italian.

The situation is further complicated when one takes into account that all flight assistance and air-traffic control equipment for each airport is purchased separately through the Civil Aviation Administration according to specifications laid down by the Italian Air Force. Due to shortage of staff on the engineering side in the C.A.A. and I.A.F., however, they do not draw up detailed specifications and calls for tender; instead, certain Italian electronic companies within a government-controlled sector of the industry have been given the responsibility for submitting detailed equipment proposals for C.A.A. and I.A.F. approval.

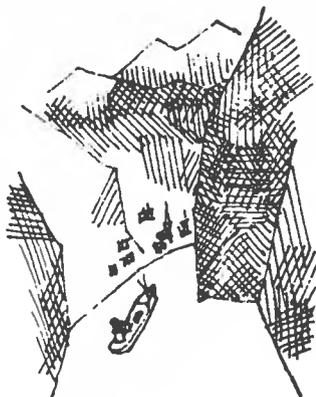
It is up to these local firms to put together a complete equipment package for each new airport project. Canadian companies interested in offering A.T.C. and flight assistance equipment should make their approach direct to the Italian companies concerned, rather than to the C.A.A. or the I.A.F.

Forty-five Italian airports are contemplated under the Ministry of Transport's Regulatory Plan, and information on them can be obtained from the Canadian Consulate General, Via Vittor Pisani 19, 20124 Milan, Italy.

Canada's trade offices in both Rome and Milan are prepared to lend their assistance to Canadian firms wishing to sell airport equipment and services in Italy. We can suggest reputable local agents, introduce companies to management of Italian airports, make representations to the Civil Aviation Administration and help co-ordinate possible joint-venture arrangements. We invite Canadian companies interested in Italy's quarter of a billion dollar market of the seventies to contact us.

(Mr. Wismer wrote this article shortly before his posting to New York as Consul and Assistant Trade Commissioner—Editor.)

Export Markets in Brief

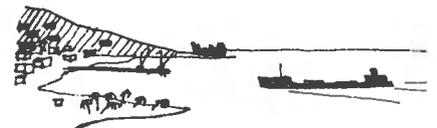


This publication, now in its 4th edition and published by the Bank of Montreal in conjunction with the Department of Industry, Trade and Commerce, has a subtitle which reads, "Brief facts and figures for Canadian exporters on Canada's principal trading partners". Brief facts, to be sure! But essential facts!

An introduction details government facilities and plans and bank programs available for exporters. Each country has about two pages complete with a map indicating chief ports and trade centers, neighboring countries and waters and a time clock showing the discrepancy between E.S.T. and local time. The vital physical statistics are given (land mass, population, climate, etc.) and human induced factors (language, currency, income, communications and transport) accompany them. The country's facilities

are listed (power, other energy sources, water and technical procedures). The remaining third of the material is devoted to purely economic matters and figures on imports, markets and purchases.

This edition provides greater detail of information than earlier versions, with the result that coverage has necessarily been limited to Canada's principal trading partners. Copies may be secured by writing to the nearest office of the Bank of Montreal or the head office, 129 St. James Street West, Montreal 126, Quebec.



No Let-up
for
Hong
Kong



BERNARD W. H. YEUNG
Commercial Officer, Hong Kong

Hong Kong is, as described in a recent international survey, a "most dynamic new industrial state of Asia, and the one with the most glowing economic prospects".

Since 1959, total employment in the Hong Kong manufacturing industry has tripled from 177,271 to 528,160 and during those years, the overcrowded colony became short of labor. Industrial growth in Hong Kong is now no longer founded on a relatively narrow range of industries. Two labor-intensive industries—electronics and hair wigs—that did not exist 10 years ago, accounted for a combined total of 14 per cent of domestic exports—\$1,878 million—last year. Surprisingly, the basic metal and metal products industries have a 3 per cent share in the total exports. With the growth of these two industries and the expansion of the flashlight manufacturers and electroplaters, Hong Kong is becoming a market for non-ferrous metal.

Hong Kong has to import these non-ferrous metals. During the calendar year 1969, purchases from all countries of non-ferrous metals of all kinds totalled \$39 million (in 1967, the total was \$25 million). Canada supplied \$5.1 million or 13 per cent. Hong Kong is a free port and all non-ferrous metals used in manufacturing, sheet-rolling and extrusion, irrespective of origin, are free from import duties. Imports from overseas countries compete on equal footing, and the market is therefore very price-conscious with exceedingly keen competition. The following paragraphs cover some of the main imports.

Copper, (including brass and bronze)—Both copper and copper alloys are much more in demand than any other non-ferrous metal. They are widely used by a number of industries in Hong Kong such as the brass foundries, brass products, metal wire, hardware, tools and shipbuilding. Among copper alloys, the 67/33 and 70/30 brass types are produced here and are more widely used than bronze.

Price fluctuations have caused users to look for substitutes and total imports have dropped from \$17.8

million in 1968 to \$17.7 million in 1969. In 1967, imports of this group totalled \$13 million. Nowadays, flashlight and cable manufacturers are using more and more aluminum for their products.

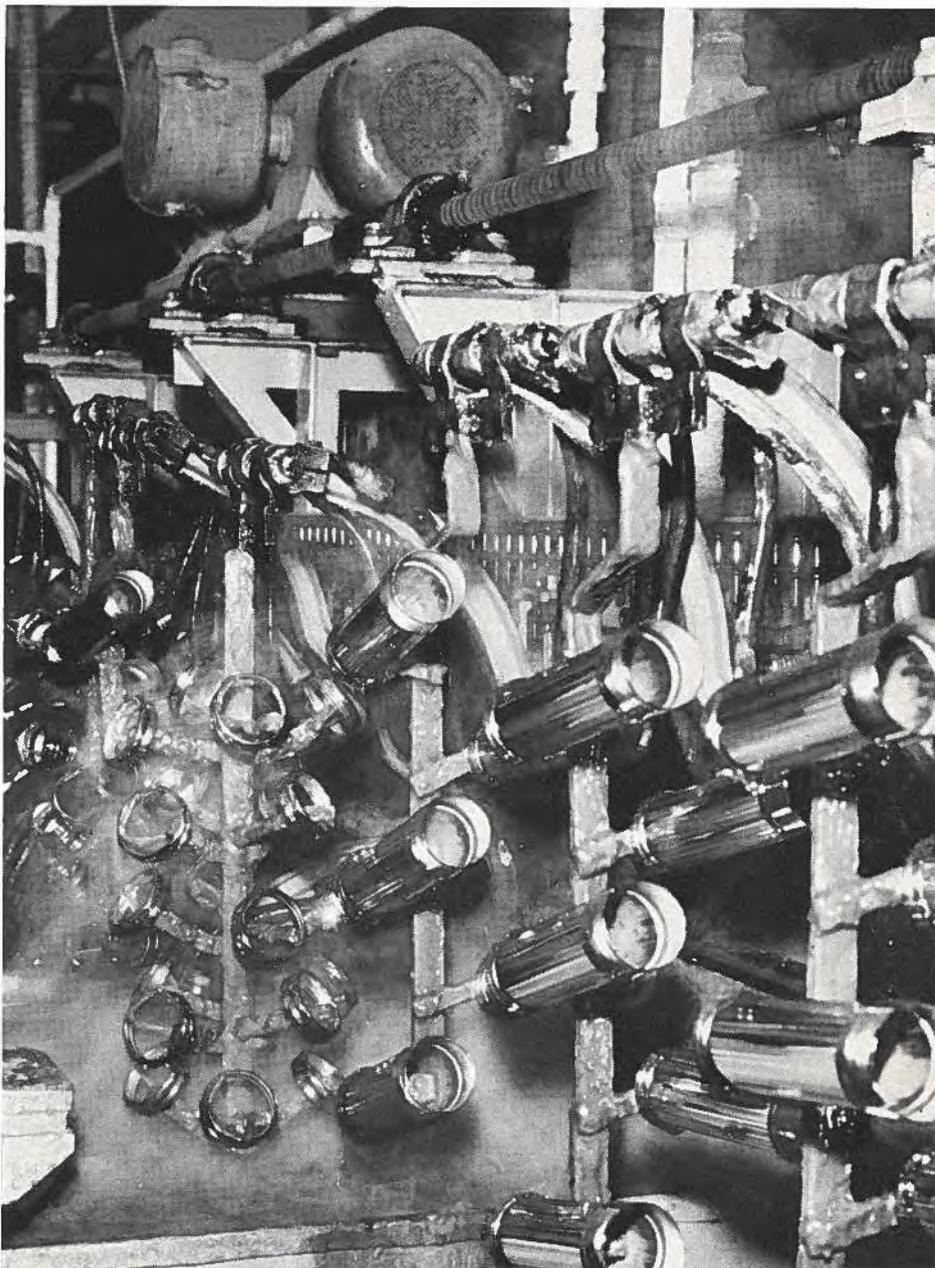
Aluminum—This comes second in importance. In 1967 imports amounted to some 16,000 long tons valued at \$9.5 million and in 1969, more than 21,000 long tons. Canada was and remains the chief supplier, providing 32 per cent of requirements, followed by Japan (20 per cent), Australia (16 per cent) and the U.S. (14 per cent).

The three main sectors of the Hong Kong aluminum industry—household utensils, sheet-rolling and extrusion—account for most of the imports of

this metal. The industry began with the manufacture of utensils from imported sheets 20 years ago. Today, there are at least six major aluminumware manufacturers employing over 2,000 workers. Household utensils still form the major proportion of finished products on the market and account for just over 60 per cent of the total aluminum requirements in the colony. Flashlights are next in importance; in 1969 this sector used over 600 tons of aluminum.

There are five sheet-rolling mills in the colony, and in 1969 these processed about 11,000 tons of ingots. Production capacity in the largest mill, which started operating in 1952, increased to more than 400 tons a month in 1967 when the mill was expanded. Hong

Brass cases for flashlights go through the chroming process. Nowadays the industry is using aluminum, of which Hong Kong imported 21,000 long tons last year.



Kong's total sheet production is estimated at between 11,000 and 12,000 tons a year, the major proportion of which (at least 85 per cent) is sold to local aluminumware manufacturers; the rest is for export.

The aluminum extrusion industry was founded much later than sheet-rolling and hollow ware. It was not until 1964 that the first extrusion plant started operations, with a 1,250-ton press. Most extruded products are manufactured for architectural purposes, although a fair quantity of tubes and rods is produced for industrial uses. The total output for 1969 was estimated to be around 2,500 metric tons. Certainly, this sector of the market will grow if aluminum is used more widely in various housing and building projects in Hong Kong.

Other industries using aluminum are those making zip fasteners from aluminum zipper wire (around 1,500 metric tons a year); aluminum electrical wire, rivets, screws, etc. (around 5/600 tons a year); aluminum cigarette foil (around 100 tons); and collapsible tubes for toothpaste, cosmetics, sheet foil electronic component, parts and some extruded shapes for precision equipment such as cameras and binoculars.

The potential for aluminum is difficult to estimate, as each new application for the metal causes immediate increases in consumption. Its growing use in packaging food and confectionery products, bottling beverages and in structural applications suggests that the Hong Kong market will continue to be an attractive one. Based on present limited applications, the annual growth rate for this industry is estimated to be 12 to 15 per cent.

Zinc and lead—Much more zinc is imported than lead. It is used by manufacturers of flashlight batteries, toys and copper alloys. Total imports of zinc alloys in 1969 reached 9,732 tons. Because of prompt delivery and higher quality, Canada is now the major supplier of zinc ingots, overtaking Australia three or four years ago. Australia however, is still the biggest supplier of zinc diecasting alloys.

As for lead, Canada managed to sell ten tons to Hong Kong in 1969 out of total imports of 738 tons.

Nickel—Before 1967, imports were largely nickel cathodes and rolled nickel anodes from Britain, the U.S. and European countries, which were used by the local electroplating in-

dustries. Canada at that time held a small portion of the Hong Kong market.

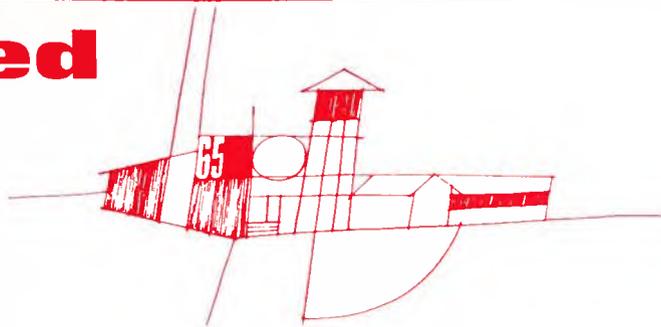
In 1968, because of the growth of the watch case and watch band industries, demands for nickel began to increase and Canada succeeded in establishing a market for cast nickel anodes. In 1969, Canada became the second main supplier despite the strikes in the nickel industry. Total imports of nickel anodes from Canada amounted to 17 tong lons.

Although non-ferrous metals do make up a good part of our sales to Hong Kong (approximately 27.7 per cent) there is still room for expansion. Hong Kong's export performance continues to boom, and the outlook for the manufacturing industries should also be attractive to Canadian non-ferrous metals producers. But, because Hong Kong is a marketplace to the world, price and delivery get the orders. The Office of the Department of Industry, Trade and Commerce in Hong Kong can assist interested Canadian metal suppliers to penetrate this market and inquiries should be addressed to the Senior Canadian Trade Commissioner, P & O Building, 11th Floor, P.O. Box 126, Hong Kong.



More than 200 tons of aluminum, second most important import, will be used in doors and windows in this huge project.

Wanted



Manufacturers

Self-Securing Fasteners and Components

British firm is offering a licensing arrangement for the Canadian manufacturing and marketing rights to its patented self-securing fasteners and components. These self-securing fasteners are designed for use in (1) electronic assembly work as terminals, threaded bushes, wire-wraps, lugs, components, etc. and (2) mechanical assembly work as threaded bushes, studs, spacers, components, etc. Through the use of single, multi and automatic insertion tooling these components punch their own holes in sheet materials such as laminate/glass printed circuit-boards, steel, aluminum alloys and are secured in the same operation. This self-securing feature provides accuracy and time saving. The licensor would provide complete knowhow and technical data and the assistance of engineering personnel. Literature available. **Item 2282**

Building Process by Pre-Manufactured Modules

Swiss company offers under license the Canadian manufacturing and marketing rights to its building process to manufacture prefabricated building modules on an assembly line basis. The module has a basic metallic structure and hollow walls forming moulds through which concrete is poured, resulting in a reinforced concrete structure with all services, partitions and finishes included. Literature available. **Item 2283**

Concrete Prefabricated Buildings

Finnish building technique is offered under licence to Canadian construction companies. This patented technique is based on the prefabrication in a factory of completely manufactured and finished room elements. The elements are then transported from the factory to the building site where they are assembled. This technique is designed for the construction of apartment buildings, houses, etc., and the main advantages claimed by the licensor are that only 10 working days are needed to erect 25 unit apartment building excluding foundation. Literature available. **Item 2284**

Weldable Construction Steel

Czechoslovakian state licensing agency offers a licensing arrangement for the Canadian production rights and continental America marketing rights for its weldable construction steel. The major use of this steel is in the production of large-sized pressure vessels with wall thicknesses of about 200 mm and flanges of about 600 mm. It is claimed that this steel has high plastic properties and that the stress effects of ageing are suppressed. Literature available. **Item 2285**

Restructured Cellulosic Forage

Italian firm is offering a licensing arrangement for the Canadian manufacturing and marketing rights to its restructured cellulosic forage (synthetic hay) for use in feeding ruminant animals, e.g., cattle, sheep, goats. This synthetic hay is manufactured from cellulose fiber containing agricultural waste products, or from green forage. This synthetic animal feed consists of an outside covering similar in form to a stem of hay enclosing a feed concentrate. The feed concentrate may be produced from hydrocarbons or from poultry manure. The licensor would provide technical knowhow and technicians if required. Literature available. **Item 2286**

Diaper Cleaner

Canadian inventor offers for sale the Canadian production and worldwide marketing rights for his diaper cleaner. It is claimed that the device conveniently cleans and sanitizes a soiled baby's diaper in less than a minute thereby overcoming the familiar disadvantages associated with the old soaking process. In operation, the cleaner is secured to the top of the toilet bowl and a coiled "extension" type water line is instantaneously connected to the basin faucet. The soiled diaper is dropped into the unit and is held in position when the lid is closed. An eductor provides for entrainment of the correct amount of a special diaper cleaning sanitary fluid into the water stream. The cleaned diaper is

automatically wrung dry on removal. Final washing is not usually necessary. The inventor will provide technical information together with market and sales forecasts. Literature available. **Item 2287**

Swimming Pool Alarm System

British company offers the Canadian manufacturing and marketing rights to its swimming pool alarm system comprising two sensors. One, a light beam, is located in the area surrounding the pool; the other, a microphone connected to an amplifier, is submerged in the pool. If a signal is first received from the light beam and a second from the microphone, a logic system combines the two signals which triggers an alarm to indicate that someone is in the pool. Literature available. **Item 2288**

Collapsible Shipping Containers

Italian company offers the Canadian manufacturing rights and the North American marketing rights for its collapsible shipping containers which fold up and stack flat when empty. These units are smaller than the Standard C,-ISO container and therefore do not require the special facilities needed for handling such containers. On the other hand, these containers can be grouped by means of a grouping frame to build up a Standard C,-ISO container. Units are constructed of cold rolled sections and steel sheet; the side walls are hinged and connected by special latches to provide a rugged unit. Literature available. **Item 2289**

More Information

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

Trade Lines

Cardboard Boxes

The cardboard box factory now under construction in Ain-Sebaa is expected to go on stream at the beginning of 1971. This is a joint venture between the Moroccan firm of cardboard manufacturers, Ondumar, and a Finnish group. The cardboard boxes will be manufactured in accordance with international specifications and will be used mainly for exports of fruit and early vegetables—Madrid.

Household Goods

The first World Household Goods Exposition will be held in Chicago's gigantic new McCormick Place, June 1971. Several hundred thousand square feet of exhibit space will be available. The show is for foreign manufacturers only—Chicago.

Thermonuclear Power

A U.S. \$135 million thermonuclear electric power plant will be constructed in southwestern Puerto Rico by Westinghouse under the auspices of the Puerto Rican Water Resources Authority. The plant will have a generating capacity of 600,000 kilowatts. Construction will be completed in 1975—San Juan.

Fertilizer

State and collective farms in the U.S.S.R. are expected to use 25 per cent more chemical fertilizer this year. Use of this type of fertilizer will then have almost doubled within the current (1966-70) five year plan. In 1969 the farms used 38.8 million tons, 10.3 million tons more than in 1965, the final year of the last five year plan. The use of such fertilizers during the past 30 years has risen from 3.7 kilograms per hectare in 1940 to 37.5 kilograms per hectare in 1968. This growth is perhaps the chief reason for the larger and more regular Soviet grain crops in recent years—Moscow.

Exports

This year Colombia expects export earnings to reach U.S.\$700 million, a marked increase over the 1969 total of U.S.\$541 million. The expected increase in earnings may allow the Government to relax some import restrictions—Bogota.

Oil Refinery

The Icelandic Government has contacted several large oil companies, including International Oil Company, Chicago, and Shell, London, about building an oil refinery. The estimated cost is \$15.4 million. The refinery would produce 670,000 tons of oil per annum and be 51 per cent Government owned—Oslo.

Building Materials

A second international exhibition, Building Materials and Equipment for their Production (Stroimaterialy 71) will be held in Moscow, September 8 to 22, 1971, the U.S.S.R. Chamber of Commerce has announced. An exhibition announced earlier is the Modern Equipment for Trade and Public Catering Establishments (Intorgmash 71)—Moscow.

Port Facilities

The United States Department of Commerce will grant \$2.9 million to the city of Ponce to expand port facilities. Total value of the project is expected to be \$5.8 million, with the city government contributing the remaining funds. Involved will be the construction of a 600-foot container dock, a container storage area, extension of the bulk cargo-berth from 350 to 600 feet, installation of a 50-ton gantry crane and a four-acre cargo terminal. The project is expected to relieve congestion in the port of San Juan and to be of great benefit in expanding the economy of southern Puerto Rico—San Juan.

Cheese

The Norwegian Department of Agriculture has increased the import quota for cheese to 250 from 225 tons. In addition to this 10 tons of Parmesan cheese may be imported—Oslo.

Port Distribution Center

The port of Rotterdam will become Japan's doorway to the European market. Ten large manufacturers and trading enterprises of Osaka will open their first foreign distribution center at Rotterdam in November. Japanese export industry now comes to the customers' doorstep with a reduction in delivery time as an added bonus. Shipment of goods from Japan normally requires two months by sea. The 10 promoters of the project have said that their group will soon grow to about 50 companies and that the assortment of goods stored at the center will be enlarged—The Hague.

Steel Rolling Mill

A Spanish consortium and two Japanese firms will join forces to construct a steel rolling mill in Southern Spain which will have an annual production of 30,000 tons of stainless steel. The Spanish group, Banco Espanol de Credito (Banesto) will contribute 65 per cent of the \$9.2 million capital of the new company (Acerinox). The Japanese firms involved are the Nissho Twai Company and Nisshin Steel Corporation. Production is expected to begin in 1972—Madrid.

Paper

Paper production in Mexico during 1969 increased by 10.8 per cent over the previous year's figure, establishing a record at 817,980 metric tons. National paper output has risen by 38.4 per cent since 1965 when total production reached 591,036 metric tons. Of special significance in 1969 were production increases of liner paper and paper bags, sacks and wrapping papers—Mexico D.F.

Fertilizer

Fertilizantes Fosfatados Mexicanos, S.A. recently delivered more than 20,000 tons of phosphoric acid valued at over \$1 million to Austral-Pacific Fertilizers Ltd. in Brisbane, Australia. This is the first of a series of shipments under an export agreement negotiated last year.

The Australian firm had plans to build a phosphoric acid producing complex (agricultural fertilizers), but cancelled them in view of the attractive cost and adequate storage and transportation facilities available from Fertilizantes Fosfatados Mexicanos. FFM is the world's largest supplier of phosphoric acid—Mexico D.F.

Paper

West Germany's paper industry may soon be offering "throw-away" furniture for household use if a new technical development lives up to the claims of its promoters. Scientists have reportedly produced glass-fiber reinforced paper so strong, and yet so flexible and resistant to water, rot and temperature change, that it could be used to make furniture—Bonn.

Foreign Tariffs and Trade Regulations

Chile

The Central Bank has eliminated all prior deposits, effective August 1, 1970, with the exception of the prohibitive 10,000 per cent deposit for items on the Permitted Import List.

Colombia

The Colombian foreign exchange control organization recently reduced the prior deposits from 130 per cent to 30 per cent on items falling into the following customs classifications:

- 01.06.A.1 Live rabbits, with pedigree
- 04.02.A.11 Milk and cream, unsweetened, denatured
- 05.14.A Ambergris, castoreum, civet and musk of a kind used in the preparation of pharmaceutical products
- 39.03.A Cellulose, vulcanized fiber
- 44.17 "Improved wood" in sheets, blocks or the like
- 48.07.C.1 Reagent paper (coated or impregnated)
- 48.15B Other reagent paper
- 59.14.B.1 Tubular knitted gas mantle fabric for the manufacture of gas mantles
- 73.06.B Iron or steel ingots
- 90.01.A Ophthalmic lenses including plastic contact lenses
- 90.11.A Microscopes and diffraction apparatus, electron and proton, complete

- 90.15A Balances of a sensitivity of 5 centigrams or better
- 90.28.0.1.a Automatic electric voltage regulators for generators or transformers
- 90.28D. 1b Other automatic electric voltage regulators
- 90.28D.11 Other automatic electric regulators
- 92.12.B.11 Records for teaching purposes

The prior deposit has been reduced to 1 per cent from 130 per cent on tariff item 39.04.A.11—chlorophyll.

Ecuador

Two rates of exchange will prevail in Ecuador, according to a recent decree issued by the Central Bank.

The official rate of sucres is 18.00 to the dollar, which gives a buying rate of 17.82 and a selling rate of sucres 18.18 will be used for all imports on List I (essential goods).

The other rate, sucres 23.00 to the dollar, which gives a buying rate of sucres 22.77 and a selling rate of sucres 23.23 will be used for imports on List II (non-essential and luxury goods) and all other transactions.

Israel

Israel has imposed an import surcharge of 20 per cent (on the value before tax) on all imports other than food and fuel, effective August 17, 1970.

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 Fredericton, 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 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

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

Montreal: Sept. 14-21

Toronto: Sept. 30-Oct. 9

Winnipeg, Regina, Saskatoon,

Edmonton, Calgary: Oct. 19-23

Vancouver: Oct. 26-29

In Territory

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

Algeria

C. T. Charland, Minister-Counsellor (Commercial) in Paris, France, will visit Algeria October 26-November 2.

Australia

R. J. McGavin, Assistant Commercial Secretary in Melbourne, will visit Perth and area, Western Australia, October 12-21.

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.

Oceania

H. J. Horne, Commercial Counsellor in Sydney, Australia, will visit New Caledonia, New Hebrides, Solomon Islands, New Britain, Papua and New Guinea September 14-October 3.

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.

Industrial Incentive for the Bahamas

Following other Caribbean countries, the Commonwealth of the Bahama Islands will soon have its own Industrial Incentive Legislation. Free imports of machinery or raw materials for the purpose of manufacture by the approved manufacturer of a product and of any article if such is imported for the purpose of construction, alteration, or extension of the relevant factory premises, highlight the legislation. Furthermore, every approved manufacturer will be entitled to complete relief, up to 1989, from export tax, income tax, and

real property tax. Although the Bahamas offers a small resident market of 150,000 inhabitants, last year over 1.3 million visitors spent an average of 2.4 days (sea visitors) to 5.6 days (air visitors) which indicates there is a market for mass consumption products. The export incentive consideration included in this legislation may make it profitable to supply the nearby Florida market from New Providence. Small textile plants, paper converting operations, and other products used in a tourist area could be an attractive venture.

Northern Electric in Europe

Northern Electric Company Limited of Canada is making a major contribution towards laying the foundation of a modern telecommunications industry in Turkey with its manufacturing plant on the outskirts of Istanbul. The company in gaining this foothold in the European market, despite stiff competition, has taken the first step in what is expected to become an expanding base of export activity. Northern Electric, in a joint venture with the Turkish Post, Telegraph and Telephone Directorate, produces and assembles dial and magneto telephones and crossbar equipment in a 91,500 square-foot plant called Northern Electric Telekomunikasyon Anonim Sirketi (N.E.T.).

Immediate production goal of the new company is the Supply Contract signed by Canada and Turkey. Under this \$29

million contract, which expires in 1972, Northern Electric will supply \$24.5 million worth of equipment to expand and modernize the communications system in and around Ankara, Istanbul and Ismir.

By financing the \$24.5 million telecommunications installation, Canada is fulfilling its pledge to assist Turkey's economic and industrial development under the consortium established by the Organization for Economic Co-operation and Development. The Supply Contract was arranged through the Canadian International Development Agency (CIDA) and the Export Development Corporation.

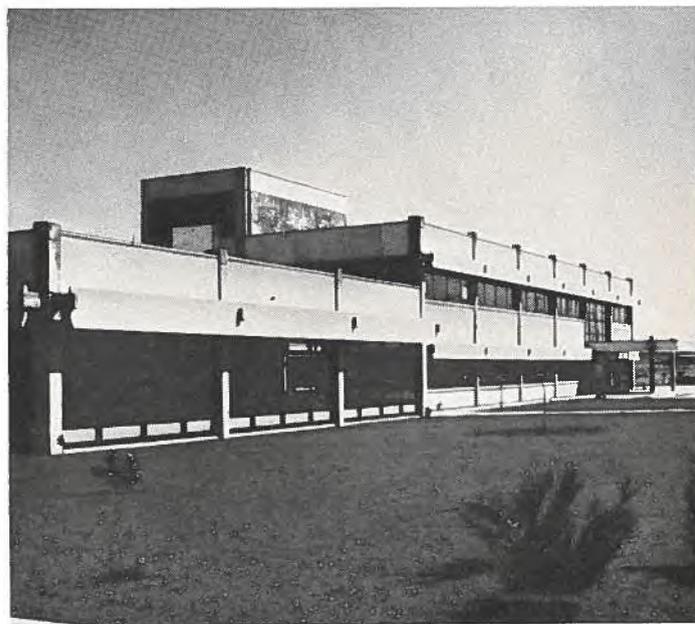
The success of the venture can be emphasized by the fact that already doubling the factory size is under consideration. The enlarged premises

would increase Turkish content of the types of equipment already being made. However, considerable space would be used in the manufacture of semi-automatic toll equipment, PBX exchanges and sophisticated electronic telecommunications hardware.

The present staff of 443 will be increased to 600 by the end of 1970. The present factory staff includes 14 Canadian specialists. Of the 69 Canadian outdoor technicians initially sent to Turkey, only 42 remain. Turkish technicians, trained on the job by their Canadian counterparts, take over the work on their own when their skills are of the level required by Northern Electric. About 15 Turkish technicians received training at Northern Electric facilities in Montreal. Eventually N.E.T., at all levels of the company, will be staffed by Turkish personnel.

About 65 per cent of the telephone equipment now being turned out at the Northern Electric Telekomunikasyon Anonim Sirketi plant at Istanbul is made up of Canadian components. However, this proportion is declining as the local workers be-

come skilled. The majority of the 443 employees at the plant are women. Here several of them complete assembly of telephone sets. The plant also manufactures switching equipment for the Turkish P.T.T.



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 Aug. 28	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at Aug. 28	Canadian dollar in foreign currency units
Algeria Dinar	.1862	5.37	Denmark Krone	.1359	7.36
Argentina Peso (free)	.2548	3.92	Dominican Republic Peso	1.0191	.98
Australia Dollar	1.1334	.8823	Ecuador Sucre (official) (free)	.0408 .0511	24.51 19.49
Austria Schilling	.03941	25.37	El Salvador Colon	.4076	2.45
Bahamas Dollar	1.0191	.98	Fiji Dollar	1.176	.85
Belgium and Luxembourg Franc	.02053	48.71	Finland Markka	.2426	4.12
Bermuda Dollar	1.027	.97	France, Monaco, etc. ² Franc	.1847	5.41
Bolivia Peso	.0856	11.68	Franco-African Republics ³ Franc	.0037	270.27
Brazil Cruzeiro (official free)	2.199	4.55	French Pacific ⁴ Franc	.0102	97.09
Britain Pound	2.457	.40	Germany D Mark	.2806	3.56
British Honduras Dollar	.5364	1.86	Ghana New Cedi	.999	1.00
Burma Kyat	.2140	4.67	Greece Drachma	.0340	29.41
Ceylon Rupee	.1712	5.84	Guatemala Quetzal	1.0191	.98
Chile Escudo (bank rate) (free)	.0862 .0711	11.60 14.06	Guyana Dollar	.5367	1.86
China, Republic of New Taiwan Dollar (official)	.027	37.04	Haiti Gourde	.2038	4.91
Colombia Peso (fixed)	.055	18.18	Honduras Lempira	.510	1.96
Congo (Kinshasa) Zaire	2.144	.46	Hong Kong Dollar	.1681	5.95
Costa Rica Colon	.1538	6.50	Hungary Forint (official)	.0921	10.85
Cuba ¹ Peso	Iceland Krona (official)	.0116	85.47
Czechoslovakia Koruna	.1415	7.07	India Rupee	.1353	7.39
			Indonesia ⁵ Rupiah

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at August 28	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at August 28	Canadian dollar in foreign currency units
Iran Rial	.0142	70.42	Percu Sol (free)	.0235	42.55
Iraq Dinar	2.853	.35	Philippines ⁶ Peso (free)	.163	6.13
Ireland Pound	2.429	.41	Poland Zloty (fixed basic rate)	.2700	3.71
Israel Pound	.2912	3.43	Portugal & Colonies ⁷ Escudo	.0355	28.17
Italy Lira	.0016	625.00	Saudi Arabia Riyal	.2062	4.84
Jamaica Dollar	1.214	.82	Sierra Leone Leone	1.508	.66
Japan Yen	.0028	357.14	Singapore Dollar	.3507	2.85
Kenya Shilling	.1526	6.55	South Africa Rand	1.419	.70
Lebanon Pound (free)	.316	3.16	Spain & Dependencies Peseta	.0147	67.57
Malaysia Dollar	.333	3.00	Sweden Krona	.1965	5.09
Mexico Peso	.0815	12.27	Switzerland Franc	.2368	4.22
Morocco Dirham	.2047	4.89	Syria Pound (free)	.2819	3.55
Netherlands Florin	.2831	3.53	Thailand Baht (free)	.0494	20.24
Netherlands Antilles Florin	.5404	1.85	Trinidad & Tobago ⁸ Dollar	.5095	1.96
New Zealand Dollar	1.137	.88	Tunisia Dinar	1.941	.52
Nicaragua Cordoba	.1456	6.87	Turkey Lira	.0679	14.72
Nigeria Pound	3.017	.33	United Arab Republic Pound (official)	2.36	.42
Norway Krone	.1427	7.01	United States Dollar	1.02	.98
Pakistan Rupee	.214	4.67	Uruguay Peso (free)	.0041	243.90
Panama Balboa	1.0191	.98	Venezuela Bolivar (official free)	.2268	4.41
Paraguay Guarani (free)	.0082	120.48	Yugoslavia Dinar (official)	.082	12.20

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.

Bombing Australian Fires

Evaluation tests of a new airborne water bombing system convinces Australian officials that Canadian methods would work in eucalyptus forests.

WILLIAM E. MAGEE
Assistant Commercial Secretary,
Canberra

Mr. Canadian businessman, are you developing a new product? If you answer yes to this question, then you will be interested in reading how a new Canadian-developed water bombing system came to be evaluated in Australia. The successful completion of the Australian evaluation trials came about through a combination of Canadian industry/government co-operation in developing a unique system, a Canadian Government-sponsored mission of Australian and New Zealand fire control officers to Canada and diligent action by the Canadian companies' local representative.

The water bombing system is called the Membrane Tank System, or MTS, and was developed by Field Aviation Limited of Toronto, with financial assistance from the Department of Industry, Trade and Commerce under the PAIT Program. It consists of two long and narrow 225-gallon tanks each with a vinyl membrane bottom. For each load the membrane is unreeled from a roll at the end of the tank. Pressure of water or fire-retardant mixture seals the membrane to the tank sides. The key feature is variable speed knives which slit the membrane sheet at the pilot's command, releasing a water load capable of penetrating deep dense tree cover, or laying a fire line up to 600 feet long.

The MTS used in the Australian trials was attached to the belly of a de Havilland of Canada DHC-6 Twin Otter—the aircraft so well known for its STOL capability and versatility. Installation is only a matter of hours, leaving the aircraft free for other duties when there are no fires. The Aircraft mounting the MTS is an aerial fire control system matched nowhere in the world for its versatility and capability.



Shown above is the aircraft carrying the membrane tank slung underneath. Opposite, the pilot, operating the knives that slice the tank, lets a controlled spray fall on the forest fire area. Australian officials were convinced after exhaustive tests that this Canadian-designed system would have considerable application in fighting eucalyptus fires in the Australian environment, even in the outback.

But Australians were sceptical about aerial fire fighting, despite efforts made by Canadian companies and their local representatives. Most Australians felt that fires in Australian eucalyptus forests were different from North American fires and that water sources in the interior were inadequate for effective water bombing. To those promoting Canadian water bombing systems, it became apparent that only demonstrations in Australia could counter prevailing thinking.

The first step came when the Department of Industry, Trade and Commerce accepted recommendations to sponsor a mission to Canada. This mission, in August last year, was composed of forest fire control officers—two from New Zealand and three from Australia.

These officials viewed methods in use from British Columbia to Quebec. They observed many interesting techniques, but it was the Membrane

Tank System that most caught their fancy. The system was undergoing final stages of certification and the mission members were able to see the MTS actually dropping water.

The mission members returned from their Canadian trip believing that water bombing has a part to play in fighting even Australian forest fires, and MTS was the tool for the job. Largely because of this belief, the mission members worked in close harmony with the Australian company which fortunately represents both Canadian companies to bring the MTS and Twin Otter to Australia for evaluation trials.

Early in February the aircraft and the system arrived in the State of Victoria for the first Australian test, organized by the Victoria Forests Commission, whose chief forest fire control officer had been a member of the mission to Canada.



From Victoria the Twin Otter and MTS moved to the Australian Capital Territory (A.C.T.), where the evaluation trials were organized and financed by the Forest Research Institute of the Department of National Development. Incidentally, the director of the Forest Research Institute had also toured Canada with the mission.

In the A.C.T. the system was first evaluated by dropping a water and fire suppressant mixture through a eucalyptus forest. Paper cups laid out in a grid collected the mixture. The first deep penetration drop knocked down trees up to 6 inches in diameter. There was no doubt about the ability of the Membrane Tank System to deliver large quantities of fire suppressant mixture to the ground. The longest effective extent of fire suppressant mixture which could be delivered and conditions affecting the effective water drop pattern became the key questions.

After five days of evaluation in the eucalyptus forest the trials were moved to a stand of pine trees, and to an open area to simulate fighting a grass fire. Finally the aircraft was returned to Victoria for additional tests.

Throughout, the MTS performed extremely well. It drew considerable publicity, with observers coming from all parts of the country.

The Forest Research Institute, using a computer to plot the drop patterns of water and suppressant mixture, have obtained preliminary results showing that the system could capably combat Australian bush and grass fires. This scientific proof, coupled with the very favorable comment received, has measurably reduced the earlier scepticism to aerial fire fighting.

The Australian evaluation showed that the system's greatest asset is its ability to drop water in patterns that can be changed to meet varied conditions. The MTS can do the required job but, because it is flexible and versatile, it is relatively expensive. Officials think there is a need for a similar system that could be used on the smaller agricultural aircraft of which there are plenty in Australia and which are little used during the forest fire season. The development of a smaller membrane tank system or the increase in numbers of Twin Otter aircraft, both of which appear probable, indicate reasonable

sales potential in Australia for this unique Canadian system.

Australian forest fire control authorities are interested in other Canadian equipment such as an infrared fire mapper scanner, an automatic remote fire-weather reporting system, and helicopter equipment. In order to sell such equipment it is necessary to convince the potential customer, through local evaluation or submission of positive evidence, that these new systems will function under Australian conditions.

Australians have always faced the great danger of bush and grass fires in their dry land, but only recently have their eyes turned to more sophisticated methods for controlling these fires. Potential exists in Australia for forest fire control equipment and if you in Canada have interesting equipment which you believe can be of use in Australia, please send descriptive literature to the Commercial Division, Office of the High Commissioner for Canada, Commonwealth Avenue, Yarralumla 2600, A.C.T., and we will be pleased to discuss it with Australian fire control authorities.

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How a Small Firm Made It Big in Exporting

